UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

Form 10-K

(Mark One)

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

For the fiscal year ended December 31, 2003

OR

o 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)*

(805) 447-1000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(g) of the Act:

Common stock, $0.0001 par value; preferred share purchase rights;

Contractual contingent payment rights
(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is an accelerated filer. ☑

The approximate aggregate market value of voting and non-voting stock held by non-affiliates of the registrant was $82,599,577,717 as of February 13, 2004[A]

1,280,068,013

(Number of shares of common stock outstanding as of February 13, 2004)

[A] Excludes 2,820,793 shares of common stock held by directors and officers, and any stockholders whose ownership exceeds five percent of the shares outstanding, at February 13, 2004. Exclusion of shares held by any person should not be construed to indicate that such person possesses the power, directly or indirectly, to direct or cause the direction of the management or policies of the registrant, or that such person is controlled by or under common control with the registrant.

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PART I

Item 1. BUSINESS

Overview

Amgen Inc. (including its subsidiaries, "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. On July 15, 2002, Amgen acquired all of the outstanding common stock of Immunex Corporation ("Immunex") for stock and cash valued at $17.8 billion in a transaction accounted for as a business combination (see Note 3, "Immunex acquisition" to the Consolidated Financial Statements). Immunex was a leading biotechnology company dedicated to developing immune system science to protect human health. The acquisition has enhanced Amgen's strategic position within the biotechnology industry by strengthening and diversifying its (1) product base and product pipeline in key therapeutic areas, and (2) discovery research capabilities in proteins and antibodies.

The Company markets human therapeutic products in the areas of hematology, oncology, and inflammation. The Company's key products include EPOGEN® (Epoetin alfa), Aranesp® (darbepoetin alfa), Neulasta® (pegfilgrastim), NEUPOGEN® (Filgrastim), and ENBREL® (etanercept), which is marketed under a co-promotion agreement with Wyeth. The Company's other products include Kineret® (anakinra) and Stemgen® (Ancestim).

EPOGEN® and Aranesp® stimulate the production of red blood cells. EPOGEN® is marketed in the United States for the treatment of anemia associated with chronic renal failure in patients on dialysis. Aranesp® is marketed in the United States, most countries in Europe, Australia, and New Zealand for the treatment of anemia associated with chronic renal failure, including patients on dialysis and patients not on dialysis. Aranesp® is also marketed in the United States for the treatment of chemotherapy-induced anemia in patients with non-myeloid malignancies. Aranesp® is marketed in Europe for the treatment of anemia in adult cancer patients with solid tumors receiving chemotherapy and for the treatment of chemotherapy-induced anemia in adult patients with non-myeloid malignancies.

Neulasta® and NEUPOGEN® selectively stimulate the production of neutrophils, one type of white blood cell. Neulasta® is marketed in the United States to decrease the incidence of infection, as manifested by febrile neutropenia in patients with non-myeloid malignancies receiving myelosuppressive anti-cancer drugs associated with a clinically significant incidence of febrile neutropenia. Neulasta® is marketed in most countries in Europe for the reduction in the duration of neutropenia and the incidence of febrile neutropenia in patients with cytotoxic chemotherapy for malignancy. NEUPOGEN® is marketed in the United States, certain countries in Europe, Canada, and Australia for use in decreasing the incidence of infection in patients undergoing myelosuppressive chemotherapy. In addition, NEUPOGEN® is marketed in most of these countries for use in increasing neutrophil counts in various other treatment modalities.

ENBREL® blocks the biologic activity of tumor necrosis factor ("TNF") by competitively inhibiting TNF, a substance induced in response to inflammatory and immunological responses. ENBREL® is marketed in the United States for reducing the signs and symptoms, improving physical function, and inhibiting the progression of structural damage in patients with moderately to severely active rheumatoid arthritis; and for reducing the signs and symptoms and inhibiting the progression of structural damage in patients with psoriatic arthritis. In addition, ENBREL is approved for reducing the signs and symptoms of moderately to severely active polyarticular-course juvenile rheumatoid arthritis in patients who have had an inadequate response to one or more disease-modifying medicines; and to treat the signs and symptoms in patients with active ankylosing spondylitis.

The Company maintains a sales and marketing force in the United States, Europe, Canada, Australia, and New Zealand. In addition, Amgen has entered into licensing and/or co-promotion agreements to market certain of its products including Aranesp®, Neulasta®, NEUPOGEN®, and ENBREL® in certain geographic areas outside of the United States.

The Company focuses its research and development ("R&D") efforts on human therapeutics delivered in the form of proteins, monoclonal antibodies, and small molecules in the areas of hematology, oncology, inflammation, metabolic and bone disorders, and neuroscience. The Company has research facilities in the United States, and has clinical development staff in the United States, Europe, Canada, Australia, and Japan. In addition to internal R&D efforts, the Company has acquired certain product and technology rights and has established R&D collaborations.

The Company manufactures EPOGEN®, Aranesp®, Neulasta®, NEUPOGEN®, and ENBREL®. Amgen operates commercial manufacturing facilities located in the United States, Puerto Rico, and a packaging and distribution center in the Netherlands. Additional supply of ENBREL® is produced by our contract manufacturer, Boehringer Ingelheim Pharma KG ("BI Pharma").

The Company was incorporated in California in 1980 and was merged into a Delaware corporation in 1987. Amgen's principal executive offices are located at One Amgen Center Drive, Thousand Oaks, California 91320-1799.

Products

EPOGEN® (Epoetin alfa)

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

In the United States, Amgen was granted rights to manufacture and market recombinant human erythropoietin under a licensing agreement with Kirin-Amgen, Inc. ("KA"), a joint venture between Kirin Brewery Company, Limited ("Kirin") and Amgen (see "Joint Ventures and Business Relationships — Kirin Brewery Company, Limited"). EPOGEN® is approved for the treatment of anemia associated with chronic renal failure and for the treatment of anemia in children with chronic renal failure who are on dialysis.

The Company has retained exclusive rights to market EPOGEN® in the United States for dialysis patients. Amgen granted Ortho Pharmaceutical Corporation (which has assigned its rights under the Product License Agreement to Ortho Biotech Products, L.P., a subsidiary of Johnson & Johnson, hereafter referred to as "Johnson & Johnson") a license to commercialize recombinant human erythropoietin as a human therapeutic in the United States in all markets other than dialysis (see "Joint Ventures and Business Relationships — Johnson & Johnson"). Johnson & Johnson markets recombinant human erythropoietin under the trademark PROCRIT® in the United States (see Note 1, "Summary of significant accounting policies — Product sales" to the Consolidated Financial Statements).

EPOGEN® sales for the years ended December 31, 2003, 2002, and 2001 were $2,434.7 million, $2,260.6 million, and $2,108.5 million, respectively.

Aranesp® (darbepoetin alfa)

Aranesp® (darbepoetin alfa) is Amgen's registered trademark for its erythropoiesis stimulating protein, a protein that stimulates red blood cell production. A reduced red blood cell count can result in anemia (see "— EPOGEN® (Epoetin alfa)"). Since this protein leaves the body more slowly, Aranesp® should be administered less frequently than Epoetin alfa, thus simplifying anemia management for patients and health care providers.

The Company has an agreement with Kirin to jointly develop darbepoetin alfa through its joint venture, KA. Amgen was granted an exclusive license by KA to manufacture and market darbepoetin alfa in the United States, all European countries, Canada, Australia, New Zealand, Mexico, and all Central and South American countries. In 2001, the Company received approval to market Aranesp® in the United States, most countries in Europe, Australia, and New Zealand for the treatment of anemia associated with chronic renal failure, including patients on dialysis and patients not on dialysis. In July 2002, the Company received approval to market and launched Aranesp® in the United States for the treatment of chemotherapy-induced anemia in patients with non-myeloid malignancies. In August 2002, Aranesp® was approved in Canada for the treatment of anemia associated with chronic renal failure, including patients on dialysis and patients not on dialysis. In August 2002 and June 2003, respectively, the European Commission approved Aranesp® for the treatment of anemia in adult cancer patients with solid tumors receiving chemotherapy and for the treatment of chemotherapy-induced anemia in adult patients with non-myeloid malignancies. The Company commenced launching Aranesp® in Europe on a country-by-country basis as reimbursement has been established. Amgen markets darbepoetin alfa under the brand name Nespo® in Italy.

Worldwide Aranesp® sales for the years ended December 31, 2003, 2002 and 2001 were $1,543.8 million, $415.6 million and $41.5 million, respectively.

Neulasta® (pegfilgrastim)

Neulasta® (pegfilgrastim) is Amgen's registered trademark for a protein that selectively stimulates production of certain white blood cells known as neutrophils and is based on the Filgrastim molecule. A polyethylene glycol molecule or "PEG" is added to enlarge the Filgrastim molecule, thereby extending its half-life and causing it to be removed more slowly from the body. This allows for administration as a single dose per chemotherapy cycle compared with NEUPOGEN® which requires more frequent dosing.

Amgen was granted rights to manufacture and market pegfilgrastim under a licensing agreement with KA in the United States, Europe, Canada, Australia, and New Zealand. In January 2002, the U.S. Food and Drug Administration ("FDA") approved Neulasta® for decreasing the incidence of infection, as manifested by febrile neutropenia, in patients with non-myeloid malignancies receiving myelosuppressive anti-cancer drugs associated with a clinically significant incidence of febrile neutropenia. The Company launched Neulasta® in the United States in April 2002 for this indication. In August 2002, the European Commission approved Neulasta® for the reduction in the duration of neutropenia and the incidence of febrile neutropenia in patients with cytotoxic chemotherapy for malignancy. In January 2003, the Company commenced launching Neulasta® in Europe on a country-by-country basis as reimbursement has been established. Amgen markets pegfilgrastim under the brand name Neupopeg™ in Italy.

Neulasta® sales for the year ended December 31, 2003 and 2002 were $1,255.0 million and $463.5 million, respectively.

NEUPOGEN® (Filgrastim)

NEUPOGEN® (Filgrastim) is Amgen's registered trademark for its recombinant-methionyl human granulocyte colony-stimulating factor ("G-CSF"), a protein that selectively stimulates production of certain white blood cells known as neutrophils. Neutrophils defend against infection. Treatments for various diseases and diseases themselves can result in extremely low numbers of neutrophils, a condition called neutropenia. Myelosuppressive chemotherapy, one treatment option for individuals with certain types of cancers, targets cell types which grow rapidly, such as tumor cells, neutrophils, and other types of blood cells. Myelosuppressive chemotherapy can be administered with the intent to cure cancer (curative setting) or treat other complications of cancer by managing tumor growth (palliative setting). NEUPOGEN® is prescribed more frequently in the curative setting. Providing NEUPOGEN® as an adjunct to myelosuppressive chemotherapy can reduce the duration of neutropenia and thereby reduce the potential for infection.

Severe chronic neutropenia is an example of disease-related neutropenia. In severe chronic neutropenia, the body fails to manufacture sufficient neutrophils. Daily administration of NEUPOGEN® has been shown

to reduce the incidence and duration of neutropenia-related consequences, such as fever and infections, in symptomatic patients with severe chronic neutropenia.

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

Amgen was granted rights to manufacture and market G-CSF under a licensing agreement with KA in the United States, Europe, Canada, Australia, and New Zealand. In May 2002, the Company acquired certain rights related to the commercialization of NEUPOGEN® and GRANULOKINE® (Filgrastim) and pegfilgrastim in the European Union ("EU") from F. Hoffmann-La Roche Ltd ("Roche"). Prior to this acquisition, NEUPOGEN® and GRANULOKINE® were commercialized in the EU under a co-promotion agreement between Amgen and Roche. Roche will continue as the licensee for Filgrastim and pegfilgrastim in certain countries outside the United States and the EU. Amgen markets Filgrastim under the brand name GRANULOKINE® in Italy.

In the United States, NEUPOGEN® was initially indicated to decrease the incidence of infection as manifested by febrile neutropenia for patients with non-myeloid malignancies undergoing myelosuppressive chemotherapy. Subsequently, the FDA approved NEUPOGEN® for additional indications: to reduce the duration of neutropenia and neutropenia-related consequences for patients with non-myeloid malignancies undergoing myeloablative chemotherapy followed by bone marrow transplantation; to reduce the incidence and duration of neutropenia-related consequences in symptomatic patients with congenital neutropenia, cyclic neutropenia, or idiopathic neutropenia (collectively, severe chronic neutropenia); for use in mobilization of PBPC for stem cell transplantation; and to reduce the recovery time of neutrophils and the duration of fever following induction or consolidation chemotherapy treatment in adult patients with acute myelogenous leukemia ("AML"). In Europe, Canada, and Australia, NEUPOGEN® is marketed for these same indications.

Worldwide NEUPOGEN® sales for the years ended December 31, 2003, 2002, and 2001 were $1,266.7 million, $1,379.6 million, and $1,346.4 million, respectively.

ENBREL® (etanercept)

ENBREL® (etanercept) is Amgen's registered trademark for its TNF receptor fusion protein that inhibits the binding of TNF to TNF receptors, that can result in a significant reduction in inflammatory activity. ENBREL® was launched in November 1998 by Immunex. Amgen acquired the rights to ENBREL® in July 2002 as part of its acquisition of Immunex. In addition, the Company has a co-promotion agreement and a global supply agreement with Wyeth (see "Joint Ventures and Business Relationships — Wyeth").

In the United States, ENBREL® is approved for reducing the signs and symptoms, improving physical function, and inhibiting the progression of structural damage in patients with moderately to severely active rheumatoid arthritis; for reducing the signs and symptoms of moderately to severely active polyarticular-course juvenile rheumatoid arthritis in patients who have had an inadequate response to one or more disease-modifying medicines; for reducing the signs and symptoms of active arthritis and inhibiting structural damage in patients with psoriatic arthritis; and to treat the signs and symptoms in patients with active ankylosing spondylitis.

ENBREL® sales for the year ended December 31, 2003 and the period from July 16, 2002 through December 31, 2002 were $1,300.0 million and $362.1 million, respectively.

Selected Product Candidates

The Company focuses its R&D efforts on human therapeutics delivered in the form of proteins, monoclonal antibodies, and small molecules in the areas of hematology, oncology, inflammation, metabolic and bone disorders, and neuroscience. (see "Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") — Financial Outlook — Forward looking statements and factors that may affect Amgen — Our product development efforts may not result in commercial products"). The following is a selection of some of the Company's product candidates in various therapeutic areas.

Oncology

Certain tissue growth factors are believed to play a role in tissue protection, regeneration, and/or repair processes. Mucositis is a side effect often experienced by patients undergoing radiation therapy and chemotherapy and is characterized as the irritation or ulceration of the lining of the gastrointestinal tract. Amgen currently is conducting research with palifermin to treat oral mucositis. A phase 3 clinical trial evaluating the effects of palifermin in decreasing the incidence and duration of oral mucositis in patients with hematologic malignancies undergoing chemotherapy and radiation therapy with autologous PBPC transplantation was completed in the latter part of 2002. In 2003, the Company announced that analysis of the data suggested that palifermin reduced the duration and incidence of severe oral mucositis in those who received it, as compared to placebo.

Amgen and Abgenix Inc. ("Abgenix") have an agreement providing for the development and commercialization of panitumumab (ABX-EGF), a fully human monoclonal antibody created by Abgenix (see "Joint Ventures and Business Relationships — Abgenix Inc.). Panitumumab targets the receptor pathway for human epidermal growth factor, or EGFr, which is expressed on some of the most prevalent human solid tumor types, including lung, colorectal, pancreatic, renal cell, prostate, and esophageal cancers. Amgen and Abgenix have pursued a series of phase 2 clinical trials to evaluate panitumumab for the treatment of several types of cancer. In January 2004, Amgen initiated two pivotal studies to evaluate panitumumab as a third-line therapy in colorectal cancer patients.

In December 2000, the Company acquired the rights from Immunomedics, Inc. ("Immunomedics") to develop and commercialize epratuzumab, a potential treatment for non-Hodgkin's lymphoma ("NHL"). In November 2003, the Company announced its decision not to commence a registration study in NHL and plans to seek another party for the development and commercialization of its rights to epratuzumab.

Inflammation

The inflammatory response is essential for defense against harmful microorganisms and for the repair of damaged tissues. The failure of the body's control mechanisms for the inflammatory response can result in conditions such as rheumatoid arthritis, psoriatic arthritis, ankylosing spondylitis, and psoriasis. In January 2003, the Company announced positive results of a phase 3 clinical study assessing the efficacy and tolerability of ENBREL® in the treatment of moderate to severe plaque psoriasis. Psoriasis is an inflammatory disease which is characterized by chronic inflammation of the skin that drives the formation of skin plaques. In July 2003, the Company submitted a supplemental Biologics License Application (sBLA) with the FDA for the use of ENBREL® to treat moderate to severe plaque psoriasis.

In 2001, the Company initiated a phase 2 clinical trial of a second generation inhibitor of tumor necrosis factor, pegylated soluble tumor necrosis factor-receptor type 1 ("PEG-sTNF-R1") in combination with Kineret®, the Company's interleukin-1 blocker, in patients with rheumatoid arthritis. This phase 2 clinical trial was stopped in February 2003 as the combination resulted in increased safety concerns with no increased efficacy. The Company completed a phase 2 clinical trial of PEG-sTNF-R1 for patients with rheumatoid arthritis and is currently evaluating the data. The Company is also evaluating PEG-sTNF-R1 in other indications.

Metabolic and Bone Disorders

A focus of the Company's R&D effort is in the area of hyperparathyroidism ("HPT"). HPT is a disorder that results from excessive secretion of parathyroid hormone ("PTH") from the parathyroid gland. Symptoms of HPT include bone loss, muscle weakness, depression, and forgetfulness. Secondary HPT is commonly seen as a result of kidney failure, affecting a majority of dialysis patients. Primary HPT principally afflicts post-menopausal women. The Company has a license agreement with NPS Pharmaceuticals, Inc. ("NPS") for Amgen to develop and commercialize calcimimetic small molecules based on NPS's proprietary calcium receptor technology for the treatment of HPT. The Company has conducted separate phase 2 clinical trials for primary and secondary HPT with a second-generation calcimimetic compound, Sensipar™ (cinacalcet HCl) ("Sensipar™"). In July 2003, the Company announced the successful completion of three phase 3 studies supporting the use of Sensipar™ in secondary HPT. In March 2004, the FDA approved Sensipar™ for the treatment of secondary HPT in chronic kidney disease patients on dialysis and for the treatment of hypercalcemia in patients with parathyroid carcinoma.

Bone health is maintained through regulation of the competing activities of bone forming cells (osteoblasts) and bone resorbing cells (osteoclasts). Bone loss is the result of an imbalance between bone formation and resorption (bone remodeling), where the amount of bone resorbed exceeds the amount of bone formed. Receptor Activator of Nuclear Factor kappa B Ligand (RANKL) is a key-mediator of the resorptive phase of the bone remodeling process. AMG 162 is a fully human monoclonal antibody that specifically and with high affinity binds and neutralizes RANKL. In preclinical studies, AMG 162 has been shown to inhibit the osteoclast mediated bone destruction characteristic of postmenopausal osteoporosis. In addition, AMG 162 has been shown to reduce bone resorption associated with bone metastases of cancer. Cancer can metastasize to bone leading to bone destruction, fractures, and bone pain. The Company completed phase 1 studies with AMG 162 in osteoporosis and cancer. Data from these studies validated the importance of this pathway in the pathology of bone disorders. The Company is currently conducting further studies with AMG 162 in osteoporosis and cancer.

In September 2003, the Company announced an agreement with Biovitrum AB under which the Company received exclusive rights to develop and commercialize Biovitrum's small molecule 11ßHSD1 enzyme inhibitors for the treatment of metabolic diseases and certain other medical disorders. The most advanced compound included in the agreement is BVT.3498, for type 2 diabetes.

Neuroscience

The Company has discovery programs in the neurosciences. Neurotrophic factors are proteins which play a role in nerve cell protection and regeneration and which may therefore be useful in treating a variety of neurological disorders, including neurodegenerative diseases of the central and peripheral nervous systems, and also nerve injury or trauma. In 1999, the Company discontinued development of glial cell line derived neurotrophic factor ("GDNF") after a phase 1/2 trial of GDNF in Parkinson's disease failed to demonstrate a statistically significant benefit. However, based on favorable phase 1 clinical data from investigator-sponsored research, the Company is currently in phase 2 clinical studies of GDNF using a different treatment protocol for possible use in the treatment of Parkinson's disease.

Joint Ventures and Business Relationships

The Company generally discovers, develops, manufactures, and markets its products. From time to time, the Company may enter into joint ventures and other business relationships to provide additional development, manufacturing, and marketing capabilities. In addition to internal R&D efforts, the Company has acquired certain product and technology rights and has established R&D collaborations to enhance the Company's internally developed product pipeline.

Kirin Brewery Company, Limited

The Company formed KA, a 50-50 joint venture with Kirin in 1984. KA develops and commercializes certain of the Company's and Kirin's technologies which have been transferred to this joint venture. KA has

given exclusive licenses to Amgen to manufacture and market: 1) recombinant human erythropoietin in the United States, 2) darbepoetin alfa in the United States, all European countries, Canada, Australia, New Zealand, Mexico, all Central and South American countries, and certain countries in Central Asia, North Africa, and the Middle East, and 3) pegfilgrastim and G-CSF in the United States, Europe, Canada, Australia, and New Zealand. The Company currently markets certain of these products under the brand names EPOGEN® (erythropoietin), Aranesp® (darbepoetin alfa), Neulasta® (pegfilgrastim), and NEUPOGEN® (G-CSF).

KA has also given exclusive licenses to Kirin to manufacture and market: 1) recombinant human erythropoietin in Japan, 2) darbepoetin alfa in Japan, the People's Republic of China, Taiwan, Korea, and certain other countries in Southeast Asia, and 3) G-CSF and pegfilgrastim in Japan, Taiwan and Korea. Kirin markets recombinant human erythropoietin and G-CSF in the People's Republic of China under a separate agreement. Kirin markets its recombinant human erythropoietin product in Japan under the trademark ESPO®. Kirin markets its G-CSF product in its respective territories under the trademark GRAN®. KA has licensed to Johnson & Johnson rights to recombinant human erythropoietin in certain geographic areas of the world (see "— Johnson & Johnson"). Under its agreement with KA, Johnson & Johnson pays a royalty to KA based on sales.

In connection with its various license agreements with KA, the Company pays KA royalties based on product sales and also receives payment for conducting certain R&D activities on behalf of KA (See Note 2, "Related party transactions" to the Consolidated Financial Statements).

Johnson & Johnson

Amgen granted Johnson & Johnson a license to commercialize recombinant human erythropoietin as a human therapeutic in the United States in all markets other than dialysis. In the United States, all recombinant human erythropoietin sold by Johnson & Johnson is manufactured by Amgen and sold by Johnson & Johnson under the trademark PROCRIT® (Epoetin alfa). PROCRIT® brand Epoetin alfa is identical to EPOGEN® brand Epoetin alfa, which is manufactured by Amgen and sold by Amgen in the United States dialysis market. Pursuant to the license agreement with Johnson & Johnson, the Company earns a 10% royalty on sales of PROCRIT® by Johnson & Johnson in the United States.

Outside the United States, with the exception of the People's Republic of China and Japan, Johnson & Johnson was granted rights to manufacture and commercialize recombinant human erythropoietin as a human therapeutic for all uses under a licensing agreement with KA. With respect to its sales outside of the United States, Johnson & Johnson manufactures and commercializes its own brand of Epoetin alfa which is then sold throughout the world by Johnson & Johnson under various trademarks such as EPREX® and ERYPO®. The Company is not involved in the manufacture of Epoetin alfa sold by Johnson & Johnson outside of the United States.

Wyeth

Amgen and Wyeth market and sell ENBREL® in the United States and Canada for all approved indications other than oncology. The rights to promote ENBREL® in the United States and Canada for oncology indications are reserved to Amgen. The rights to market ENBREL® outside of the United States and Canada are reserved to Wyeth. Under a co-promotion agreement, a management committee comprised of equal representation from Wyeth and Amgen is responsible for overseeing the marketing and sales of ENBREL® including: strategic planning, the approval of an annual marketing plan, product pricing, and the establishment of a brand team. The brand team, with equal representation from each party, prepares and implements the annual marketing plan, which includes a minimum level of financial and sales personnel commitment from each party, and is responsible for all sales activities. Further, pursuant to the co-promotion agreement, Wyeth and Amgen each pay a defined percentage of all selling and marketing expenses approved by the management committee. In addition, Amgen pays Wyeth a percentage of the annual gross profits of ENBREL®, which reflect the sharing of manufacturing costs, in the United States and Canada attributable to all indications for ENBREL®, other than oncology indications, on a scale that increases as gross profits

increase; however, Amgen maintains a majority share of ENBREL® profits. Under the co-promotion agreement, Wyeth is required to reimburse Amgen for: 1) certain clinical and regulatory expenses Amgen incurs in connection with the filing and approval of any new indications for ENBREL® in the United States and Canada, excluding oncology and rheumatoid arthritis indications; 2) certain specified patent expenses related to ENBREL®; and 3) certain costs, expenses, and liabilities associated with the manufacture, use, or sale of ENBREL® in the United States and Canada.

The Company also has a global supply agreement with Wyeth related to the manufacture, supply, inventory, and allocation of supplies of ENBREL®.

Boehringer Ingelheim Pharma KG

Amgen and Wyeth have a long-term supply agreement with BI Pharma to manufacture commercial quantities of ENBREL®. In 2000 and 2002, the long-term supply agreement was amended to provide for additional production capacity, improved manufacturing processes, and to extend the term of the agreement.

Amgen's supply of ENBREL® is significantly dependent on product manufactured by BI Pharma, and, accordingly, Amgen has made significant purchase commitments to BI Pharma (see "MD&A — Contractual obligations"). Under the supply agreement, BI Pharma has reserved a specified level of production capacity for ENBREL®, and Amgen's purchase commitments for ENBREL® are manufactured from that reserved production capacity. Amgen is required to submit a rolling three-year forecast for manufacturing the bulk drug for ENBREL®, and a rolling forecast for a shorter period for the number of finished vials of ENBREL® to be manufactured from the bulk drug. Amgen has submitted firm orders for the maximum production capacity that BI Pharma currently has reserved for ENBREL®. Amgen will be responsible for substantial payments to BI Pharma if Amgen fails to use a specified percentage of the production capacity that BI Pharma has reserved for ENBREL® each calendar year or if the BI Pharma supply agreement is terminated prematurely under specified conditions.

Genentech, Inc.

The Company has a manufacturing agreement with Genentech, Inc. ("Genentech") to produce ENBREL® at Genentech's manufacturing facility in South San Francisco, California. The manufacturing facility is subject to FDA approval. If approved, the Genentech facility will become a licensed manufacturing site for commercial supply of ENBREL®. Under the terms of the agreement, Genentech will produce ENBREL® through 2005, with an extension through 2006 by mutual agreement.

Abgenix Inc.

In October 2003, Amgen and Abgenix amended an existing agreement to jointly develop and commercialize panitumumab, a fully human monoclonal antibody created by Abgenix (See "Selected Product Candidates — Oncology). Under the amended agreement, Amgen has decision-making authority for the joint development and commercialization of panitumumab, but development and commercialization costs, as well as any potential profits from future sales of panitumumab, are shared equally. Amgen has the right to conduct all future clinical trials. In addition, Abgenix will manufacture clinical and early commercial supplies of panitumumab with Amgen's support and assistance. If clinical trials for panitumumab are successful and regulatory approval is received, Amgen would play the primary role in implementing marketing and product launch activities for panitumumab, while Abgenix may participate in co-promotion.

Amgen has agreed to advance Abgenix certain amounts that may be used by Abgenix to fund its share of development and commercialization costs for panitumumab. Abgenix is not obligated to repay such advances if panitumumab does not reach commercialization. As of December 31, 2003, no amounts have been advanced.

Tularik Inc.

In May 2003, the Company entered into an agreement with Tularik Inc. ("Tularik") to collaborate on the discovery, development, and commercialization of therapeutics aimed at oncology targets. The terms of the agreement include milestones payable to Tularik upon the achievement of specified targets, committed research funding paid to Tularik over a five-year period, and royalties on net commercial sales of Company products resulting from the agreement.

As part of the agreement, the Company purchased shares of Tularik common stock and is required to purchase additional shares of newly-issued Tularik common stock over the next three years at the then market price. The Company accounts for its investment in Tularik common stock under the equity method (see Note 1, "Summary of significant accounting policies — Principles of consolidation" to the Consolidated Financial Statements).

Biovitrum AB

In September 2003, the Company entered into an agreement under which the Company received exclusive rights to develop and commercialize certain of Biovitrum's small molecules for the treatment of metabolic diseases and certain other medical disorders. Under the agreement, the Company will fund and conduct all further development and commercialization activities relating to the licensed small molecules in the licensed territory, as defined; make milestone payments to Biovitrum upon achievement of certain specified targets including those related to development and regulatory submissions and approvals; pay tiered royalties to Biovitrum on future sales of all products arising from the agreement; and fund a three-year research program conducted by Biovitrum to develop additional compounds from the licensed small molecules.

Marketing

Amgen maintains a sales and marketing force in the United States, Europe, Canada, Australia, and New Zealand. The Company's sales force markets EPOGEN®, Aranesp®, Neulasta®, NEUPOGEN®, ENBREL®, and other products to healthcare providers including clinics, hospitals, and pharmacies. The Company also markets certain products directly to consumers through direct-to-consumer print and television advertising. In addition, Amgen has entered into licensing and/or co-promotion agreements to market certain of its products including Aranesp®, Neulasta®, and NEUPOGEN® in certain geographic areas outside of the United States. Under a co-promotion agreement with Wyeth, Amgen and Wyeth market ENBREL® in the United States and Canada for all approved indications other than oncology. The rights to develop and promote ENBREL® in the United States and Canada for oncology indications are reserved to Amgen.

In the United States, the Company sells primarily to wholesale distributors of pharmaceutical products. With the exception of ENBREL®, the Company utilizes these wholesale distributors as the principal means of distributing the Company's products to healthcare providers such as clinics, hospitals, and pharmacies. With respect to ENBREL®, the Company primarily drop-ships wholesaler orders directly to pharmacies for end-users. The Company monitors the financial condition of its larger distributors and limits its credit exposure by setting appropriate credit limits and requiring collateral from certain customers. Sales to three large wholesalers each accounted for more than 10% of total revenues for the years ended December 31, 2003, 2002, and 2001. Sales to AmerisourceBergen Corporation were $2,686.2 million, $2,084.4 million, and $1,470.1 million for the years ended December 31, 2003, 2002, and 2001, respectively. Sales to Cardinal Distribution were $1,596.2 million, $988.6 million, and $535.8 million for the years ended December 31, 2003, 2002, and 2001, respectively. Sales to McKesson Corporation were $1,340.4 million, $843.9 million, and $459.8 million for the years ended December 31, 2003, 2002, and 2001, respectively. Outside the United States, Aranesp®, Neulasta®, and NEUPOGEN® are principally distributed to hospitals and/or wholesalers depending upon the distribution practice in each country for which the product has been launched.

Amgen was granted exclusive licenses by KA to market: 1) erythropoietin in the United States, 2) darbepoetin alfa in the United States, all European counties, Canada, Australia, New Zealand, Mexico, all Central and South American countries, and certain countries in Central Asia, North Africa, and the Middle

East, and 3) pegfilgrastim and G-CSF in the United States, Europe, Canada, Australia, and New Zealand. The Company markets erythropoietin, darbepoetin alfa, pegfilgrastim, and G-CSF in certain geographic areas under the brand names EPOGEN®, Aranesp®, Neulasta®, and NEUPOGEN®, respectively. The Company has retained exclusive rights to market EPOGEN® in the United States for dialysis patients, but granted Johnson & Johnson, a license to commercialize recombinant human erythropoietin as a human therapeutic in the United States in all markets other than dialysis. Johnson & Johnson markets recombinant human erythropoietin under the trademark PROCRIT® in the United States.

In the United States, dialysis providers are primarily reimbursed for EPOGEN® by the federal government through the End Stage Renal Disease Program ("ESRD Program") of Medicare. The ESRD Program reimburses approved providers for 80% of allowed dialysis costs; the remainder is paid by other sources, including Medicaid, private insurance, and to a lesser extent, state kidney patient programs. The ESRD Program reimbursement rate is established by Congress and is monitored by the Centers for Medicare & Medicaid Services ("CMS"). Most patients receiving Aranesp®, Neulasta®, NEUPOGEN®, and ENBREL® for approved indications are covered by both government and private payors health care programs. Therefore, sales of Aranesp®, Neulasta®, NEUPOGEN®, and ENBREL® are dependent on the availability and extent of reimbursement from third-party payors, including governments and private insurance plans. Primary reimbursement for ENBREL® is obtained from private payors. Generally, worldwide use of our products may be affected by cost containment pressures from governments and private insurers on health care providers in response to ongoing initiatives to reduce health care expenditures, and to a lesser extent, competition (see "MD&A — Financial Outlook — Forward looking statements and factors that may affect Amgen — 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.").

Competition

Competition among biotechnology, pharmaceutical, and other companies that research, develop, manufacture, or market biologics and pharmaceuticals is intense and is expected to increase (see "MD&A — Financial Outlook — Forward looking statements and factors that may affect Amgen — Our marketed products face substantial competition and others may discover, develop, acquire or commercialize products before or more successfully than we do"). Some competitors, principally large pharmaceutical companies, have greater clinical, research, regulatory, and marketing resources and experience than Amgen, particularly in the area of small molecule therapeutics. In addition, certain specialized biotechnology firms have entered into cooperative arrangements with major companies for the development and commercialization of products, creating an additional source of competition. The Company faces product competition from firms in the United States, Europe, Canada, Australia, and elsewhere. Additionally, some of the Company's competitors, including both biotechnology and pharmaceutical companies, are actively engaged in R&D in areas where the Company is also developing product candidates, as more fully discussed below.

The introduction of new products or the development of new processes by competitors or new information about existing products may result in product replacements or price reductions, even for products protected by patents. In addition, the timing of entry of a new product into the market can be an important factor in determining the product's eventual success and profitability. Early entry may have important advantages in gaining product acceptance and market share. Accordingly, in some cases, the relative speed with which the Company can develop products, complete the testing, receive approval, and supply commercial quantities of the product to the market is expected to be important to Amgen's competitive position. Competition among biologic and pharmaceutical products approved for sale also may be based on, among other things, patent position, product efficacy, safety, reliability, availability, and price, as well as, the development and marketing of new competitive products.

The Company's European patent relating to erythropoietin expires on December 12, 2004. After such expiration of patent protection, other companies could develop and market new competitive products. While the Company does not market erythropoietin in Europe as this right belongs to Johnson & Johnson (through KA), the Company does market Aranesp® in the EU which competes with Johnson & Johnson's and others' erythropoietin products. In addition, the European patent relating to G-CSF expires on August 22, 2006. After

such expiration of patent protection, other companies could also develop new competitive products; presenting new competition for NEUPOGEN® and Neulasta® (see "MD&A — Financial Outlook — Forward looking statements and factors that may affect Amgen — Our marketed products face substantial competition and other companies may discover, develop, acquire or commercialize products before or more successfully than we do").

A significant amount of R&D in the biotechnology industry is conducted by small companies, academic institutions, governmental agencies, and other public and private research organizations. These entities may seek patent protection and enter into licensing arrangements to collect royalties for use of technology or for the sale of products they have discovered or developed. Amgen also may face competition in its licensing or acquisition activities from pharmaceutical companies and large biotechnology companies that also seek to acquire technologies or product candidates from these entities. Accordingly, the Company may have difficulty acquiring technologies or product candidates on acceptable terms. Additionally, the Company competes with these entities and with pharmaceutical and biotechnology companies to attract and retain qualified scientific and technical personnel.

Hematology

Any products or technologies that are directly or indirectly successful in addressing anemia could negatively impact the market for EPOGEN® and Aranesp®. Aranesp® directly competes with other currently marketed products which treat anemia, including EPOGEN® and the recombinant human erythropoietin product marketed by Johnson & Johnson (see "Products — EPOGEN® (Epoetin alfa)" and "Products — Aranesp® (darbepoetin alfa)"). Aventis Pharmaceuticals Inc. ("Aventis") is developing gene-activated erythropoietin for the treatment of anemia (see "Item 3. Legal Proceedings — Transkaryotic Therapies and Aventis litigation"). Baxter International Inc. ("Baxter") is developing epoetin omega for the treatment of anemia. Roche is developing a pegylated erythropoietin product for the treatment of anemia.

Oncology

Any products or technologies that are directly or indirectly successful in addressing anemia associated with chemotherapy could negatively impact the market for Aranesp®. In the United States, Aranesp® directly competes with other currently marketed products which treat anemia associated with chemotherapy, including the recombinant human erythropoietin product marketed by Johnson & Johnson (see "Products — EPOGEN® (Epoetin alfa)"). In Europe, Aranesp® directly competes with other erythropoietin products marketed by Ortho Biotech/Janssen-Cilag/Johnson & Johnson and Roche in the oncology setting. Aventis is also developing its gene-activated erythropoietin for the treatment of anemia (see "Item 3. Legal Proceedings — Transkaryotic Therapies and Aventis litigation"). Baxter and Roche are also developing their products for the treatment of anemia in the oncology setting.

Any products or technologies that are directly or indirectly successful in addressing neutropenia associated with chemotherapy could negatively impact the markets for NEUPOGEN® and Neulasta®. NEUPOGEN® and Neulasta® currently face market competition from a competing CSF product, granulocyte macrophage colony stimulating factor ("GM-CSF"), and from the chemoprotectant, amifostine. Potential future sources of competition include other G-CSF products, GM-CSF products, among others. Neulasta® impacts NEUPOGEN® sales as health care providers in the United States transition from administering NEUPOGEN® to Neulasta®. Since the U.S. launch of Neulasta® in April 2002, NEUPOGEN® patients have been converting to Neulasta®. While the Company believes that most of the conversion has occurred, there is still some opportunity for this to continue into the future, albeit at a much slower rate, negatively impacting future NEUPOGEN® sales (see "MD&A — Financial Outlook — Trends expected to impact future operations").

Chugai Pharmaceuticals Co., Ltd. ("Chugai") markets a G-CSF product in Japan as an adjunct to chemotherapy and as a treatment for bone marrow transplant ("BMT") patients. Chugai and Aventis market a G-CSF product in certain EU countries as an adjunct to chemotherapy and as a treatment in BMT settings. Chugai, through its licensee, AMRAD, markets this G-CSF product in Australia as an adjunct to

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

Berlex Laboratories, Inc., a division of Schering ("Berlex") markets GM-CSF under the trademark Leukine® in the United States for BMT and PBPC transplant patients and as an adjunct to chemotherapy treatments for acute non-lymphocytic leukemia ("ANLL") and AML. Berlex is also pursuing other indications for its GM-CSF product including as an adjunct to chemotherapy outside the limited settings of ANLL and AML. Novartis AG ("Novartis") markets another GM-CSF product for use in BMT patients and as an adjunct to chemotherapy in Europe and certain other countries. This GM-CSF product is currently being developed for similar indications in the United States and Canada. Nartograstim, a modified G-CSF protein, is sold by Kyowa Hakko Kogyo Co., Ltd. in Japan.

Many companies are developing products that promote wound healing, soft tissue regeneration, and chemoprotection. Companies such as Genetics Institute, Inc., MedImmune, Inc., and IntraBiotics Pharmaceuticals, Inc. are currently among many companies that are developing products, which could be potential competitors for palifermin.

Currently solid tumors are treated primarily with surgery, chemotherapy and/or radiotherapy depending upon tumor type, stage of disease, and the status of the patients. The panitumumab program could face competition from products under development or approved by Astra-Zeneca, Imclone Systems Inc./Bristol Myers Squibb Co./ Merck KgA, OSI/Genentech/Roche, Pfizer Inc. ("Pfizer"), and GlaxoSmithKline plc ("GlaxoSmithKline").

AMG 162 could face competition from products currently marketed by Novartis and Merck & Co., Inc. ("Merck") for osteoporosis and a product currently marketed by Novartis for the treatment of cancer metastases to the bone.

Inflammation

ENBREL® and PEG-sTNF-R1 could face competition in some circumstances from a number of companies developing or marketing rheumatoid arthritis and psoriatic arthritis treatments. Current anti-arthritic treatments include generic methotrexate and other products marketed by, among others, Centocor, Inc./Johnson & Johnson, Abbott Laboratories ("Abbott"), Merck, Pfizer, Novartis, Aventis, and Sanofi-Synthélabo. In addition, a number of companies have cytokine inhibitors in development including GlaxoSmithKline, Pfizer, and Taisho Pharmaceutical Co., Ltd. Amgen is currently developing ENBREL® for the treatment of psoriasis. If ENBREL® is approved for this indication, it may compete with products marketed by Biogen, Genentech, and Johnson & Johnson.

Metabolic and Bone Disorders

Sensipar™ could face competition from products currently marketed by Abbott, Bone Care International, Inc., Genzyme Corporation, and Roche which treat secondary HPT. In addition, another product to treat HPT is currently being developed by Chugai.

Neuroscience

The GDNF program could face competition from a deep brain stimulation device currently marketed by Medtronic Inc.

Research and Development

Amgen's product candidates (See — "Selected Product Candidates") come from internal research, acquisitions, and licensing from third parties. The Company has research facilities in the United States, and has clinical development staff in the United States, Europe, Canada, Australia, and Japan (see "Item 2. Properties"). Amgen's internal research capabilities include an expertise in secreted protein therapeutics. The Company's discovery program may yield targets that lead to the development of therapeutics delivered as proteins, small molecules, or monoclonal antibodies. In addition, the acquisition of Immunex

has enhanced Amgen's strategic position within the biotechnology industry by strengthening and diversifying its product base and product pipeline in key therapeutic areas and its discovery research capabilities in proteins and antibodies. R&D expenses for the years ended December 31, 2003, 2002, and 2001 were $1,655.4 million, $1,116.6 million, and $865.0 million, respectively. In 2002, the Company recorded a $2,991.8 million write-off of acquired in-process research and development ("IPR&D") resulting from the Immunex acquisition (see Note 3, "Immunex acquisition" to the Consolidated Financial Statements).

Government Regulation

Regulation by governmental authorities in the United States and other countries is a significant factor in the production and marketing of the Company's products and its ongoing R&D activities (see "MD&A — Financial Outlook — Forward looking statements and factors that may affect Amgen — Our current products and products in development cannot be sold if we do not obtain and maintain regulatory approval").

In order to clinically test, manufacture, and market products for therapeutic use, Amgen must satisfy mandatory procedures and safety and effectiveness standards established by various regulatory bodies. In the United States, the Public Health Service Act and the Federal Food, Drug, and Cosmetic Act, as amended, and the regulations promulgated there under, and other federal and state statutes and regulations govern, among other things, the testing, manufacture, labeling, storage, record keeping, approval, advertising, and promotion of the Company's products on a product-by-product basis. Product development and approval within this regulatory framework takes a number of years and involves the expenditure of substantial resources. After laboratory analysis and preclinical testing in animals, an investigational new drug application is filed with the FDA to begin human testing. Typically, a three-phase human clinical testing program is then undertaken. In phase 1, small clinical trials are conducted to determine the safety of the product. In phase 2, clinical trials are conducted to assess safety, acceptable dose, and gain preliminary evidence of the efficacy of the product. In phase 3, clinical trials are conducted to provide sufficient data for the statistically valid proof of safety and efficacy. The time and expense required to perform this clinical testing can vary and is substantial. No action can be taken to market any new drug or biologic product in the United States until an appropriate marketing application has been approved by the FDA. Even after initial FDA approval has been obtained, further clinical trials may be required to provide additional data on safety and effectiveness and are required to gain clearance for the use of a product as a treatment for indications other than those initially approved. In addition, side effects or adverse events that are reported during clinical trials can delay, impede, or prevent marketing approval. Similarly, adverse events that are reported after marketing approval can result in additional limitations being placed on the product's use and, potentially, withdrawal of the product from the market. Any adverse event, either before or after marketing approval, can result in product liability claims against the Company.

In addition to regulating and auditing human clinical trials, the FDA regulates and inspects equipment, facilities, and processes used in the manufacturing and testing of such products prior to providing approval to market a product. If after receiving clearance from the FDA, a material change is made in manufacturing equipment, location, or process, additional regulatory review may be required. The Company also must adhere to current Good Manufacturing Practice and product-specific regulations enforced by the FDA through its facilities inspection program. The FDA also conducts regular, periodic visits to re-inspect equipment, facilities, laboratories, and processes following the initial approval. If, as a result of these inspections, the FDA determines that the Company's equipment, facilities, laboratories, or processes do not comply with applicable FDA regulations and conditions of product approval, the FDA may seek civil, criminal, or administrative sanctions and/or remedies against Amgen, including the suspension of the Company's manufacturing operations.

In the European countries, Canada, and Australia, regulatory requirements and approval processes are similar in principle to those in the United States. Additionally, depending on the type of drug for which approval is sought, there are currently two potential tracks for marketing approval in the European countries: mutual recognition and the centralized procedure. These review mechanisms may ultimately lead to approval in all EU countries, but each method grants all participating countries some decision-making authority in product approval.

The Company is also subject to various federal and state laws pertaining to health care "fraud and abuse," including anti-kickback laws and false claims laws. Anti-kickback laws make it illegal for a prescription drug manufacturer to solicit, offer, receive, or pay any remuneration in exchange for, or to induce, the referral of business, including the purchase or prescription of a particular drug. The federal government has published regulations that identify "safe harbors" or exemptions for certain payment arrangements that do not violate the anti-kickback statutes. The Company seeks to comply with the safe harbors where possible. Due to the breadth of the statutory provisions and the absence of guidance in the form of regulations or court decisions addressing some of the Company's practices, it is possible that the Company's practices might be challenged under anti-kickback or similar laws. False claims laws prohibit anyone from knowingly and willingly presenting, or causing to be presented for payment to third party payors (including Medicare and Medicaid) claims for reimbursed drugs or services that are false or fraudulent, claims for items or services not provided as claimed, or claims for medically unnecessary items or services. Amgen's activities relating to the sale and marketing of its products may be subject to scrutiny under these laws. Violations of fraud and abuse laws may be punishable by criminal and/or civil sanctions, including fines and civil monetary penalties, as well as the possibility of exclusion from federal health care programs (including Medicare and Medicaid). If the government were to allege against or convict the Company of violating these laws, there could be a material adverse effect on the Company, including its stock price. The Company's activities could be subject to challenge for the reasons discussed above and due to the broad scope of these laws and the increasing attention being given to them by law enforcement authorities.

Since 1991, the Company has participated in the Medicaid rebate program established by the Omnibus Budget Reconciliation Act of 1990, and under amendments of that law that became effective in 1993. Participation in this program has included extending comparable discounts under the Public Health Service ("PHS") pharmaceutical pricing program. Under the Medicaid rebate program, the Company pays a rebate for each unit of its product reimbursed by Medicaid. The amount of the rebate for each product is set by law as a minimum 15.1% of the average manufacturer price ("AMP") of that product, or if it is greater, the difference between AMP and the best price available from the Company to any customer. The rebate amount also includes an inflation adjustment if AMP increases faster than inflation. The PHS pricing program extends discounts comparable to the Medicaid rebate to a variety of community health clinics and other entities that receive health services grants from the PHS, as well as hospitals that serve a disproportionate share of poor Medicare and Medicaid beneficiaries. The rebate amount is recomputed each quarter based on the Company's reports of its current AMP and best price for each of its products to the CMS. The terms of the Company's participation in the program impose an obligation to correct the prices reported in previous quarters, as may be necessary. Any such corrections could result in an overage or underage in the Company's rebate liability for past quarters, depending on the direction of the correction. In addition to retroactive rebates (and interest, if any), if the Company were found to have knowingly submitted false information to the government, in addition to other penalties available to the government, the statute provides for civil monetary penalties in the amount of $100,000 per item of false information.

The Company also makes its products available to authorized users of the Federal Supply Schedule ("FSS") of the General Services Administration. Since 1993, as a result of the Veterans Health Care Act of 1992 (the "VHC Act"), federal law has required that product prices for purchases by the Veterans Administration, the Department of Defense, Coast Guard, and the PHS (including the Indian Health Service) be discounted by a minimum of 24% off the AMP to non-federal customers (the non-federal average manufacturer price, "non-FAMP"). The Company's computation and report of non-FAMP is used in establishing the price, and the accuracy of the reported non-FAMP may be audited by the government under applicable federal procurement laws. Among the remedies available to the government for infractions of these laws is recoupment of any overages paid by FSS users during the audited years. In addition, if the Company were found to have knowingly reported a false non-FAMP, the VHC Act provides for civil monetary penalties of $100,000 per item that is incorrect.

Amgen is also subject to regulation under the Occupational Safety and Health Act, the Toxic Substances Control Act, the Resource Conservation and Recovery Act, and other current and potential future federal, state, or local regulations. The Company's R&D activities involve the controlled use of hazardous materials,

chemicals, biological materials, and various radioactive compounds. The Company believes that its procedures comply with the standards prescribed by state and federal regulations; however, the risk of injury or accidental contamination cannot be completely eliminated. Amgen's research and manufacturing activities also are conducted in voluntary compliance with the National Institutes of Health Guidelines for Recombinant DNA Research.

Additionally, the U.S. Foreign Corrupt Practices Act, to which the Company is subject, prohibits corporations and individuals from engaging in certain activities to obtain or retain business or to influence a person working in an official capacity. It is illegal to pay, offer to pay, or authorize the payment of anything of value to any foreign government official, government staff member, political party, or political candidate in an attempt to obtain or retain business or to otherwise influence a person working in an official capacity. The Company's present and future business has been and will continue to be subject to various other laws and regulations.

Patents and Trademarks

The company has filed applications for a number of patents, has been granted patents, or has obtained rights relating to its products and various potential products. The material patents of the Company are set forth in the table below.

Product		General Subject Matter	Expiration
Epoetin alfa	U.S.	— DNA and host cells (issued in 1987)	10/27/2004
		— Process of making erythropoietin (issued in 1995 and 1997)	8/15/2012
		— Product claims to erythropoietin (issued in 1996 and 1997)	8/20/2013
		— Pharmaceutical compositions of erythropoietin (issued in 1999)	8/20/2013
		— Cells that make certain levels of erythropoietin (issued in 1998)	5/26/2015
	Europe(1)	— Erythropoietin DNA cells, polypeptides and processes (issued in 1990)	12/12/2004
darbepoetin alfa	Europe(1)	— Glycosylation analogs of erythropoietin proteins (issued in 1999)	10/12/2010
		— Glycosylation analogs of erythropoietin proteins (issued in 1997)	8/16/2014
Filgrastim	U.S.	— Methods for recombinant production of G-CSF (issued in 1998)	8/23/2005
		— Analogs of G-CSF (issued in 1999)	8/23/2005
		— Pharmaceutical Compositions Comprising G-CSF (issued in 2002)	8/23/2005
		— DNA, vectors, cells and processes relating to recombinant G-CSF (issued in 1989 and 1991)	3/7/2006
		— G-CSF polypeptides (issued in 1996)	12/3/2013
		— Methods of treatment using G-CSF polypeptides (issued in 1996)	12/10/2013
	Europe(1)	— G-CSF DNA Vectors, cells, polypeptides, methods of use and production (issued in 1991)	8/22/2006
pegfilgrastim	U.S.	— Pegylated G-CSF (issued in 1998)	10/20/2015
	Europe(1)	— Pegylated G-CSF (issued in 1999)	2/8/2015
etanercept	U.S.	— Methods of treating TNF — dependent disease (issued in 2003)	9/5/2009
		— TNFR proteins and pharmaceutical compositions (issued in 1999 and 2001)	9/5/2009
		— TNFR DNA vectors, cells and processes for making proteins (issued in 1995 and 2000)	3/7/2012

(1) In some cases these European patents may also be entitled to Supplemental Protection in one or more countries in Europe and the length of any such extension will vary country by country.

There can be no assurance that Amgen's patents or licensed patents will afford legal protection against competitors or provide significant proprietary protection or competitive advantage. In addition, Amgen's patents or licensed patents could be held invalid or unenforceable by a court, or infringed or circumvented by others, or others could obtain patents that the Company would need to license or circumvent. Competitors or potential competitors may have filed patent applications or received patents, and may obtain additional patents and proprietary rights relating to proteins, small molecules, compounds, or processes competitive with those of the Company. Additionally, for certain of the Company's product candidates, competitors, or potential competitors may claim that their existing or pending patents prevent the Company from commercializing such product candidates in certain territories. Further, when the Company's patents expire, other companies could develop new competitive products to the Company's products. The Company's near-term European patent expirations could result in new competitive products to the Company's products in Europe.

In general, the Company has obtained licenses from various parties which it deems to be necessary or desirable for the manufacture, use or sale of its products. These licenses generally require Amgen to pay royalties to the parties on product sales. In addition, other companies have filed patent applications or have been granted patents in areas of interest to the Company. There can be no assurance any licenses required under such patents will be available for license on acceptable terms or at all. The Company is engaged in various legal proceedings relating to certain of its patents (see "Item 3. Legal Proceedings").

Trade secret protection for its unpatented confidential and proprietary information is important to Amgen. To protect its trade secrets, the Company generally requires its employees, material consultants, scientific advisors, and parties to collaboration and licensing agreements to execute confidentiality agreements upon the commencement of employment, the consulting relationship, or the collaboration or licensing arrangement with the Company. However, others could either develop independently the same or similar information or obtain access to Amgen's information.

Manufacturing and Raw Materials

Amgen has manufacturing facilities which produce commercial quantities of Epoetin alfa, Aranesp®, Neulasta®, NEUPOGEN®, and ENBREL®. Amgen operates commercial manufacturing facilities located in the United States, Puerto Rico, and a packaging and distribution center in The Netherlands (see "Item 2. Properties"). Additional supply of ENBREL® is produced by our contract manufacturer. Additionally, the Company supplies Epoetin alfa in the United States to Johnson & Johnson under a supply agreement. There can be no assurance that the Company will be able to accurately anticipate future demand for Epoetin alfa, Aranesp®, Neulasta®, NEUPOGEN®, and ENBREL® or maintain adequate manufacturing capacity (see "MD&A — Financial Outlook — Forward looking statements and factors that may affect Amgen — We have grown rapidly, and if we fail to adequately manage that growth our business could be adversely impacted").

Amgen and Wyeth have a long-term supply agreement with BI Pharma to manufacture commercial quantities of ENBREL®. Amgen's supply of ENBREL® is significantly dependent on product manufactured by BI Pharma (see "Joint Ventures and Business Relationships — Boehringer Ingelheim Pharma KG"). Amgen has made significant purchase commitments to BI Pharma under the BI Pharma supply agreement to manufacture commercial inventory of ENBREL®. Amgen has a large-scale biopharmaceutical manufacturing facility in West Greenwich, Rhode Island (the "RI Facility"). Amgen also utilizes third-party contract manufacturers to perform fill and finish services for ENBREL® manufactured at the RI Facility and packaging services for ENBREL® manufactured by BI Pharma and at the RI Facility.

Certain raw materials, medical devices, and components necessary for the Company's commercial manufacturing of its products are proprietary products of other companies, and in some cases, such proprietary products are specifically cited in the Company's drug application with the FDA such that they must be obtained from that specific, sole source. The Company currently attempts to manage the risk associated with such sole sourced raw materials by active inventory management and alternate source development, where feasible (see "MD&A — Financial Outlook — Forward looking statements and factors that may affect Amgen — Certain of our raw materials, medical devices and components are single-sourced from third parties; third-party supply failures could adversely affect our ability to supply our products"). Amgen attempts

to remain apprised of the financial condition of its suppliers, their ability to supply the Company's needs and the market conditions for these raw materials. Also, certain of the raw materials required in the commercial manufacturing of the Company's products are derived from biological sources, including mammalian tissues, bovine serum, and human serum albumin, or HSA. The Company is investigating screening procedures with respect to certain biological sources and alternatives to them. Raw materials may be subject to contamination and/or recall. A material shortage, contamination, and/or recall could adversely impact or disrupt Amgen's commercial manufacturing of its products.

Human Resources

As of December 31, 2003, the Company had approximately 12,900 employees, which includes approximately 110 part-time employees. Of the total employees as of December 31, 2003, approximately 4,700 were engaged in R&D, approximately 2,600 were engaged in selling and marketing, approximately 3,600 were engaged in commercial manufacturing activities, and approximately 2,000 were engaged in other activities. There can be no assurance that the Company will be able to continue attracting and retaining qualified personnel in sufficient numbers to meet its needs. None of the Company's employees are covered by a collective bargaining agreement, and the Company has experienced no work stoppages. The Company considers its employee relations to be good.

Geographic Area Financial Information

For financial information concerning the geographic areas in which the Company operates, see Note 9, "Segment information — Geographic information" to the Consolidated Financial Statements.

Factors That May Affect Amgen

Amgen operates in a rapidly changing environment that involves a number of risks, uncertainties, and assumptions, many of which are beyond our control. For a discussion of some of these risks, see "— Financial Outlook — Forward looking statements and factors that may affect Amgen" in the MD&A section of this Report included under Item 7. Other risks are discussed elsewhere in this Form 10-K.

Investor Information

Financial and other information about the Company is available on its website *(http://www.amgen.com)* (This website address is not intended to function as a hyperlink, and the information contained in the Company's website is not intended to be a part of this filing). The Company makes available on its website, free of charge, copies of its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after filing such material electronically or otherwise furnishing it to the SEC.

Item 2. PROPERTIES

Amgen's principal executive offices and a majority of its administrative, manufacturing, and R&D facilities are located in forty-two buildings in Thousand Oaks, California. Thirty-six of the buildings are owned and seven are leased. Adjacent to these buildings are facilities that are under construction and additional property for future expansion. The Thousand Oaks, California properties include manufacturing facilities licensed by various regulatory bodies to produce commercial quantities of Epoetin alfa, Aranesp®, Neulasta®, and NEUPOGEN®.

The Company owns six buildings in Longmont, Colorado, including a manufacturing complex that is licensed to produce commercial quantities of Epoetin alfa and Aranesp® bulk drug substance. The Company has undeveloped land adjacent to the Longmont site to accommodate future expansion. Amgen also owns two buildings and leases four buildings in Boulder, Colorado, housing process development research and manufacturing facilities capable of producing commercial quantities of Kineret® bulk drug substance.

Amgen owns ten buildings and leases fifteen buildings in the Seattle, Washington area, which house research, manufacturing, and administrative facilities. In January 2004, the Company opened the Seattle research center. In connection with the acquisition, the Company initiated an integration plan to consolidate certain Immunex leased facilities (see Note 3, "Immunex acquisition" to the Consolidated Financial Statements). The Company also owns additional property for future expansion in the Seattle, Washington area.

Amgen owns five buildings in West Greenwich, Rhode Island, including a manufacturing facility which produces commercial quantities of ENBREL®. The Company is also currently constructing a new manufacturing plant to be built adjacent to the existing manufacturing facility in Rhode Island to produce commercial quantities of ENBREL® with completion expected in 2005.

Elsewhere in North America, the Company owns a distribution center in Louisville, Kentucky, and a research facility in Cambridge, Massachusetts. The Company leases facilities for administrative offices in Washington, D.C. and Canada, and leases four facilities for regional sales and marketing offices in the United States.

Outside the continental United States, Amgen owns four buildings in Juncos, Puerto Rico, including a fill and finish manufacturing facility and a warehouse. The Company is constructing new manufacturing and testing facilities with completion dates for various structures expected in 2004 and beyond. The Company also owns additional property on the Puerto Rico Site for future expansion. The Company also owns a European packaging and distribution center in Breda, The Netherlands. The Company leases facilities in fifteen European countries, Australia, New Zealand, and Japan, for administration, sales and marketing, and/or development.

Amgen believes that its existing facilities plus anticipated additions are sufficient to meet its expected needs.

Item 3. LEGAL PROCEEDINGS

Certain of the Company's legal proceedings are discussed below. While it is impossible to predict accurately or to determine the eventual outcome of these matters, the Company does not believe any such proceedings currently pending will have a material adverse effect on its annual consolidated financial statements, although an adverse resolution in any reporting period of one or more of the proceedings could have a material impact on the results of operations for that period.

Transkaryotic Therapies and Aventis Litigation

On April 15, 1997, Amgen filed suit in the Massachusetts District Court against Transkaryotic Therapies, Inc. ("TKT") and Hoechst Marion Roussel, Inc. ("HMR" — now Aventis Pharmaceuticals Inc., together with TKT, the "Defendants") alleging infringement of three U.S. patents owned by Amgen that claim an erythropoietin product and processes for making erythropoietin. Amgen sought an injunction preventing the Defendants from making, importing, using, or selling erythropoietin in the United States. On October 7, 1999, Amgen filed an amended complaint, which added two additional patents to the litigation. Defendants' amended answer asserted that all five of the patents-in-suit were not infringed, were invalid, or were unenforceable due to inequitable conduct.

Amgen's motion for summary judgment of literal infringement was granted by the Massachusetts District Court on April 26, 2000 with respect to claim 1 of U.S. Patent No. 5,955,422 (the "'422 Patent"). On May 15, 2000, trial began in the Massachusetts District Court. On June 9, 2000, the Massachusetts District Court granted Defendants' motion for non-infringement of U.S. Patent No. 5,618,698 (the "'698 Patent"), removing the '698 Patent from this action. On July 21, 2000, the Massachusetts District Court granted Amgen's motion for judgment on the Defendants' defenses of invalidity based upon anticipation and obviousness.

On January 19, 2001, the Massachusetts District Court ruled that claims 2-4 of the '080 Patent, claims 1, 3, 4, and 6 of the '349 Patent and claim 1 of the '422 Patent were valid, enforceable, and infringed by TKT's

EPO product and the cells used to make such product. The Massachusetts District Court also held that claim 7 of the ’349 patent and claims 1, 2, and 9 of the ’933 Patent were not infringed, and that if infringed the claims of the ’933 patent would be invalid.

On January 26, 2001, TKT and HMR filed a Notice of Appeal and on February 14, 2001, Amgen filed a Notice of Cross-Appeal, to the U.S. Court of Appeals for the Federal Circuit. On March 22, 2001, Amgen filed an Amended Notice of Cross-Appeal to include claim 9 of the ’698 patent. After the parties briefed the issues on appeal, oral arguments were heard on May 7, 2002 by the U.S. Court of Appeals for the Federal Circuit.

On January 6, 2003, the U.S. Court of Appeals for the Federal Circuit upheld the District Court’s decision that TKT and HMR infringe the ’349 and ’422 patents. The court further upheld the enforceability and validity of all of the asserted claims except for validity over two references which was vacated and remanded to the District Court. The court vacated and remanded to the District Court of Massachusetts for further consideration of (i) the finding of infringement of the ’080 patent, (ii) the holding of non-infringement of the ’698 patent, and (iii) the effect of two references on the validity of the asserted claims of the patents. On January 20, 2003, TKT and HMR filed a Combined Motion for Panel Rehearing and Rehearing En Banc with the Federal Circuit regarding the court’s affirmance of the validity of the asserted claims under 35 U.S.C. § 112. On March 3, 2003, the Federal Circuit denied TKT and HMR’s Motions for Panel Rehearing and Rehearing En Banc. The Massachusetts District Court held a trial on the remanded issues on October 7-8 and 15-17 and November 3-6, 2003. On October 30, 2003, the Massachusetts District Court ruled that claims 2-4 of the ’080 patent are infringed. The rest of the remanded issues are awaiting decision from the Massachusetts District Court.

Israel Bio-Engineering Project Litigation

On September 3, 2002, Israel Bio-Engineering Project (“IBEP”), filed a patent infringement lawsuit against the Company, the Company’s wholly-owned subsidiary, Immunex Corporation, Wyeth and Wyeth Pharmaceuticals in the U.S. District Court for the Central District of California, relating to a U.S. Patent No. 5,981,701. Although not the title owner of record, IBEP alleges that it owns the patent. IBEP asserts that the manufacture and sale of ENBREL® (etanercept) infringes claim 1 of this patent. IBEP seeks an accounting of damages and of any royalties or license fees paid to a third-party and seeks to have the damages trebled on account of alleged willful infringement. IBEP also seeks to force the defendants to take a compulsory non-exclusive license. On September 4, 2003, Yeda Research and Development Co. Ltd. (“Yeda”), the title owner of record of the ’701 patent, joined as an interventor-defendant. On February 18, 2004, the court granted summary judgment in favor of Yeda on the issue of ownership. As a result of the granting of summary judgment, the Company and Immunex Corporation expect the court to enter judgment in their favor.

Columbia Litigation

On June 18, 2003, Amgen and Immunex filed suit in the U.S. District Court for the Central District of California against The Trustees of Columbia University seeking a declaratory judgment. In its complaint, Amgen and Immunex request a declaratory judgment that Columbia’s claims for royalties under license agreements with Amgen and Immunex lack merit and that no royalties are owed. The complaint further seeks a declaratory judgment that Amgen and Immunex do not infringe Columbia’s recently issued U.S. Patent No. 6,455,275 and that the ’275 patent is invalid and unenforceable. On February 12, 2004, Columbia filed breach of contract and declaratory relief counterclaims against Amgen and Immunex along with its answer to the complaint.

Average Wholesale Price Litigation

Amgen and Immunex are named as defendants, either separately or together, in thirteen (13) civil actions broadly alleging that they, together with many other pharmaceutical manufacturers, reported prices for certain products in a manner that allegedly inflated reimbursement under Medicare and/or Medicaid,

including co-payments paid to providers who prescribe and administer the products. All but one of these actions (the *Swanston* matter, discussed below) have been consolidated, or are in the process of being consolidated, in a federal Multi-District Litigation proceeding ("the MDL Proceeding"), captioned *In Re: Pharmaceutical Industry Average Wholesale Price Litigation MDL No. 1456* and pending in the U.S. District Court for the District of Massachusetts ("the Massachusetts District Court").

The complaints assert varying claims under the federal RICO statutes, their state law corollaries, as well as state law claims for deceptive trade practices, common law fraud, and various related state law claims. The complaints seek an undetermined amount of damages, as well as other relief, including declaratory and injunctive relief. These cases include the following: *Citizens for Consumer Justice, et al., v. Abbott Laboratories, Inc., et al*. (originally filed in the Massachusetts District Court and consolidated into the MDL Proceeding as the lead MDL case); *Teamsters Health & Welfare Fund of Philadelphia, et al., v. Abbott Laboratories, Inc., et al*.; *Action Alliance of Senior Citizens of Greater Philadelphia v. Immunex Corp*.; *Constance Thompson, et al. v. Abbott Laboratories, Inc., et al.; Ronald Turner, et al. v. Abbott Laboratories, Inc., et al.; Congress of California Seniors v. Abbott Laboratories, et al.*

These cases also include *State of Nevada v. American Home Products Corporation, et al., State of Montana ex rel. Mike McGrath, Attorney General v. Abbott Laboratories, et al,. County of Suffolk, New York v. Abbott Laboratories, Inc., et al.* with respect to which the Massachusetts District Court conducted a hearing on the defendants' Motions to Dismiss. No ruling has been issued and the respective parties are awaiting the Massachusetts District Court's decision on the defendants' Motions to Dismiss. Further, the cases also include *County of Westchester, New York v. Abbott Laboratories, Inc., et al., County of Rockland, New York v. Abbott Laboratories, Inc., et al.* with respect to which the parties have agreed to stay these cases pending the Massachusetts District Court's ruling on the defendants' Motion to Dismiss Suffolk County's Amended Complaint.

Robert J. Swanston v. TAP Pharmaceutical Products, Inc., et al. (removed from Arizona Superior Court, Maricopa County to the U.S. District Court for the District of Arizona and consolidated into the MDL Proceeding in the Massachusetts District Court). Amgen was served with plaintiff's second amended class action complaint on January 8, 2003. Immunex was served with plaintiff's second amended complaint on January 7, 2003, and was served with a proper summons on February 27, 2003. On October 9, 2003 the Massachusetts District Court conducted a hearing on Plaintiff's Motion to Remand the case to Arizona Superior Court. On January 9, 2004, the Massachusetts District Court issued a decision allowing the Plaintiff's Motion to Remand, and ordering the case remanded to Arizona Superior Court, Maricopa County.

International Union of Operating Engineers, Local No. 68 Welfare Fund v. AstraZeneca PLC, et al. (removed from the Superior Court of New Jersey, Equity Division Monmouth County, to the U.S. District Court for the District of New Jersey and in the process of being consolidated into the MDL Proceeding in the Massachusetts District Court). Amgen was served with this complaint on July 14, 2003 and Immunex was served with this complaint on July 15, 2003. This complaint asserts varying claims related to deceptive trade practices and common law fraud. The complaint seeks an undetermined amount of damages, as well as other relief, including declaratory and injunctive relief.

Immunex Governmental Investigations

According to press reports, many pharmaceutical companies are under investigation by the U.S. Department of Justice, the U.S. Department of Health and Human Services, and/or state agencies related to the pricing of their products. Immunex has received notices from the U.S. Department of Justice requesting it to produce documents in connection with a Civil False Claims Act investigation of the pricing of Immunex's current and former products for sale and eventual reimbursement by Medicare or state Medicaid programs. Immunex also received similar requests to procure documents from the U.S. Department of Health and Human Services and state agencies. Several of Immunex's current and former products are or were regularly sold at substantial discounts from list price. The Company does not know what action, if any, the federal government or any state agency may take as a result of their investigations.

State Attorney General Investigations

Amgen and/or Immunex have been advised by the Attorneys General for the state of California, Florida, Kentucky, Nevada, and Illinois (also acting on behalf of 8 other Attorneys General) of pending investigations regarding drug pricing practices pertaining to the calculation of Average Manufacturer Price ("AMP") and Best Price calculations under the Medicaid Drug Rebate Act. These states have requested that Amgen and Immunex preserve records relating to AMP and best price calculations. The Company does not know what actions, if any, may be taken as a result of these investigations.

Johnson & Johnson Arbitration/ Demand for Separate BLA

On November 11, 2003, Ortho Biotech Products, L.P., Ortho Biotech Inc., and Ortho-McNeil Pharmaceutical (wholly owned subsidiaries of Johnson & Johnson, collectively, "Ortho") filed a demand for arbitration against the Company before the American Arbitration Association in Chicago, Illinois. In its demand, Ortho seeks declaratory relief that, among other things, (1) Ortho has the right under the parties' Product License Agreement to apply for its own FDA license to market its brand of recombinant erythropoietin, Procrit®, based on bulk product supplied by the Company, (2) the Company must cooperate with Ortho to achieve Ortho's separate FDA licensure, (3) the Company must negotiate with Ortho to reach agreement to permit Ortho to receive bulk erythropoeitin from the Company, so that Ortho can market finished Procrit® under its own FDA license, (4) pending FDA approval of Ortho's separate license, the Company must continue to supply Ortho with Ortho's commercial requirements of finished erythropoeitin products, and (5) the Company must cooperate with Ortho on erythropoeitin development projects, including Ortho's proposal for a 120,000 unit per ml formulation.

Amgen contests Ortho's claims and will respond accordingly.

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

No matters were submitted to a vote of the Company's security holders during the last quarter of its fiscal year ended December 31, 2003.

PART II

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

The Company's common stock trades on The NASDAQ Stock Market under the symbol AMGN. As of February 13, 2004, there were approximately 16,000 holders of record of the Company's common stock. No cash dividends have been paid on the common stock to date, and the Company currently intends to utilize any earnings for development of the Company's business and for repurchases of its common stock.

The following table sets forth, for the fiscal periods indicated, the range of high and low closing sales prices of the common stock as quoted on The NASDAQ Stock Market for the years 2003 and 2002:

	High	Low
2003		
4th Quarter	$67.50	$56.76
3rd Quarter	72.37	63.61
2nd Quarter	67.54	56.90
1st Quarter	59.06	48.09
2002		
4th Quarter	$51.75	$43.66
3rd Quarter	48.54	31.07
2nd Quarter	61.39	37.80
1st Quarter	62.48	54.33

Item 6. SELECTED FINANCIAL DATA (IN MILLIONS, EXCEPT PER SHARE DATA)

	Years Ended December 31,				
Consolidated Statement of Operations Data:	**2003**	**2002**	**2001**	**2000**	**1999**
Revenues:					
Product sales(1)	$7,868.2	$ 4,991.2	$3,511.0	$3,202.2	$3,042.8
Other revenues	487.8	531.8	504.7	427.2	297.3
Total revenues	8,356.0	5,523.0	4,015.7	3,629.4	3,340.1
Operating expenses:					
Cost of sales	1,340.7	735.7	443.0	408.4	402.1
Research and development	1,655.4	1,116.6	865.0	845.0	822.8
Selling, general and administrative	1,952.6	1,462.1	970.7	826.9	654.3
Write off of acquired in-process research and development(2)	—	2,991.8	—	30.1	—
Amortization of acquired intangible assets	335.8	155.2	—	—	—
Other items, net(3)	(24.0)	(141.3)	203.1	(48.9)	(49.0)
Net income (loss)	2,259.5	(1,391.9)	1,119.7	1,138.5	1,096.4
Diluted earnings (loss) per share	1.69	(1.21)	1.03	1.05	1.02
Cash dividends declared per share	—	—	—	—	—

	At December 31,				
Consolidated Balance Sheet Data:	**2003**	**2002**	**2001**	**2000**	**1999**
Total assets(4)	$26,176.5	$24,456.3	$6,443.1	$5,399.6	$4,077.6
Long-term debt(5)	3,079.5	3,047.7	223.0	223.0	223.0
Stockholders' equity(4)	19,389.1	18,286.0	5,217.2	4,314.5	3,023.5

(1) The Company began recording ENBREL® sales subsequent to its acquisition of Immunex on July 15, 2002.

(2) As part of the accounting for the Immunex acquisition, the Company recorded a charge to write-off acquired IPR&D of $2,991.8 million in 2002. The IPR&D charge represents an estimate of the fair value of purchased in-process technology for projects that, as of the acquisition date, had not reached technological feasibility and had no alternative future use. See Note 3, "Immunex acquisition" to the Consolidated Financial Statements for further discussion of the IPR&D write-off.

(3) See Note 4, "Other items, net" to the Consolidated Financial Statements for further discussion of other items, net for 2003, 2002, and 2001. Other items, net in 2000 includes a benefit of $73.9 million related to a legal proceeding with Johnson & Johnson partially offset by a charitable contribution of $25 million to the Amgen Foundation. Other items, net in 1999 relates to various legal proceedings.

(4) On July 15, 2002, Amgen acquired all of the outstanding common stock of Immunex for approximately $17.8 billion. See Note 3, "Immunex acquisition" to the Consolidated Financial Statements for further discussion of the acquisition and the related accounting.

(5) In March 2002, Amgen issued 30-year zero-coupon, senior convertible notes with a face amount at maturity of $3.95 billion. See Note 8, "Financing arrangements" to the Consolidated Financial Statements for further discussion of the terms of the Convertible Notes.

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

Acquisition of Immunex Corporation

On July 15, 2002, the Company acquired all of the outstanding common stock of Immunex Corporation ("Immunex") for stock and cash valued at $17.8 billion in a transaction accounted for as a business combination (see Note 3, "Immunex acquisition" to the Consolidated Financial Statements). Immunex was a leading biotechnology company dedicated to developing immune system science to protect human health. The acquisition has enhanced Amgen's strategic position within the biotechnology industry by strengthening and diversifying its (1) product base and product pipeline in key therapeutic areas, and (2) discovery research capabilities in proteins and antibodies. The acquisition was structured to qualify as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

Unless otherwise indicated, the discussions in this report of the results of operations of the Company reflect the inclusion of the results of operations of Immunex commencing July 16, 2002. The results of operations of the Company prior to July 16, 2002 include only the historical results of Amgen.

Liquidity and Capital Resources

The Company believes that existing funds, cash generated from operations, and existing sources of and access to financing are adequate to satisfy its working capital, capital expenditure and debt service requirements for the foreseeable future, as well as to support its stock repurchase program. However, in order to provide for greater financial flexibility and liquidity, the Company may raise additional capital from time to time.

Cash, cash equivalents, and marketable securities

The Company had cash, cash equivalents, and marketable securities of $5,122.9 million and $4,663.9 million at December 31, 2003 and 2002, respectively. Of the total cash, cash equivalents, and marketable securities at December 31, 2003, approximately $1.6 billion represents cash generated from operations in foreign tax jurisdictions and is intended for use outside the United States (see "Results of Operations — Income taxes"). If these funds are repatriated for use in the Company's U.S. operations, additional taxes on certain of these amounts would be required to be paid. The Company does not currently anticipate a need to repatriate these funds to the United States.

The primary objectives for the Company's marketable securities portfolio, which is primarily comprised of fixed income investments, are liquidity and safety of principal. Investments are made with the objective of achieving 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 primarily with investment grade credit ratings and places restrictions on maturities and concentration by type and issuer.

Cash flows

Cash provided by operating activities has been and is expected to continue to be the Company's primary recurring source of funds. In 2003, operations provided $3,566.6 million of cash compared with $2,248.8 million in 2002. The increase in cash provided by operating activities in 2003 resulted primarily from higher earnings (See Consolidated Statements of Cash Flows).

Capital expenditures totaled $1,356.8 million in 2003 compared with $658.5 million in 2002. The increase in capital expenditures in 2003 resulted primarily from capital expenditures related to the Rhode Island manufacturing plant, the Puerto Rico manufacturing expansion, and the Seattle research center.

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. Employee stock option exercises and proceeds from the sale of stock by Amgen pursuant to the employee stock purchase plans provided $529.0 million and $427.8 million of cash in 2003 and 2002, respectively. 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. Additionally, stock repurchases beyond this level reflect the Company's confidence in the long-term value of Amgen common stock. In 2003, the Company repurchased 29.7 million shares of its common stock at a total cost of $1,801.0 million. In 2002, the Company repurchased 28.0 million shares of its common stock at a total cost of $1,420.4 million. Stock repurchased in 2002 included 11.3 million shares of common stock repurchased simultaneously with the issuance of the 30-year, zero-coupon senior convertible notes (the "Convertible Notes", discussed below) at a total cost of $650 million. In December 2003, the Board of Directors authorized the Company to repurchase up to an additional $5.0 billion of common stock allowing for a multi-year stock repurchase program. As of December 31, 2003, approximately $5 billion was available for stock repurchases. The amount the Company spends and the number of shares repurchased varies based on a variety of factors, including employee stock option grants, the stock price and blackout periods in which the Company is restricted from repurchasing shares.

Financing

As of December 31, 2003, the Company had $2.88 billion of Convertible Notes outstanding, which have an aggregate face amount of $3.95 billion at maturity with a yield to maturity of 1.125%. The original issue discount of $1.13 billion is being accreted to the balance of the Convertible Notes and recognized as interest expense over the life of the Convertible Notes using the effective interest method. The holders of the Convertible Notes may require the Company to purchase all or a portion of their notes on March 1, 2005, March 1, 2007, March 1, 2012, and March 1, 2017 at a price equal to the original issuance price plus the accrued original issue discount to the purchase dates. In such event, the Company may choose to pay the purchase price in cash and/or shares of common stock, which would be issued at the then current market price (see Note 8, "Financing arrangements — Convertible notes" to the Consolidated Financial Statements). The Company's Convertible Notes are rated A2 by Moody's and A+ by Standard & Poor's.

In October 2003, the Company established a $1.0 billion shelf registration (the "$1 Billion Shelf") which allows the Company to issue debt securities, common stock, and associated preferred share purchase rights, preferred stock, warrants to purchase debt securities, common stock or preferred stock, securities purchase contracts, securities purchase units and depositary shares of the Company. The $1 Billion Shelf was established to provide for further financial flexibility and the securities available for issuance may be offered from time to time with terms to be determined at the time of issuance. As of December 31, 2003, no securities had been issued under the $1 Billion Shelf.

As of December 31, 2003, the Company had $200 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 (the "Notes") under a $500 million debt shelf registration (the "$500 Million Shelf"), and 2) $100 million of debt securities that bear interest at a fixed rate of 8.1% and mature in 2097 (the "Century Notes"). The Company's outstanding unsecured long-term debt is rated A2 by Moody's and A+ by Standard & Poor's. Under the $500 Million Shelf, all of the remaining $400 million of debt securities available for issuance may be offered from time to time under the Company's medium-term note program with terms to be determined at the time of issuance.

The Company has a commercial paper program which provides for unsecured short-term borrowings up to an aggregate face amount of $200 million. During the year ended December 31, 2003, the Company repaid all of the outstanding balances under the commercial paper program, totaling $100 million.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that are currently material or reasonably likely to be material to its financial position or results of operations.

Contractual Obligations

Contractual obligations represent future cash commitments and liabilities under agreements with third parties, and exclude contingent liabilities for which the Company cannot reasonably predict future payment. The following chart represents the Company's contractual obligations as of December 31, 2003, aggregated by type (in millions):

	Payments Due by Period				
Contractual Obligations	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Long-term debt obligations(1)	$3,903.9	$ 14.6	$2,949.4(2)	$122.2	$ 817.7
Operating lease obligations	181.8	50.9	65.1	35.1	30.7
Purchase obligations(3)	3,227.0	1,694.6	800.5	260.8	471.1
Total contractual obligations	$7,312.7	$1,760.1	$3,815.0	$418.1	$1,319.5

(1) The long-term obligation amounts in the above table differ from the related carrying amounts on the Consolidated Balance Sheet as of December 31, 2003 due to the accretion of the original issue discount on the Convertible Notes and the inclusion of future interest payments. Future interest payments are included on the Notes and the Century Notes at fixed rates of 6.5% and 8.1%, respectively, through maturity in 2007 and 2097, respectively.

(2) Holders of the Convertible Notes may require the Company to purchase all or a portion of the notes on specific dates as early as March 1, 2005 at the original issuance price plus accrued original issue discount ("accreted value") through the purchase date. The amount above represents the accreted value on March 1, 2005. The accreted value based on the 30-year contractual maturity is $3.95 billion. In the event the Company is required to repurchase the notes, it may choose to pay the purchase price in cash and/or shares of common stock which would be issued at the then current market price.

(3) Purchase obligations primarily relate to (1) the Company's long-term supply agreement with Boehringer Ingelheim Pharma KG ("BI Pharma") for the manufacture of commercial quantities of ENBREL®, which are based on firm commitments for the purchase of production capacity for ENBREL® and reflect certain estimates such as production run success rates and bulk drug yields achieved; (2) research and development commitments (including those related to clinical trials) for new and existing products; (3) capital expenditures which primarily relate to the new Rhode Island manufacturing plant and the Puerto Rico manufacturing expansion; and (4) open purchase orders for the acquisition of goods and services in the ordinary course of business. The Company's obligation to pay certain of these amounts may be reduced based on certain future events.

Results of Operations

Product sales

For the years ended December 31, 2003, 2002 and 2001, sales by product and geographic region were as follows (in millions):

	Years Ended December 31,		
	2003	2002	2001
EPOGEN® — U.S.	$2,434.7	$2,260.6	$2,108.5
Aranesp® — U.S.	979.9	284.7	27.0
Aranesp® — International	563.9	130.9	14.5
Neulasta® — U.S.	1,175.7	463.5	—
Neulasta® — International	79.3	—	—
NEUPOGEN® — U.S.	880.5	1,041.7	1,050.6
NEUPOGEN® — International	386.2	337.9	295.8
ENBREL® — U.S.	1,253.7	346.2	—
ENBREL® — International	46.3	15.9	—
Other product sales — U.S.	39.4	100.0	13.3
Other product sales — International	28.6	9.8	1.3
Total product sales	$7,868.2	$4,991.2	$3,511.0
Total U.S.	$6,763.9	$4,496.7	$3,199.4
Total International	1,104.3	494.5	311.6
Total product sales	$7,868.2	$4,991.2	$3,511.0

See “Products” in Item 1. Business for a discussion of these products and their approved indications. Product sales are influenced by a number of factors, including demand, third-party reimbursement availability and policies, wholesaler inventory management practices, foreign exchange effects, new product launches and indications, competitive products, product supply, and acquisitions.

In 2003, worldwide product sales were $7,868.2 million, an increase of $2,877.0 million or 58% over the prior year. Sales growth for 2003 was principally driven by demand for Aranesp®, ENBREL®, and Neulasta®. Year over year comparisons were aided by the mid-year 2002 oncology launch of Aranesp® (darbepoetin alfa), the mid-year 2002 acquisition of ENBREL® (etanercept), and the second quarter 2002 U.S. launch of Neulasta® (pegfilgrastim). U.S. product sales for 2003 were $6,763.9 million, an increase of $2,267.2 million, or 50% over the prior year. International product sales for 2003 were $1,104.3 million, an increase of $609.8 million, or 123%, over the prior year. Excluding the beneficial impact of foreign currency exchange rates of $166.2 million, international product sales increased 90% for the year ended December 31, 2003.

EPOGEN®/Aranesp®

Combined EPOGEN® and worldwide Aranesp® sales were $3,978.5 million for 2003. Combined EPOGEN® and worldwide Aranesp® sales increased $1,302.3 million, or 49%, over the prior year. These increases in combined sales were primarily driven by strong worldwide Aranesp® demand, reflecting the mid-year 2002 approval of Aranesp® for the treatment of chemotherapy-induced anemia in the United States and Europe.

EPOGEN® sales for 2003 were $2,434.7 million, an increase of $174.1 million, or 8% over the prior year. The growth in reported EPOGEN® sales for 2003 was primarily due to demand and to a lesser extent, spillover (See “Summary of Critical Accounting Policies — EPOGEN® revenue recognition” and Note 1, “Summary of significant accounting policies — Product sales” to the Consolidated Financial Statements). Demand was driven by growth in the dialysis patient population and improved patient outcomes.

Worldwide Aranesp® sales for 2003 were $1,543.8 million. Aranesp® sales in the United States for 2003 were $979.9 million, an increase of $695.2 million, or 244%, over the prior year. This increase was principally driven by demand, reflecting the mid-year 2002 launch of Aranesp® for the treatment of chemotherapy-induced anemia in the United States. International Aranesp® sales were $563.9 million for 2003, an increase of $433.0 million, or 331%, over the prior year. This increase was principally driven by demand, reflecting the mid-year 2002 launch of Aranesp® for the treatment of chemotherapy-induced anemia in Europe, and to a lesser extent, favorable changes in foreign currency exchange rates. International Aranesp® sales growth for 2003 benefited by $87.0 million from favorable changes in foreign currency exchange rates.

Combined EPOGEN® and worldwide Aranesp® sales for 2002 were $2,676.2 million, an increase of $526.2 million or 24% over combined 2001 sales. The increase in combined sales was primarily driven by strong worldwide Aranesp® demand.

EPOGEN® sales for 2002 were $2,260.6 million, an increase of $152.1 million or 7% over 2001 EPOGEN® sales. EPOGEN sales growth for 2002 was principally driven by demand, which includes the effect of higher prices and growth in the dialysis patient population.

Worldwide Aranesp® sales for 2002 were $415.6 million, including U.S. sales of $284.7 million. Worldwide Aranesp® sales for 2002 were driven primarily by demand, and reflect the benefit of receiving the oncology indication in the United States midyear 2002.

Neulasta®/NEUPOGEN®

Combined worldwide Neulasta® and NEUPOGEN® sales for 2003 were $2,521.7 million, an increase of $678.6 million, or 37%, over the prior year. The increase in combined sales for Neulasta® and NEUPOGEN® for 2003 was primarily driven by U.S. demand for Neulasta® reflecting the April 2002 launch of Neulasta®.

Worldwide Neulasta® sales for 2003 were $1,255.0 million, an increase of $791.5 million, or 171%, over the prior year. The increase was primarily driven by U.S. demand, which reflects the conversion of NEUPOGEN® patients to Neulasta® resulting from the April 2002 Neulasta® launch and, to a lesser extent, international demand, which reflects the January 2003 launch of Neulasta® in Europe.

Worldwide NEUPOGEN® sales for 2003 were $1,266.7 million. Worldwide NEUPOGEN® sales decreased $112.9 million, or 8%, from the prior year. NEUPOGEN® sales in the United States for 2003 were $880.5 million, a decrease of $161.2 million, or 15%, from the prior year. This decrease was principally due to the conversion of patients from NEUPOGEN® to Neulasta®, which the Company believes has slowed. For 2003, international NEUPOGEN® sales were $386.2 million, an increase of $48.3 million, or 14%, over the prior year. This increase was entirely due to favorable changes in foreign currency exchange rates.

Combined Neulasta® and worldwide NEUPOGEN® sales in 2002 were $1,843.1 million, an increase of $496.7 million or 37%, over NEUPOGEN® only sales in the prior year. The increase in combined sales for Neulasta® and NEUPOGEN® for 2002 was primarily driven by the U.S. launch of Neulasta® in April 2002 and patient population growth. Combined sales also benefited, to a lesser extent, from higher wholesaler inventory levels and higher NEUPOGEN® prices in the United States.

Neulasta® sales in 2002 were $463.5 million which reflect the conversion of NEUPOGEN® patients to Neulasta® resulting from the April 2002 launch.

Worldwide NEUPOGEN® sales in 2002 were $1,379.6 million, an increase of $33.2 million or 2% over the prior year NEUPOGEN® sales. In 2002, U.S. NEUPOGEN® sales were $1,041.7 million, a decrease of $8.9 million or 1% from 2001 sales. This decrease was primarily due to lower U.S. NEUPOGEN® demand, partially offset by higher wholesaler inventory levels. U.S. NEUPOGEN® demand declined at a mid-single digit rate from 2001 and was primarily impacted by the conversion of NEUPOGEN® patients to Neulasta®, partially offset by higher NEUPOGEN® prices in the United States.

ENBREL®

ENBREL® sales for 2003 were $1,300.0 million, an increase of 259% over 2002 sales. The Company began recording ENBREL® sales on July 16, 2002, subsequent to the close of the Immunex acquisition. ENBREL® sales were primarily driven by the addition of new patients in both rheumatology and dermatology. For the period from July 16, 2002 through December 31, 2002, ENBREL® sales were $362.1 million and were adversely impacted by supply constraints.

Royalty income

Royalty income principally relates to amounts received from sales of Epoetin alfa by Johnson & Johnson in the United States for use in non-dialysis settings. Additionally, in December 2002 the Company licensed the commercialization rights for Novantrone® in the United States to Serono S.A. for royalties based on future product sales. Royalty income was $383.1 million for 2003, an increase of $51.6 million, or 16%, over the prior year. This increase was principally due to royalties earned from Serono S.A. relating to its sales of Novantrone®, partially offset by lower royalties earned from Johnson & Johnson relating to its sales of Epoetin alfa in the United States.

Royalty income was $331.5 million in 2002, an increase of $78.8 million or 31% over the prior year. This increase was principally due to higher royalties earned from Johnson & Johnson relating to its sales of Epoetin alfa.

Corporate partner revenues

Corporate partner revenues were $104.7 million in 2003, a decrease of $95.6 million, or 48%, from the prior year. This decrease was primarily due to lower revenues earned from Kirin-Amgen, Inc. (“KA”) related to late-stage development programs conducted on behalf of KA (see Note 2 “Related party transactions” in the Consolidated Financial Statements).

Corporate partner revenues were $200.3 million in 2002, a decrease of $51.7 million, or 21%, from the prior year. Corporate partner revenues include $174.6 million related to amounts earned from KA in 2002. The overall decrease in corporate partner revenues was primarily due to lower revenues earned from KA, and to a lesser extent, lower revenues earned under other collaboration agreements.

Cost of sales

Cost of sales for 2003 were $1,340.7 million, an increase of $605.0 million, or 82%, over the prior year, primarily due to higher sales. Cost of sales as a percentage of product sales was 17.0% and 14.7% for 2003 and 2002, respectively. This increase primarily reflects an increase of ENBREL® sales as a percentage of total product sales. ENBREL® has significantly higher manufacturing costs and royalty expense compared to the Company’s other products. Additionally, the manufacturing costs of the Rhode Island production facility, which began producing in December 2002, are greater than those of the Company’s contract manufacturer, Boehringer Ingelheim Pharma KG (“BI Pharma”).

Cost of sales as a percentage of product sales was 14.7% and 12.6% for 2002 and 2001, respectively. The increase in 2002 was principally due to the impact of higher manufacturing costs and royalty expense related to ENBREL® compared to the Company’s other products. In addition, during 2002 the Company recorded the inventory acquired from Immunex at its estimated fair market value (see Note 3, “Immunex acquisition” to the Consolidated Financial Statements). The increase in fair market value was recognized as cost of sales as the acquired inventory was sold. Cost of sales for 2002 reflects a charge of $38.7 million related to the fair value adjustment to inventory, and $7.5 million of compensation costs payable under the Immunex Corporate Retention Plan.

Research and development

In 2003, research and development (“R&D”) expenses were $1,655.4 million an increase of $538.8 million, or 48%, over the prior year. This increase was primarily due to: 1) higher outside R&D costs, principally

licensing and milestone fees which include the Biovitrum AB up-front fee of $86.5 million, 2) higher staff-related costs, and 3) higher clinical manufacturing costs. In 2003, outside R&D costs, staff-related costs and clinical manufacturing costs increased approximately $252 million, $163 million, and $92 million, respectively.

In 2002, R&D expenses increased $251.6 million or 29% over the prior year. This increase was primarily due to higher staff-related costs and higher outside R&D costs, and to a lesser extent, higher clinical manufacturing costs as a result of the Immunex acquisition. In 2002, staff-related costs and outside R&D costs increased approximately $120 million and $90 million, respectively, and clinical manufacturing costs increased approximately $38 million. Staff-related costs in 2002 include approximately $18.1 million of compensation costs payable under the Immunex Corporate Retention Plan.

Selling, general and administrative

In 2003, selling, general and administrative ("SG&A") expenses were $1,952.6 million, an increase of $490.5 million, or 34%, over the prior year. This increase was primarily due to higher outside marketing expenses, which includes higher Wyeth profit share (see Note 11, "Agreements with Wyeth" in the Consolidated Financial Statements) as a result of ENBREL® sales growth, and higher staff-related costs to support new products in competitive markets and sales growth. In 2003, outside marketing expenses, which includes the Wyeth profit share, increased approximately $276 million and staff-related costs increased approximately $207 million.

In 2002, SG&A expenses increased $491.4 million or 51% over the prior year. This increase was primarily due to higher staff-related costs and outside marketing expenses as the Company increased its support for newly launched products and ENBREL®, and to a lesser extent, higher outside services. In 2002, staff-related costs increased approximately $225 million, outside marketing expenses increased approximately $217 million, and other outside services increased approximately $34 million. Staff-related costs increased in 2002 principally to support new product launches, from incremental expenses due to the addition of Immunex staff, and approximately $14.8 million of compensation costs principally payable under the Immunex Corporate Retention Plan. Outside marketing expenses in 2002 increased principally due to the launch of new products, marketing costs related to ENBREL®, and the impact of the profit share with Wyeth under the co-promotion agreement.

Acquired in-process research and development

In the third quarter of 2002, the Company incurred a one-time expense of $3.0 billion associated with writing off the acquired in-process research and development ("IPR&D") related to the Immunex acquisition. The amount expensed as IPR&D represents an estimate of the fair value of purchased in-process technology for projects that, as of the acquisition date, had not reached technological feasibility and had no alternative future use (See Note 3 "Immunex acquisition" in the Consolidated Financial Statements).

Amortization of intangible assets

In 2003 and 2002, amortization expense related to the intangible assets acquired in connection with the Immunex acquisition was $335.8 million and $155.2 million, respectively. Amortization of intangible assets is provided over their estimated useful lives ranging from 7 to 15 years on a straight-line basis (weighted average amortization period of 14.7 years at December 31, 2003).

Loss (earnings) of affiliates, net

In 2003, Loss (earnings) of affiliates, net was a loss of $4.3 million, a decrease of $16.9 million from the prior year's earnings of $12.6 million. The loss in 2003 was primarily due to a loss from KA in connection with KA's obligation to indemnify the Company, pursuant to the terms of a license agreement, for the payment made to Genentech, Inc. to settle a patent litigation relating to the Company's processes for producing NEUPOGEN® and Neulasta®. In 2003, the Company recorded $47.1 million as its share of the litigation loss incurred by KA, net of tax, in "Loss (earnings) of affiliates, net" in the Consolidated Statements of Operations.

Other items, net

In 2003, other items, net consisted of a benefit for the recovery of costs and expenses associated with a legal award related to an arbitration proceeding with Johnson & Johnson of $74.0 million, partially offset by a charitable contribution to the Amgen Foundation of $50.0 million.

In 2002, other items, net consisted of a one-time benefit of $40.1 million related to the recovery of certain expenses accrued in the fourth quarter of 2001 related to terminating collaboration agreements with various third parties and a legal award associated with the product license arbitration with Johnson & Johnson of $151.2 million, partially offset by a charitable contribution to the Amgen Foundation of $50.0 million.

In 2001, other items, net primarily consisted of costs associated with the termination of collaboration agreements with various third parties, including *PRAECIS PHARMACEUTICALS INCORPORATED* and certain academic institutions totaling $203.1 million.

See Note 4, “Other items, net”, to the Consolidated Financial Statements for further discussion.

Interest and other income, net

In 2003, interest and other income, net decreased $30.8 million or 21% from the prior year. This decrease was principally due to lower interest income generated from the Company’s investment portfolio as a result of lower average interest rates and higher losses on foreign currency transactions. The decrease was partially offset by higher realized gains related to equity and fixed income securities.

In 2002, interest and other income, net decreased $24.5 million or 15% from the prior year. This decrease was principally due to higher realized losses related to equity securities and higher losses on foreign currency transactions. The decrease was partially offset by higher interest income generated from the Company’s investment portfolio as a result of higher average cash balances. Higher average cash balances during 2002 offset the impact of lower average interest rates.

Income taxes

The Company’s effective tax rate was 28.8%, (103.3%) and 33.6% for 2003, 2002 and 2001 respectively. The Company’s negative effective tax rate for 2002 was primarily due to the pre-tax loss resulting from the write-off of non-deductible IPR&D costs in connection with the acquisition of Immunex. Excluding the effect of the IPR&D write-off, the 2002 effective tax rate would have been 30.7%.

During 2002, the Company restructured its Puerto Rico manufacturing operations using a controlled foreign corporation. As permitted in APB 23, “Accounting for Income Taxes — Special Areas”, the Company does not provide U.S. income taxes on the controlled foreign corporation’s undistributed earnings that are intended to be permanently reinvested outside the United States. In addition, the Puerto Rico manufacturing operations were entitled to a possession tax credit for a portion of 2002.

The Company’s effective tax rates for 2003 and 2002 reflected the permanent reinvestment of foreign earnings outside the United States. The 2003 effective tax rate of 28.8% was lower than the 2002 effective tax rate (excluding the effect of non-deductible IPR&D costs) of 30.7% primarily due to an increase in the amount of permanently reinvested foreign earnings partially offset by the loss of the possession tax credit.

The Company’s 2002 effective tax rate (excluding the effect of non-deductible IPR&D costs) of 30.7% was lower than the 2001 effective rate of 33.6% primarily due to the Puerto Rico restructuring described above.

See Note 5, “Income taxes”, to the Consolidated Financial Statements for further discussion.

Summary of Critical Accounting Policies

The preparation of the Company’s consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the notes to the financial statements. Some of

those judgments can be subjective and complex, and therefore actual results could differ materially from those estimates under different assumptions or conditions.

EPOGEN® revenue recognition

The Company has the exclusive right to sell Epoetin alfa for dialysis, certain diagnostics, and all non-human, non-research uses in the United States. Amgen has granted to 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". 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 spillover. The Company is employing an arbitrated audit methodology to measure each party's spillover based on independent third-party data on shipments to end users and their estimated usage. Data on end user usage is derived in part using market sampling techniques, and accordingly, the results of such sampling can produce variability in the amount of recognized spillover. The Company initially recognizes spillover based on estimates of shipments to end users and their usage, utilizing historical third-party data and subsequently adjusts such amounts based on revised third-party data as received. Differences between initial estimates of spillover and amounts based on revised third-party data could produce materially different amounts for recognized EPOGEN® sales. However, such differences to date have not been material.

Deferred income taxes

The Company's effective tax rate reflects the impact of undistributed foreign earnings for which no U.S. taxes have been provided because such earnings are intended to be permanently reinvested internationally based on the Company's projected cash flow, working capital, and long-term investment requirements of its U.S. and foreign operations. If future events, including material changes in estimates of cash, working capital, and long-term investment requirements necessitate that certain assets associated with these earnings be repatriated to the United States, an additional tax provision and related liability would be required which could materially impact the Company's effective future tax rate.

Financial Outlook

Results of operations

In the near-term, the Company expects growth of its businesses to be driven primarily by Aranesp®, Neulasta®, and ENBREL® (see "Forward looking statements and factors that may affect Amgen"). On December 8, 2003, President Bush signed into law the Medicare Prescription Drug Improvement and Modernization Act of 2003. As of the date of this filing, the Company has not determined the full impact of this new law on its business. However, the Company believes that legislation that reduces reimbursement for its products could adversely impact how much or under what circumstances healthcare providers will prescribe or administer its products and could negatively impact its business. (See "Forward looking statements and factors that may affect Amgen — 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.")

See "Products" in Item 1. Business for a discussion of our key products and their approved indications and "Selected Product Candidates" in Item 1. Business for a discussion of additional indications under development and subject to regulatory approval. Product sales are influenced by a number of factors, including demand, third-party reimbursement availability and policies, wholesaler inventory management practices, foreign exchange effects, new product launches and indications, competitive products, product supply, and acquisitions (See "Forward looking statements and factors that may affect Amgen").

EPOGEN®

The Company believes EPOGEN® sales growth will primarily depend on patient population growth. Patients receiving treatment for end stage renal disease are covered primarily under medical programs provided by the federal government. The Company believes future EPOGEN® sales growth may also be affected by future changes in reimbursement rates or a change in the basis for reimbursement by the federal government. EPOGEN® may compete with Aranesp® in the United States as health care providers may use Aranesp® to treat anemia associated with chronic renal failure instead of EPOGEN®.

Aranesp®

The Company believes future worldwide Aranesp® sales growth will be dependent, in part, on such factors as: reimbursement by third party payors (including governments and private insurance plans); the effects and pricing of competitive products or therapies; penetration of existing and new market opportunities; and changes in foreign currency exchange rates. In addition, future worldwide sales growth may be affected by cost containment pressures from governments and private insurers on health care providers.

Neulasta®/ NEUPOGEN®

The Company believes future worldwide Neulasta® and NEUPOGEN® sales growth will be dependent, in part, on such factors as: reimbursement by third-party payors (including governments and private insurance plans); penetration of existing markets; patient population growth; the conversion of NEUPOGEN® patients to Neulasta®; price increases; the effects of competitive products or therapies; the development of new treatments for cancer; and changes in foreign currency exchange rates. In addition, future worldwide sales growth may be affected by cost containment pressures from governments and private insurers on health care providers. Further, chemotherapy treatments that are less myelosuppressive may require less Neulasta®/ NEUPOGEN®. NEUPOGEN® competes with Neulasta® in the United States and Europe. The Company believes that U.S. NEUPOGEN® sales have and will continue to be adversely impacted by the launch of Neulasta®. However, the Company believes that the conversion rate has naturally slowed in the U.S. due to the rapid adoption of Neulasta®. The Company believes that opportunity for conversion exists in Europe, but to a lesser extent than experienced in the United States. The Company cannot accurately predict the rate or timing of future conversion of NEUPOGEN® patients to Neulasta® worldwide.

ENBREL®

The Company believes that future sales growth of ENBREL® will be dependent, in part, on such factors as: limits on the current supply of and sources of ENBREL®; the effects of competing products or therapies; penetration of existing and new market opportunities, including potential new indications; and the availability and extent of reimbursement by third-party payors.

Capital expenditures

The Company currently estimates spending on capital projects and equipment to be approximately $1.3 billion to $1.5 billion in 2004, primarily related to the new Rhode Island manufacturing plant and the Puerto Rico manufacturing expansion.

Trends expected to impact future operations

Future operating results of the Company may be impacted by a number of factors. The following trends in our business are reasonably expected to impact our future liquidity and results of operations:

- SG&A expenses in the fourth quarter are expected to increase over the previous three quarters in a trend similar to that seen in previous years.

- reported sales in the first quarter for each of EPOGEN® and combined NEUPOGEN®/ Neulasta® have tended to be comparable or slightly less than respective reported sales in the fourth quarter of the previous year.

Forward looking statements and factors that may affect Amgen

This report and other documents we file with the Securities and Exchange Commission ("SEC") contain forward looking statements that are based on current expectations, estimates, forecasts and projections about us, our future performance, our business or others on our behalf, our beliefs and our management's assumptions. In addition, we, or others on our behalf, may make forward looking statements in press releases or written statements, or in our communications and discussions with investors and analysts in the normal course of business through meetings, webcasts, phone calls, and conference calls. Words such as "expect," "anticipate," "outlook," "could," "target," "project," "intend," "plan," "believe," "seek," "estimate," "should," "may," "assume," "continue," variations of such words and similar expressions are intended to identify such forward looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties, and assumptions that are difficult to predict. We have based our forward looking statements on our management's beliefs and assumptions based on information available to our management at the time the statements are made. We caution you that actual outcomes and results may differ materially from what is expressed, implied, or forecast by our forward looking statements. Reference is made in particular to forward looking statements regarding product sales, expenses, earnings per share, liquidity and capital resources, and trends. Except as required under the federal securities laws and the rules and regulations of the SEC, we do not have any intention or obligation to update publicly any forward looking statements after the distribution of this report, whether as a result of new information, future events, changes in assumptions, or otherwise.

The following items are representative of the risks, uncertainties, and assumptions that could affect the outcome of the forward looking statements.

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 United States, and private insurance plans. Medicare does not cover prescriptions for ENBREL®. In certain foreign markets, the pricing and profitability of our products generally are subject to government controls. In the United States, there have been, there are, 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 pharmaceutical and biologic products. On December 8, 2003, President Bush signed into law the Medicare Prescription Drug Improvement and Modernization Act of 2003. As of the date of this filing, we have not determined the full impact of this new law on our business. However, we believe that legislation that reduces reimbursement for our products could adversely impact how much or under what circumstances healthcare providers will prescribe or administer our products, and could negatively impact our business. In addition, we believe the increasing emphasis on managed care in the United States 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 approved products or product candidates, including those at a late stage of development, and current reimbursement policies for marketed products may change at any time.

If reimbursement for our marketed products changes adversely or if we fail to obtain adequate reimbursement for our other current or future products, health care providers may limit how much or under what circumstances they will prescribe or 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 United States the use of EPOGEN® in connection with treatment for end-stage renal disease is funded primarily by the U.S. federal government. In early 1997, CMS, formerly known as HCFA, instituted a reimbursement change for EPOGEN® which materially and adversely affected our EPOGEN® sales until the policies were revised.

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 and contract manufacture our product candidates. We also manufacture and contract manufacture, price, sell, distribute, and market or co-market our products for their approved indications. These activities are subject to extensive regulation by numerous state and federal governmental authorities in the United States, such as the FDA and CMS, as well as in foreign countries, including Europe. Currently, we are required in the United States and in foreign countries to obtain approval from those countries' regulatory authorities before we can manufacture (or have our third-party manufacturers produce product), 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, require changes in labeling of our products, and mandate product withdrawals. Substantially all of our marketed products are currently approved in the United States and most are approved in Europe and in other foreign countries for specific uses. We currently manufacture and market all our approved products, and we plan to manufacture and market many of our potential products. Even though we have obtained regulatory approval for our marketed products, these products and our manufacturing processes are subject to continued review by the FDA and other regulatory authorities. In addition, ENBREL® is manufactured both by us at our Rhode Island manufacturing facility and by a third-party contract manufacturer, BI Pharma, and fill and finish of bulk product produced at our Rhode Island manufacturing facility is done by third-party service providers. BI Pharma and these third-party service providers are subject to FDA regulatory authority. See "— Limits on supply for ENBREL® may constrain ENBREL® sales." In addition, later discovery of unknown problems with our products or manufacturing processes or those of our contract manufacturers or third-party service providers 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 or our contract manufacturers or third-party service providers have violated regulations or if they restrict, suspend, or revoke our prior approvals, they could prohibit us from manufacturing or selling our marketed products until we or our contract manufacturers or third-party service providers 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 were unable to market and sell our products or product candidates, our business and results of operations would be materially and adversely affected.

If our intellectual property positions are challenged, invalidated, circumvented or expire, 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. ("TKT") and Aventis with respect to our erythropoietin patents. If we lose or settle these or other litigations at certain stages or entirely, we could be: subject to competition and/or significant liabilities; required to enter into third-party licenses for the infringed product or technology; or 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, or at all.

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 or obtained rights relating to erythropoietin, recombinant G-CSF, darbepoetin alfa, pegfilgrastim, etanercept, and our other products and potential products (see "Patents and Trademarks" in Item 1. Business). We market our erythropoietin, recombinant G-CSF, darbepoetin alfa, pegfilgrastim, and etanercept products as EPOGEN®, NEUPOGEN®, Aranesp®, Neulasta®, and ENBREL®, respectively.

We also have been granted or obtained rights to patents in Europe relating to: erythropoietin; G-CSF; pegfilgrastim (pegylated G-CSF); etanercept; two relating to darbepoetin alfa; and hyperglycosylated erythropoietic proteins. Our European patents relating to erythropoietin and G-CSF expire on December 12, 2004 and August 22, 2006, respectively, and we believe that after the expiration of these patents, other companies could develop and market new competitive products to our products in Europe; presenting additional competition to our products. While we do not market erythropoietin in Europe as this right belongs to Johnson & Johnson (through KA), we do market Aranesp® in the EU which competes with Johnson & Johnson's and others' erythropoietin products. We believe that the EU is currently in the process of developing regulatory requirements that would affect the development and approval of new competitive products. Until such requirements are finalized, we cannot predict when new competitive products could appear on the market in the EU or to what extent such additional competition would impact future Aranesp® and NEUPOGEN®/ Neulasta® sales in the EU.

Limits on supply for ENBREL® may constrain ENBREL® sales.

U.S. and Canadian supply of ENBREL® is impacted by many manufacturing variables, such as the timing and actual number of production runs, production success rate, bulk drug yield, and the timing and outcome of product quality testing. For example, in the second quarter of 2002, the prior co-marketer with respect to ENBREL®, experienced a brief period where no ENBREL® was available to fill patient prescriptions, primarily due to variation in the expected production yield from BI Pharma. If we are at any time unable to provide an uninterrupted supply of ENBREL® to patients, we may lose patients, physicians may elect to prescribe competing therapeutics instead of ENBREL®, and ENBREL® sales will be adversely affected, which could materially and adversely affect our results of operations. See "— We are dependent on third parties for a significant portion of our supply and the fill and finish of ENBREL®; and our sources of supply are limited."

We are dependent on third parties for a significant portion of our supply and the fill and finish of ENBREL®; and our sources of supply are limited.

We currently produce a substantial portion of annual ENBREL® supply at our Rhode Island manufacturing facility. However, we also depend on third parties for a significant portion of our ENBREL® supply as well as for the fill and finish of ENBREL® that we manufacture. BI Pharma is currently our sole third-party manufacturer of ENBREL® bulk drug; accordingly, our U.S. and Canadian supply of ENBREL® is currently significantly dependent on BI Pharma's production schedule for ENBREL®. We would be unable to produce ENBREL® in sufficient quantities to substantially offset shortages in BI Pharma's scheduled production if BI Pharma or other third-party manufacturers used for the fill and finish of ENBREL® bulk drug were to cease or interrupt production or services or otherwise fail to supply materials, products, or services to us for any reason, including due to labor shortages or disputes, due to regulatory requirements or action, or due to contamination of product lots or product recalls. This in turn could materially reduce our ability to satisfy demand for ENBREL®, which could materially and adversely affect our operating results. Factors that will affect our actual supply of ENBREL® at any time include, without limitation, the following:

- BI Pharma does not produce ENBREL® continuously; rather, it produces the drug through a series of periodic campaigns throughout the year. Our Rhode Island manufacturing facility is currently dedicated to Enbrel® production. The amount of commercial inventory available to us at any time depends on a variety of factors, including the timing and actual number of BI Pharma's production runs, the actual number of runs at our Rhode Island manufacturing facility, and, for either Rhode

Island or BI Pharma facilities, the level of production yields and success rates, the timing and outcome of product quality testing, and the amount of vialing capacity.

- BI Pharma schedules the vialing production runs for ENBREL® in advance, based on the expected timing and yield of bulk drug production runs. Therefore, if BI Pharma realizes production yields beyond expected levels, or provides additional manufacturing capacity for ENBREL®, it may not have sufficient vialing capacity for all of the ENBREL® bulk drug that it produces. As a result, even if we are able to increase our supply of ENBREL® bulk drug, BI Pharma may not be able to fill and finish the extra bulk drug in time to prevent any supply interruptions.

We are dependent on third parties for fill and finish of ENBREL® bulk drug manufactured at our Rhode Island facility. If third-party fill and finish manufacturers are unable to provide sufficient capacity or otherwise unable to provide services to us, then supply of ENBREL® could be adversely affected.

Our current plan to increase U.S. and Canadian supply of ENBREL® includes construction of an additional large-scale cell culture commercial manufacturing facility adjacent to the current Rhode Island manufacturing facility. Additionally, we have entered into a manufacturing agreement with Genentech, Inc. ("Genentech") to produce ENBREL® at Genentech's manufacturing facility in South San Francisco, California. These manufacturing facilities are subject to FDA approval. Under the terms of the agreement, Genentech is expected to produce ENBREL® through 2005, with an extension through 2006 by mutual agreement. However, certain milestones under the manufacturing agreement, including obtaining FDA approval for the manufacturing process, have not been met in the pre-agreed time frame and there can be no assurance that Genentech will be able to obtain the requisite FDA approval. If and when approval is received, ENBREL® bulk drug produced at the Genentech facility is expected to be produced in campaigns similar to those conducted at BI Pharma. Consequently, supply from the Genentech facility is expected to also be dependent on the timing and number of production runs in addition to the other manufacturing risk discussed above. In addition, Wyeth is constructing a new manufacturing facility in Ireland, which is expected to increase the U.S. and Canadian supply of ENBREL®. If the additional ENBREL® manufacturing capacity at the Rhode Island site, or at Genentech, or in Ireland are not completed on time, or if these manufacturing facilities do not receive FDA approval before we encounter supply constraints, our ENBREL® sales would be restricted, which could have a material adverse effect on our results of operations. See "— Limits on supply for ENBREL® may constrain ENBREL® sales."

Our marketed products face substantial competition and other companies 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, ENBREL® competes in certain circumstances with rheumatoid arthritis products marketed by Abbott Laboratories/ Knoll, Centocor Inc./ Johnson & Johnson, Aventis, Pfizer, and Merck as well as the generic drug methotrexate, and may face competition from other potential therapies being developed. Further, if our currently marketed products are approved for new uses, or if we sell new products, we may face new, additional competition that we do not face today. For example, in the United States, Aranesp® competes with an Epoetin alfa product marketed by Johnson & Johnson in certain anemia markets and ENBREL®, if approved, may compete in certain circumstances with psoriasis products marketed by Biogen and Genentech, among 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 have products or where we are developing product candidates or new indications for existing products. In the future, we expect that our products will compete with new drugs currently in development, drugs approved for other indications that may be approved for the same indications as those of our products, and off-label use of drugs approved for other indications. Our European patents relating to erythropoietin and G-CSF expire on December 12, 2004 and August 22, 2006, respectively, and we believe that after the expiration of these patents, other companies could develop and market new competitive products to our products in Europe; presenting additional competition to our products. While we do not market erythropoietin in Europe as this right belongs to Johnson & Johnson (through KA), we do market Aranesp® in the EU which competes with Johnson & Johnson's and others'

erythropoietin products. We believe that the EU is currently in the process of developing regulatory requirements that would affect the development and approval of new competitive products. Until such requirements are finalized, we cannot predict when new competitive products could appear on the market in the EU or to what extent such additional competition would impact future Aranesp® and NEUPOGEN®/ Neulasta® sales in the EU. Our products may compete against products that have lower prices, superior performance, are easier to administer, or that are otherwise competitive with our products. Our inability to compete effectively could adversely affect product sales.

Large pharmaceutical corporations may have greater clinical, research, regulatory, manufacturing, marketing, financial and human 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 and for our current products to compete with new products or new product indications that these competitors may bring to market. Business combinations among our competitors may also increase competition and the resources available to our competitors.

Certain of our raw materials, medical devices and components are single-sourced from third parties; third-party supply failures could adversely affect our ability to supply our products.

Certain raw materials necessary for commercial manufacturing and formulation of our products are provided by single-source unaffiliated third-party suppliers. Also, certain medical devices and components necessary for fill, finish, and packaging of our products are provided by single-source unaffiliated third-party suppliers. Certain of these raw materials, medical devices, and components are the proprietary products of these unaffiliated third-party suppliers and, in some cases, such proprietary products are specifically cited in our drug application with the FDA so that they must be obtained from that specific sole source and could not be obtained from another supplier unless and until the FDA approved that other supplier. We would be unable to obtain these raw materials, medical devices, or components for an indeterminate period of time if these third-party single-source suppliers were to cease or interrupt production or otherwise fail to supply these materials or products to us for any reason, including due to regulatory requirements or action, due to adverse financial developments at or affecting the supplier, or due to labor shortages or disputes. This, in turn, could materially and adversely affect our ability to satisfy demand for our products, which could materially and adversely affect our operating results.

Also, certain of the raw materials required in the commercial manufacturing and the formulation of our products are derived from biological sources, including mammalian tissues, bovine serum and human serum albumin, or HSA. We are investigating alternatives to certain biological sources. Raw materials may be subject to contamination and/or recall. A material shortage, contamination, and/or recall could adversely impact or disrupt our commercial manufacturing of our products or could result in a mandated withdrawal of our products from the market. This too, in turn, could adversely affect our ability to satisfy demand for our products, which could materially and adversely affect our operating results.

Our product development efforts may not result in commercial products.

We intend to continue an aggressive research and 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 in humans
- the necessary regulatory bodies, such as the FDA, 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 or been discontinued at various stages in the product development process, including Brain Derived Neurotrophic Factor ("BDNF") and Megakaryocyte Growth and Development Factor ("MGDF"). 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. 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."

We may be required to perform additional clinical trials or change the labeling of our products if we or others identify side effects after our products are on the market.

If we or others identify side effects after any of our products are on the market, or if manufacturing problems occur, regulatory approval may be withdrawn and reformulation of our products, additional clinical trials, changes in labeling of our products, and changes to or re-approvals of our manufacturing facilities may be required, any of which could have a material adverse effect on sales of the affected products and on our business and results of operations.

After any of our products are approved for commercial use, we or regulatory bodies could decide that changes to our product labeling are required. Label changes may be necessary for a number of reasons, including: the identification of actual or theoretical safety or efficacy concerns by regulatory agencies or the discovery of significant problems with a similar product that implicates an entire class of products. Any significant concerns raised about the safety or efficacy of our products could also result in the need to reformulate those products, to conduct additional clinical trials, to make changes to our manufacturing processes, or to seek re-approval of our manufacturing facilities. Significant concerns about the safety and effectiveness of one of our products could ultimately lead to the revocation of its marketing approval. The revision of product labeling or the regulatory actions described above could be required even if there is no clearly established connection between the product and the safety or efficacy concerns that have been raised. The revision of product labeling or the regulatory actions described above could have a material adverse effect on sales of the affected products and on our business and results of operations.

Our business may be impacted by government investigations or litigation

We and certain of our subsidiaries are involved in legal proceedings relating to various patent matters, government investigations, and other legal proceedings that arise from time to time in the ordinary course of our business. Matters required to be disclosed by us are set forth in "Item 3. Legal Proceedings" in our Form 10-K for the year ended December 31, 2003 and are updated as required in subsequently filed Form 10-Qs. Litigation is inherently unpredictable, and excessive verdicts can occur. Consequently, it is possible that we could, in the future, incur judgments or enter into settlements of claims for monetary damages

that could have a material adverse effect on our results of operations in the period in which such amounts are incurred.

The Federal government, state governments and private payors are investigating, and many have filed actions against, numerous pharmaceutical and biotechnology companies, including Amgen and Immunex, alleging that the reporting of prices for pharmaceutical products has resulted in false and overstated Average Wholesale Price ("AWP"), which in turn is alleged to have improperly inflated the reimbursement paid by Medicare beneficiaries, insurers, state Medicaid programs, medical plans and other payors to health care providers who prescribed and administered those products. Thirteen of these actions have been brought against us and/or Immunex, now a wholly owned subsidiary of ours. Eleven states and Puerto Rico have pending investigations regarding our drug pricing practices and the U.S. Departments of Justice and Health and Human Services have requested that Immunex produce documents relating to pricing issues. Further certain state government entity plaintiffs in some of these AWP cases are also alleging that companies, including ours, are not reporting their "best price" to the states under the Medicaid program. These cases and investigations are described in "Item 3. Legal Proceedings — Average Wholesale Price Litigation" in our Form 10-K for the year ended December 31, 2003, and are updated as required in subsequent Form 10-Qs. Other states and agencies could initiate investigations of our pricing practices. A decision adverse to our interests on these actions and/or investigations could result in substantial economic damages and could have a material adverse effect on our results of operations in the period in which such amounts are incurred.

We may be required to defend lawsuits or pay damages for product liability claims.

Product liability is a major risk in testing and marketing biotechnology and pharmaceutical products. We may face substantial product liability exposure in human clinical trials and for products that we sell after regulatory approval. Product liability claims, regardless of their merits, could be costly and divert management's attention, and adversely affect our reputation and the demand for our 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
- inability to provide adequate supply of 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 have grown rapidly, and if we fail to adequately manage that growth our business could be adversely impacted.

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

- we will 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 will need to assimilate a large number of new employees
- we will 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 December 31, 2003, the trading price of our common stock has ranged from a high of $72.37 per share to a low of $48.09 per share. Our stock price may be affected by a number of factors, such as:

- clinical trial results
- adverse developments regarding the safety or efficacy of our products
- actual or anticipated product supply constraints
- 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, earnings or other financial results in any period fail to meet the investment community's expectations, there could be an immediate adverse impact on our stock price.

Our corporate compliance program cannot guarantee that we are in compliance with all potentially applicable federal and state regulations.

The development, manufacturing, distribution, pricing, sales, and reimbursement of our products, together with our general operations, is subject to extensive federal and state regulation. See "— Our current products and products in development cannot be sold if we do not obtain and maintain regulatory approval." and "— We may be required to perform additional clinical trials or change the labeling of our products if we or others identify side effects after our products are on the market." While we have developed and instituted a corporate compliance program based on current best practices, we cannot assure you that we or our employees are or will be in compliance with all potentially applicable federal and state regulations. If we fail to comply with any of these regulations a range of actions could result, including, but not limited to, the termination of clinical trials, the failure to approve a product candidate, restrictions on our products or manufacturing processes, including withdrawal of our products from the market, significant fines, or other sanctions or litigation.

Our marketing of ENBREL® will be dependent in part upon Wyeth.

Under a co-promotion agreement, we and Wyeth market and sell ENBREL® in the United States and Canada. A management committee comprised of an equal number of representatives from us and Wyeth is responsible for overseeing the marketing and sales of ENBREL®: including strategic planning, the approval of an annual marketing plan, product pricing, and the establishment of a brand team. The brand team, with equal representation from us and Wyeth, will prepare and implement the annual marketing plan, which includes a minimum level of financial and sales personnel commitment from each party, and is responsible for all sales activities. If Wyeth fails to market ENBREL® effectively or if we and Wyeth fail to coordinate our efforts effectively, our sales of ENBREL® may 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 related 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.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest income earned on the Company's fixed income investment portfolio is impacted by fluctuations in U.S. interest rates upon reinvestment of funds received on maturity or sale of securities at the then current market rates. In 2001, the Company entered into interest rate swap agreements, which qualify and are designated as fair value hedges, to protect against possible reductions in value on certain of its available-for-sale investment portfolio. In 2003, the Company entered into two interest rate swap agreements, which also qualify and are designated as fair value hedges, to protect against possible increase in value of the Notes and the Century Notes. Changes in interest rates do not affect interest expense incurred on the Company's Notes, Century Notes and Convertible Notes because they bear interest at fixed rates. The following tables provide information about the Company's financial instruments that are sensitive to changes in interest rates. For the Company's investment portfolio and debt obligations, the tables present principal cash flows and related weighted-average interest rates by expected maturity dates. Additionally, the Company has assumed its available-for-sale debt securities, comprised primarily of corporate debt instruments and treasury securities, are similar enough to aggregate those securities for presentation purposes. For the interest rate swaps, the tables present the notional amounts and related weighted-average interest rates by contractual maturity date. For the interest rate swaps, variable rates are the average forward rates for the term of each contract. The notional amount is used to calculate the contractual cash flows to be exchanged under the contract.

Interest Rate Sensitivity

Principal (Notional) Amount by Expected Maturity as of December 31, 2003
(Dollars in millions)
Average Interest Rate

	2004	2005	2006	2007	2008	There-after	Total	Fair value 12/31/03
Available-for-sale debt securities	$2,076.9	$1,254.1	$667.3	$392.5	$476.5	$ —	$4,867.3	$4,882.2
Average Interest rate	2.8%	4.0%	4.1%	5.2%	3.7%	—		
Medium and long-term notes	—	—	—	$100.0	—	$100.0	$ 200.0	$ 249.3
Interest rate	—	—	—	6.5%	—	8.1%		
Convertible Notes(1)	—	$2,917.1	—	—	—	—	$2,917.1	$2,978.5
Interest rate	—	1.125%	—	—	—	—		
Interest rate swaps related to available-for-sale debt securities:								
Pay fixed/receive variable	$ 25.0	$ 120.0	$ 25.0	—	—	—	$ 170.0	$ (7.7)
Average pay rate	3.9%	4.2%	4.5%	—	—	—		
Average receive rate	1.3%	2.3%	3.4%	—	—	—		
Interest rate swaps related to debt:								
Pay variable/receive fixed	—	—	—	$100.0	—	$100.0	$ 200.0	$ (5.0)
Average pay rate	—	—	—	4.6%	—	5.1%		
Average receive rate	—	—	—	3.6%	—	5.5%		

Interest Rate Sensitivity

Principal Amount by Expected Maturity as of December 31, 2002
(Dollars in millions)
Average Interest Rate

	2003	2004	2005	2006	2007	There-after	Total	Fair value 12/31/02
Available-for-sale debt securities	$2,171.3	$1,072.8	$1,009.9	$164.9	$ 29.6	$ 3.0	$4,451.5	$4,534.7
Average interest rate	1.1%	4.8%	5.4%	5.1%	4.3%	6.8%		
Commercial paper obligations	$ 100.0	—	—	—	—	—	$ 100.0	$ 100.0
Interest rate	1.4%	—	—	—	—	—		
Medium and long-term notes	$ 23.0	—	—	—	$100.0	$100.0	$ 223.0	$ 273.6
Interest rate	6.2%	—	—	—	6.5%	8.1%		
Convertible Notes(1)	—	—	$2,917.1	—	—	—	$2,917.1	$2,913.5
Interest rate	—	—	1.125%	—	—	—		
Interest rate swaps related to available-for-sale debt securities:								
Pay fixed/receive variable	$ 128.2	$ 80.7	$ 120.0	$ 40.0	—	—	$ 368.9	$ (14.9)
Average pay rate	2.9%	3.9%	4.2%	4.5%	—	—		
Average receive rate	1.4%	1.4%	1.4%	1.4%	—	—		

(1) Holders of the Convertible Notes may require the Company to purchase all or a portion of the notes on specific dates as early as March 1, 2005 at the original issuance price plus accrued original issue discount (“accreted value”) through the purchase date. The amount above represents the accreted value on March 1, 2005. The accreted value based on the 30-year contractual maturity is $3.95 billion. In the

event the Company is required to repurchase the notes, it may choose to pay the purchase price in cash and/or shares of common stock.

The Company is exposed to equity price risks on the marketable portion of equity securities included in its portfolio of investments entered into for the promotion of business and strategic objectives. These investments are generally in small capitalization stocks in the biotechnology industry sector. At December 31, 2003 and 2002, the Company had equity forward contracts to hedge against changes in the fair market value of a portion of its equity investment portfolio. The Company did not have material equity price risk on the unhedged portion of its equity investment portfolio at December 31, 2003 and 2002.

The Company did not have material exposures to changes in foreign currency exchange rates related to its foreign currency forward contracts outstanding at December 31, 2003 and 2002.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is incorporated herein by reference to the financial statements listed in Item 15(a) of Part IV of this Form 10-K Annual Report.

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

None.

Item 9A. CONTROLS AND PROCEDURES

The Company maintains “disclosure controls and procedures”, as such term is defined under Exchange Act Rule 13a-15(e), that are designed to ensure that information required to be disclosed in the Company’s Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to the Company’s management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, the Company’s management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and in reaching a reasonable level of assurance the Company’s management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The Company has carried out an evaluation under the supervision and with the participation of the Company’s management, including the Company’s Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures. Based upon their evaluation and subject to the foregoing, the Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures were effective in ensuring that material information relating to the Company, is made known to the Chief Executive Officer and Chief Financial Officer by others within the Company during the period in which this report was being prepared.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Directors of the Registrant

The members of the Board of Directors of the Company (the “Board”) and nominees to the Board as of March 9, 2004 are as follows:

Mr. Kevin W. Sharer, age 56, has served as a director of the Company since November 1992. Since May 2000, Mr. Sharer has been Chief Executive Officer and President of the Company and has also been Chairman of the Board since December 2000. From October 1992 to May 2000, Mr. Sharer served as President and Chief Operating Officer of the Company. From April 1989 to October 1992, Mr. Sharer was

President of the Business Markets Division of MCI Communications Corporation, a telecommunications company. From February 1984 to March 1989, Mr. Sharer held numerous executive capacities at General Electric Company. Mr. Sharer is a director of Unocal Corporation, 3M Company and Northrup Grumman Corporation.

Dr. David Baltimore, age 66, has served as a director of the Company since June 1999. Since October 1997, Dr. Baltimore has been the President of the California Institute of Technology. From July 1995 to October 1997, Dr. Baltimore was an Institute Professor at the Massachusetts Institute of Technology ("MIT"), and from July 1994 to October 1997, the Ivan R. Cottrell Professor of Molecular Biology and Immunology at MIT. Dr. Baltimore is a director of BB Biotech, AG, a Swiss investment company, and MedImmune, Inc. In 1975, Dr. Baltimore was the co-recipient of the Nobel Prize in Medicine.

Mr. Frank J. Biondi, Jr., age 59, has served as director of the Company since January 2002. Since March 1999, he has served as Senior Managing Director of WaterView Advisors LLC, an investment advisor organization. From April 1996 to November 1998, Mr. Biondi served as Chairman and Chief Executive Officer of Universal Studios, Inc. From July 1987 to January 1996, Mr. Biondi served as President and Chief Executive Officer of Viacom, Inc. Mr. Biondi is a director of Harrahs Entertainment, Inc., Hasbro, Inc., The Bank of New York Company, Inc. and Vail Resorts, Inc.

Mr. Jerry D. Choate, age 65, has served as a director of the Company since August 1998. From January 1995 to January 1999, Mr. Choate served as Chairman of the Board and Chief Executive Officer of The Allstate Corporation ("Allstate"), an insurance company holding company. From August 1994 to January 1995, Mr. Choate served as President and Chief Executive Officer of Allstate and had previously held various management positions at Allstate since 1962. Mr. Choate is a director of Valero Energy Corporation and serves on the Board of Trustees for the Van Kampen Mutual Funds.

Mr. Edward V. Fritzky, age 53, has served as a director of the Company since July 2002 and is currently employed by the Company as a special advisor. From January 1994 to July 2002, Mr. Fritzky served as Chief Executive Officer, President and Chairman of the board of directors of Immunex Corporation, a biotechnology company. From March 1989 to January 1994, Mr. Fritzky was President and Vice President of Lederle Laboratories, a division of American Cyanamid Company, a pharmaceutical company. Mr. Fritzky is a director of Geron Corporation, SonoSite, Inc. and Jacobs Engineering Group Inc.

Mr. Frederick W. Gluck, age 68, has served as a director of the Company since February 1998. Mr. Gluck is the former managing partner of McKinsey & Company, Inc. ("McKinsey"), an international management consulting firm. He served with McKinsey from 1967 to 1995 and led the firm as its Managing Director from 1988 to 1994, when he retired to join Bechtel Group, Inc., an engineering, construction and project management company, where he served as Vice Chairman and Director. Mr. Gluck retired from Bechtel in July 1998. He rejoined McKinsey as a consultant in 1998 and continued in that role until July 2003. Mr. Gluck is a director of HCA Inc. and Thinking Tools, Inc.

Mr. Frank C. Herringer, age 61, a nominee for election to the Board at the Company's May 13, 2004 Annual Meeting of Stockholders, has been Chairman of the Board of Transamerica Corporation ("Transamerica"), a financial services company, since 1995. He served as Chief Executive Officer of Transamerica from 1991 to 1999 and President from 1986 to 1999. From 1999 to May 2000, Mr. Herringer served on the Executive Board of Aegon N.V. and as Chairman of the Board of Aegon U.S.A. Mr. Herringer is a director of AT&T Corp., The Charles Schwab Corporation, and Unocal Corporation.

Mr. Franklin P. Johnson, Jr., age 75, has served as a director of the Company since October 1980. He is the general partner of Asset Management Partners, a venture capital limited partnership. Mr. Johnson serves as the Vice President, Chief Financial Officer and Secretary of Indo Pacific Investment Company, a privately held investment company. Mr. Johnson has been a private venture capital investor for more than five years. Mr. Johnson is a director of Applied MicroCircuits Corporation.

Mr. Steven Lazarus, age 72, has served as a director of the Company since May 1987. Since July 1994, he has been the managing general partner of ARCH Venture Partners, L.P., an early stage venture capital partnership. From October 1986 to July 1994, Mr. Lazarus was President and Chief Executive Officer of the

Argonne National Laboratory/ The University of Chicago Development Corporation and was also associate dean at the Graduate School of Business, the University of Chicago. Mr. Lazarus is a director of the First Consulting Group Inc.

Dr. Gilbert S. Omenn, age 62, has served as a director of the Company since January 1987. Since September 1997, he has been Professor of Internal Medicine, Human Genetics and Public Health at the University of Michigan. From September 1997 to July 2002, Dr. Omenn also served as Executive Vice President for Medical Affairs and as Chief Executive Officer of the University of Michigan Health System. From July 1982 to September 1997, Dr. Omenn was the Dean of the School of Public Health and Community Medicine and Professor of Medicine at the University of Washington. Dr. Omenn is a director of Rohm & Haas Co.

Ms. Judith C. Pelham, age 58, has served as a director of the Company since May 1995. Since May 2000, Ms. Pelham has been President and CEO of Trinity Health, a national system of healthcare facilities, including hospitals, long-term care, home care, psychiatric care, residences for the elderly and ambulatory care, and the third largest Catholic healthcare system in the U.S. From January 1993 to April 2000, Ms. Pelham was the President and Chief Executive Officer of Mercy Health Services, a system of hospitals, home care, long-term care, ambulatory services and managed care established to carry out the health ministry sponsored by the Sisters of Mercy Regional Community of Detroit. From 1982 to 1992, Ms. Pelham was President and Chief Executive Officer of Daughters of Charity Health Services, Austin, Texas, a network of hospitals, home care and ambulatory services serving central Texas.

Admiral J. Paul Reason, USN (Retired), age 62, has served as a director of the Company since January 2001. Since July 2000, he has been the President and Chief Operating Officer of Metro Machine Corporation, a privately held ship repair company. From December 1996 to September 1999, Admiral Reason was a Four Star Admiral and Commander In Chief of the U.S. Atlantic Fleet of the U.S. Navy. From August 1994 to November 1996, Admiral Reason served as Deputy Chief of Naval Operations. From June 1965 to July 1994, Admiral Reason served in numerous capacities, both at sea and ashore, in the U.S. Navy. Admiral Reason is a director of Wal-Mart Stores, Inc. and Norfolk Southern Corporation.

Dr. Donald B. Rice, age 64, has served as a director of the Company since October 2000. Dr. Rice is Chairman of the Board of Agensys, Inc., a private biotechnology company, and has been Chief Executive Officer and President of Agensys, Inc. since its founding in late 1996. From March 1993 until August 1996, Dr. Rice was President and Chief Operating Officer and a director of Teledyne, Inc., a diversified technology-based manufacturing company with major segments in specialty metals and aerospace. Dr. Rice is a director of Wells Fargo & Company, Unocal Corporation and Vulcan Materials Company.

Mr. Leonard D. Schaeffer, age 58, has served as a director of the Company since March 2004. Since 1992, Mr. Schaeffer has been Chairman of the Board of Directors and Chief Executive Officer of WellPoint Health Networks Inc., an insurance organization that owns Blue Cross of California, Blue Cross and Blue Shield of Georgia, Blue Cross and Blue Shield of Missouri, Blue Cross and Blue Shield of Wisconsin and various other organizations. Mr. Schaeffer was the Administrator of the U.S. Health Care Financing Administration from 1978 to 1980. He is Chairman of the Board of the National Institute for Health Care Management and a member of the Institute of Medicine. Mr. Schaeffer is a director of Allergan, Inc.

Ms. Patricia C. Sueltz, age 51, has served as director of the Company since January 2002. Since March 2004, Ms. Sueltz has been President, Marketing, Technology & Systems, of Salesforce.com, an on-demand customer relationship management solutions company. From July 2002 to February 2004, Ms. Sueltz was Executive Vice President, Sun Services, at Sun Microsystems, Inc., a systems company. From September 1999 to July 2002, Ms. Sueltz served as President, Software Systems Group of Sun Microsystems, Inc. From June 1979 to October 1999, Ms. Sueltz served in various management capacities at IBM Corporation.

Executive Officers of the Registrant

The executive officers of the Company as of March 9, 2004 are as follows:

Mr. Kevin W. Sharer, age 56, has served as a director of the Company since November 1992. Since May 2000, Mr. Sharer has been Chief Executive Officer and President of the Company and has also been Chairman of the Board since December 2000. From October 1992 to May 2000, Mr. Sharer served as President and Chief Operating Officer of the Company. From April 1989 to October 1992, Mr. Sharer was President of the Business Markets Division of MCI Communications Corporation, a telecommunications company. From February 1984 to March 1989, Mr. Sharer held numerous executive capacities at General Electric Company. Mr. Sharer is a director of Unocal Corporation, 3M Company and Northrup Grumman Corporation.

Dr. Fabrizio Bonanni, age 57, became Senior Vice President, Quality and Compliance in April 1999 and in March 2003 became Senior Vice President, Manufacturing. From December 1997 to April 1999, Dr. Bonanni served as the Corporate Vice President for Regulatory/ Clinical Affairs for Baxter, a pharmaceutical company and from November 1994 to December 1997, as Corporate Vice President, Quality System. Beginning in 1974, Dr. Bonanni held a variety of quality, regulatory and manufacturing positions with Baxter in Europe and in the United States.

Dr. Hassan Dayem, age 57, became Senior Vice President and Chief Information Officer in May 2002. From December 1998 to May 2002, Dr. Dayem served as Vice President, Information Services and Chief Information Officer at Merck, a pharmaceutical company. From June 1997 to December 1998, Dr. Dayem served as Vice President Research Information Services at Merck. From February 1977 to May 1997, Dr. Dayem was at Los Alamos National Laboratory where he held several positions including Division Director, Computing, Information and Communications Division from July 1993 to May 1997.

Dr. Dennis M. Fenton, age 52, became Executive Vice President in March 2000 and in May 2003 became Executive Vice President, Operations and Compliance Officer. From January 1995 to March 2000, Dr. Fenton served as Senior Vice President, Operations, from August 1992 to January 1995 as Senior Vice President, Sales and Marketing, and from July 1991 to August 1992 as Vice President, Process Development, Facilities and Manufacturing Services. From October 1988 to July 1991, Dr. Fenton also served as Vice President, Pilot Plant Operations and Clinical Manufacturing and from 1985 to October 1988, he served as Director, Pilot Plant Operations.

Mr. Brian McNamee, age 47, became Senior Vice President, Human Resources in June 2001. From November 1999 to June 2001, Mr. McNamee served as Vice President of Human Resources at Dell Computer Corp. From 1998 to 1999, Mr. McNamee served as Senior Vice President Human Resources for the National Broadcasting Corporation (“NBC”). From July 1988 to November 1999, Mr. McNamee held human resource positions at General Electric.

Dr. Joseph P. Miletich, age 52, became Senior Vice President, Research & Preclinical Development in April 2002. From January 2001 to March 2002, Dr. Miletich served as Senior Vice President, Worldwide Preclinical Development, at Merck, a pharmaceutical company, and from December 1998 to December 2000 he served as Vice President, Safety Assessment at Merck. From July 1996 to December 1998 Dr. Miletich served as Director of Laboratories at the Barnes-Jewish Hospital. From July 1992 to December 1998, Dr. Miletich served as Professor of Internal Medicine and Pathology at Washington University School of Medicine.

Mr. George J. Morrow, age 52, became Executive Vice President of Worldwide Sales and Marketing, in January 2001 and became Executive Vice President, Global Commercial Operations in April 2003. From January 1999 to December 2000, Mr. Morrow was President and Chief Executive Officer of Glaxo Wellcome Inc. (“Glaxo”), a subsidiary of GlaxoSmithKline plc. From January 1997 to December 1998, Mr. Morrow was Managing Director of Glaxo Wellcome U.K., also a subsidiary of GlaxoSmithKline plc. From May 1993 to December 1996, Mr. Morrow was Group Vice President for Commercial Operations of Glaxo.

Mr. Richard D. Nanula, age 43, became Executive Vice President, Finance, Strategy and Communications in May 2001 and beginning in August 2001, Mr. Nanula became Chief Financial Officer. From November 1999 to February 2001, Mr. Nanula was Chairman and Chief Executive Officer of Broadband Sports, Inc., an internet media company. From March 1998 to May 1999, Mr. Nanula was President and Chief Operating Officer of Starwood Hotels & Resorts Worldwide, a worldwide hotel and gaming company. From August 1986 to March 1998, Mr. Nanula was at the Walt Disney Company where he held several positions including Senior Executive Vice President and Chief Financial Officer and President of Disney Stores Worldwide.

Dr. Roger M. Perlmutter, age 51, became Executive Vice President of Research and Development in January 2001. From July 1999 to December 2000, Dr. Perlmutter was Executive Vice President, Worldwide Basic Research and Preclinical Development of Merck Research Laboratories. From February 1999 to July 1999, Dr. Perlmutter served as Executive Vice President of Merck Research Laboratories, and from February 1997 to January 1999 as Senior Vice President of Merck Research Laboratories. From May 1989 to January 1997, Dr. Perlmutter was also Chairman of the Department of Immunology, University of Washington, and from January 1991 to January 1997, Professor in the Departments of Immunology, Biochemistry and Medicine, University of Washington. From October 1991 to January 1997, Dr. Perlmutter served as Investigator at the Howard Hughes Medical Institute at the University of Washington. Dr. Perlmutter currently serves on the Board of Directors of Stem Cells, Inc.

Mr. Barry D. Schehr, age 48, became Senior Director Finance and Chief Accounting Officer in December 2003, having served as Vice President, Financial Operations and Chief Accounting Officer from May 2000 to November 2003. From March 2000 to May 2000, Mr. Schehr served as Vice President, Accounting and Financial Operations, and from February 1997 to February 2000 as Director of Internal Audit. From October 1989 to January 1997, Mr. Schehr was a partner with Ernst & Young LLP, an accounting firm.

Mr. David J. Scott, age 51, became Senior Vice President, General Counsel and Secretary in March 2004. From May 1999 to February 2004, Mr. Scott served as Senior Vice President and General Counsel of Medtronic, Inc., a medical technology company, and also as Secretary from January 2000. From December 1997 to April 1999, Mr. Scott served as General Counsel of London-based United Distillers & Vintners. From April 1996 to November 1997, Mr. Scott served as General Counsel of London-based International Distillers & Vintners.

Dr. Beth C. Seidenberg, age 46, became Senior Vice President, Development of the Company in January 2002 and became and Chief Medical Officer in May 2003. From September 2001 to December 2001, Dr. Seidenberg served as Senior Vice President, Global Development of Bristol-Myers, a pharmaceutical company. From May 2000 to September 2001, Dr. Seidenberg served as Senior Vice President, Clinical Development & Life Cycle Management of Bristol-Myers. From April 2000 to May 2000, Dr. Seidenberg served as Vice President, Clinical Immunology/ Pulmonary/ Dermatology of Bristol-Myers. From July 1998 to March 2000, Dr. Seidenberg served as Vice President, Pulmonary-Immunology of Merck Research Laboratories. From June 1989 to June 1998, Dr. Seidenberg held several director positions at Merck Research Laboratories, including Executive Director.

Audit Committee and Audit Committee Financial Expert

The Audit Committee of the Board of Directors is comprised of Frank J. Biondi, Jr., who serves as Chairman, Jerry D. Choate, Franklin P. Johnson, Jr., Gilbert S. Omenn, Judith C. Pelham and Patricia C. Sueltz. The Board has determined that each of Messrs. Biondi, Choate and Johnson is an “audit committee financial expert” as defined by the Securities and Exchange Commission (“SEC”) and each is independent under the revised listing standards of NASDAQ. The Audit Committee meets the NASDAQ composition requirements, including the requirements regarding financial literacy and financial sophistication.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires the Company's executive officers and directors, and persons who own more than 10% of a registered class of the Company's equity securities ("Reporting Persons"), to file reports of ownership and changes in ownership with the SEC and with The Nasdaq Stock Market. Reporting Persons are required by SEC regulations to furnish the Company with copies of all forms they file pursuant to Section 16(a). Based solely on its review of the copies of such reports received by it, and written representations from certain Reporting Persons that no other reports were required for those persons, the Company believes that, during the year ended December 31, 2003, the Reporting Persons met all applicable Section 16(a) filing requirements, except for Mr. Sharer who, in February 2004, filed a late Form 5 covering a gift of 10,000 shares of Common Stock to the U.S. Naval Academy made in May 2000, and a gift of 10 shares of Common Stock made to a family member in September 2001.

Code of Ethics

The Company maintains a code of ethics applicable to the Company's principal executive officer, principal financial officer, principal accounting officer or controller, and other persons performing similar functions. To view this code of ethics free of charge, please visit the Company's website at *www.amgen.com* (This website address is not intended to function as a hyperlink, and the information contained in the Company's website is not intended to be a part of this filing). The Company intends to satisfy the disclosure requirements under Item 10 of Form 8-K regarding an amendment to, or waiver from, a provision of this code of ethics, if any, by posting such information on the Company's website.

Item 11. EXECUTIVE COMPENSATION

Compensation of Directors

Directors of the Company who are also employees of the Company are not separately compensated for their services as directors.

Cash Compensation

From January 1, 2003 to June 30, 2003, non-employee director compensation consisted of an annual retainer of $20,000, committee chair fees of $6,000, and meeting fees of $1,250 for each Board meeting attended, and $750 for each committee meeting attended (up to a maximum of $1,500 for all committee meetings attended on the same day). Effective July 1, 2003, the Board approved a change in non-employee director compensation as follows: (i) an annual retainer of $55,000; (ii) an Audit Committee chair fee of $20,000; (iii) a Compensation Committee chair fee of $10,000; (iv) an Other Committee chair fee of $6,000; (v) Board meeting fees of $3,000 per meeting ($1,500 for telephonic attendance), and (vi) committee meeting fees of $1,500 per meeting ($750 for telephonic attendance).

Non-employee directors also are compensated for attending committee meetings of which they are not members if they are invited to do so by the Chairman of the Board or the Chair of the committee. During fiscal year 2003, Mr. Biondi was compensated in the amount of $1,500 for attending two Executive Committee meetings prior to his appointment to the Executive Committee. The members of the Board also are entitled to reimbursement of their expenses, in accordance with Company policy, incurred in connection with attendance at Board and committee meetings and conferences with the Company's senior management. There are no family relationships among any directors of the Company.

Equity Compensation

Prior to 2004, non-employee directors also were entitled to receive non-discretionary stock option grants as compensation for their service as directors. Under the Company's Amended and Restated 1991 Equity Incentive Plan (the "1991 Plan"), each non-employee director was automatically granted an annual non-discretionary option (a "Formula Grant") to purchase shares of Common Stock of the Company. The exercise price of options granted under the 1991 Plan is 100% of the fair market value on the date of grant. In

addition, newly appointed non-employee directors received an inaugural option grant under the 1991 Plan pursuant to terms comparable to the Formula Grants. Non-employee directors received annual Formula Grants of 16,000 shares in January of each year and inaugural grants to new non-employee directors were 60,000 shares. Formula Grants vest and are exercisable: (a) on the date of grant, if the non-employee director has had three years of prior continuous service as a non-employee director, or (b) one year from the date of grant, if the non-employee director has had less than three years of prior continuous service as a non-employee director. Generally, Formula Grants must be exercised within ten years from the date of grant.

In January 2003, the Company granted to each non-employee director a Formula Grant covering 16,000 shares at an exercise price of $50.78 per share.

In December 2003, the Board approved a new equity award program for non-employee directors beginning in 2004, in place of the Formula Grants described above, as compensation for their service as directors. Formula Grants were not awarded in January 2004. The new equity compensation program is maintained under the 1991 Plan and provides that in March of each year, non-employee directors will automatically receive stock options for 5,000 shares of Common Stock and restricted stock units ("RSU"s) to acquire $100,000 worth of Common Stock. New non-employee directors are entitled to an inaugural grant of stock options for 20,000 shares of Common Stock. The terms of stock option awards are the same as those for the Formula Grants except that (i) the stock options must be exercised within seven years from the date of grant, and (ii) under certain circumstances, in the case of death or disability of a Board member, the vesting of unvested stock options may be partially or completely accelerated. The number of RSUs granted to a director is based on the closing price of the Common Stock on the date of grant and the RSUs vest: (a) on the date of grant if the non-employee director has had three years of prior continuous service as a non-employee director, or (b) one year from the date of grant if the non-employee director has had less than three years of prior continuous service as a non-employee director. In the event of a director's death or disability, a prorated potion of RSUs would vest. The RSU's are paid in Common Stock (on a one-to-one basis) on the vesting date, unless a director has previously selected a deferred payment alternative.

Other Benefits. Non-employee directors are eligible to participate in the Matching Gift Program of The Amgen Foundation (the "Foundation") on the same terms as the Company's employees. The Foundation will match qualifying contributions made by non-employee directors to eligible organizations, up to $20,000 per non-employee director per year. In addition, directors are eligible to participate in the Amgen Nonqualified Deferred Compensation Plan. See "— Employment and Compensation Arrangements."

Compensation of Executive Officers

Summary Compensation Table

The following table sets forth summary information concerning certain compensation awarded, paid to, or earned by the Named Executive Officers for all services rendered in all capacities to the Company for the years ended December 31, 2003, 2002, and 2001:

Summary Compensation Table

		Annual Compensation			Long-term Compensation Awards		
Name and Principal Position	Year	Salary ($)(1)	Bonus ($)	Other Annual Compensation ($)	Restricted Stock Award(s) ($)	Securities Underlying Options (#)	All Other Compensation ($)(2)
Kevin W. Sharer	2003	1,098,333	2,475,000	217,844(3)	—	450,000	530,554
Chairman of the Board,	2002	980,000	1,800,000	16,140(3)	—	450,000	497,750(4)
Chief Executive Officer and President	2001	933,333	860,533	—	—	450,000	95,798
George J. Morrow	2003	756,001	1,390,000(5)	1,577(6)	—	150,000	3,249,161(7)
Executive Vice President,	2002	683,335	1,276,252(5)	20,148(6)	—	150,000	3,024,607(7)
Global Commercial Operations	2001	618,337	1,500,000(5)	194,371(6)	—	350,000	2,624,086(7)

					Long-term Compensation		
		Annual Compensation			Awards		
Name and Principal Position	Year	Salary ($)(1)	Bonus ($)	Other Annual Compensation ($)	Restricted Stock Award(s) ($)	Securities Underlying Options (#)	All Other Compensation ($)(2)
Roger M. Perlmutter	2003	737,333	1,365,000(5)	101,802(8)	—	150,000	1,595,624(9)
Executive Vice President,	2002	683,333	1,276,250(5)	235,279(8)	—	150,000	1,415,339(9)
Research and Development	2001	637,917	1,500,000(5)	253,950(8)	6,543,645(10)	350,000	1,371,989(9)
Dennis M. Fenton	2003	726,800	1,145,000	—	—	150,000	344,494
Executive Vice President,	2002	680,000	1,071,000	—	—	150,000	13,181
Operations and Corporate Compliance Officer	2001	652,288	635,231	—	—	180,000	35,342
Richard D. Nanula	2003	658,334	1,040,000	1,441(11)	—	150,000	188,849
Executive Vice President,	2002	616,667	971,250	—	—	225,000	57,343
Finance, Strategy and Communications, and Chief Financial Officer	2001	375,000	315,000	—	5,524,992(12)	350,000	25,228

(1) Includes compensation deferred under the Company's Retirement and Savings Plan (the "401(k) Plan") otherwise payable in cash during each calendar year.

(2) Figures shown reflect net amounts. Amounts shown for 2003, 2002, and 2001 include Company credits to the Supplemental Retirement Plan (the "SRP") and matching contributions made by the Company (the "Company Contribution") to the 401(k) Plan. The 2002 amount shown for Mr. Sharer also includes certain deferred compensation (see footnote (4)). Amounts shown for 2003, 2002 and 2001 for Mr. Morrow and Dr. Perlmutter also include certain deferred compensation (see footnotes (7) and (9)). The SRP is a non-qualified, unfunded plan. Participation in the SRP is available to selected participants in the 401(k) Plan who are affected by the Internal Revenue Code limits on the amount of employee compensation that may be recognized for purposes of calculating the Company Contributions. Pursuant to the SRP, accounts for the respective Named Executive Officers were credited with (reduced by) the following amounts, including accrued dividends, interest and unrealized gains or losses for the years ended December 31, 2003, 2002, and 2001, respectively: Mr. Sharer, $514,554, ($18,250), and $82,198; Mr. Morrow, $226,112, $83,307, and $97,909; Dr. Perlmutter, $155,013, $56,884, and $157,009; Dr. Fenton, $328,494, ($2,819), and $21,742; and Mr. Nanula, $172,849, $41,343, and $15,378. Pursuant to the 401(k) Plan, the Company Contributions for the years ended December 31, 2003, 2002, and 2001, respectively, were: Mr. Sharer, $16,000, $16,000, and $13,600; Mr. Morrow, $16,000, $16,000, and $13,600; Dr. Perlmutter, $16,000, $16,000, and $12,800; Dr. Fenton, $16,000, $16,000, and $13,600; and Mr. Nanula, $16,000, $16,000, and $9,850.

(3) The amount shown for 2003 includes $212,763 that is the incremental cost to the Company of Mr. Sharer's personal use of the Company's aircraft and a tax gross-up of $1,245 for the value of Mr. Sharer's personal use of a car and driver provided by the Company. The amount shown for 2002 consists of a tax gross-up for the value of Mr. Sharer's personal use of a car and driver provided by the Company.

(4) Includes a deferred compensation credit of $500,000 as a result of a Company contribution to the Amgen Nonqualified Deferred Compensation Plan.

(5) The amounts shown for each of 2003 and 2002 include retention bonuses for each year in the amount of $200,000. The amount shown for 2001 consists of a bonus of $750,000 upon commencement of employment and $750,000 minimum guaranteed incentive bonus. See "— Employment and Compensation Arrangements."

(6) The amounts shown for 2003, 2002 and 2001, respectively, include tax gross-ups of $136, $8,210 and $42,629, respectively, for reimbursement of relocation-related expenses. The amount shown for 2003 includes a tax gross-up of $1,441 for the value of personal financial counseling reimbursed by the Company. The amount shown for 2002 includes reimbursement in the amount of $11,938 made by the Company in accordance with Mr. Morrow's participation in the Company's relocation mortgage subsidy

program. The amount shown for 2001 includes $141,759 of relocation-related expenses reimbursed to Mr. Morrow.

(7) The amounts shown for 2003, 2002 and 2001, respectively, include deferred compensation credits of $2,980,149, $2,807,017 and $2,512,577, respectively, as a result of Company contributions to the Amgen Inc. Executive Nonqualified Retirement Plan. See "— Executive Nonqualified Retirement Plan." The amounts shown for each of 2003 and 2002 include premiums of $26,900 paid by the Company for a term life insurance policy in the amount of $15,000,000 for Mr. Morrow's benefit. The 2002 amount includes a premium of $91,383 paid by the Company for the assumption of split dollar life insurance policies provided to Mr. Morrow by his former employer. The Company would be reimbursed for certain of its premium payments from the proceeds of the split dollar life insurance policies in the event Mr. Morrow dies or in certain other events. See "— Employment and Compensation Arrangements."

(8) The amounts shown for 2003, 2002, and 2001, respectively, include $75,409, $29,514 and $145,353, respectively, of relocation-related expenses reimbursed to Dr. Perlmutter, and tax gross-ups of $2,365, $91,896 and $65,825, respectively, for reimbursement of relocation-related expenses. The amount shown for 2003 includes a tax gross-up of $5,887 for the value of Dr. Perlmutter's personal use of a car and driver provided by the Company. The amount shown for 2002 includes reimbursement in the amount of $113,869 made by the Company in accordance with Dr. Perlmutter's participation in the Company's relocation mortgage subsidy program.

(9) The amounts shown for 2003, 2002 and 2001, respectively, include deferred compensation credits of $1,414,161, $1,332,005 and $1,202,130, respectively, as a result of Company contributions to the Amgen Inc. Executive Nonqualified Retirement Plan. See "— Executive Nonqualified Retirement Plan." The amounts shown for each of 2003 and 2002, also include premiums of $10,450 paid by the Company for a term life insurance policy in the amount of $10,000,000 for Dr. Perlmutter's benefit. See "— Employment and Compensation Arrangements."

(10) Calculated by multiplying the amount of restricted stock by the closing market price of $58.68 on January 8, 2001, the date of the restricted stock grant, less aggregate consideration paid by Dr. Perlmutter of $11.15. In accordance with the terms of his offer letter, effective January 8, 2001, Dr. Perlmutter was granted 111,500 shares of restricted stock of Amgen in consideration of his payment of $11.15. The value of such restricted stock as of December 31, 2003 was $6,889,574 (calculated by multiplying the amount of restricted stock by the closing market price of $61.79 per share on December 31, 2003, less the aggregate purchase price of $11.15). See "— Employment and Compensation Arrangements."

(11) This amount consists of a tax gross-up for the value of personal financial counseling reimbursed by the Company.

(12) Calculated by multiplying the amount of restricted stock by the closing market price of $65.00 on May 16, 2001, the date of the restricted stock grant less aggregate consideration paid by Mr. Nanula of $8.50. In accordance with the terms of his offer letter, effective May 16, 2001, Mr. Nanula was granted 85,000 shares of restricted stock of the Company in consideration of his payment of $8.50. The value of such restricted stock as of December 31, 2003 was $5,252,142 (calculated by multiplying the amount of restricted stock by the closing market price of $61.79 per share on December 31, 2003, less the aggregate purchase price of $8.50). See "— Employment and Compensation Arrangements."

Stock Option Grants

The following table sets forth information concerning individual grants of stock options made by the Company during the year ended December 31, 2003, to each of the Named Executive Officers:

Option Grants in Fiscal Year 2003

	Individual Grants					
					Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(1)	
Name	Number of Securities Underlying Options Granted (#)(2)	Percent of Total Options Granted to Employees in Fiscal Year(3)	Exercise or Base Price ($/sh)	Expiration Date	5% ($)	10% ($)
Kevin W. Sharer	450,000(4)	2.46%	65.85	7/1/10	12,063,403	28,112,859
George J. Morrow	150,000(4)	0.82%	65.85	7/1/10	4,021,134	9,370,953
Roger M. Perlmutter	150,000(4)	0.82%	65.85	7/1/10	4,021,134	9,370,953
Dennis M. Fenton	150,000(4)	0.82%	65.85	7/1/10	4,021,134	9,370,953
Richard D. Nanula	150,000(4)	0.82%	65.85	7/1/10	4,021,134	9,370,953

(1) The potential realizable value is based on the term of the option at the time of its grant, which is seven years for the stock options granted to the Named Executive Officers. The assumed 5% and 10% annual rates of appreciation over the term of the options are set forth in accordance with SEC rules and regulations and do not represent the Company's estimates of stock price appreciation. The potential realizable value is calculated by assuming that the stock price on the date of grant appreciates at the indicated rate, compounded annually, for the entire term of the option and that the option is exercised and the stock sold on the last day of its term at this appreciated stock price. No valuation method can accurately predict future stock prices or option values because there are too many unknown factors. No gain to the optionee is possible unless the stock price increases over the option term. Such a gain in stock price would benefit all stockholders.

(2) Options shown in the table have a term of seven years, subject to earlier termination if the optionee ceases employment with the Company or an affiliate of the Company (as defined in the applicable plan). The vesting of all options will be automatically accelerated in the event of a change in control (as defined in the applicable plan). In addition, the options are subject to, in certain circumstances, full or partial accelerated vesting upon the death or permanent and total disability of the optionee while in the employ of the Company or an affiliate of the Company, or death, or voluntary retirement of an optionee after age 60 who has been employed by the Company or an affiliate of the Company for at least 15 consecutive years ("Voluntary Retirement"), as provided in the option grant agreement, or at the discretion of the Compensation and Management Development Committee (the "Compensation Committee") as permitted by the applicable plan. Additionally, upon Voluntary Retirement these options will not terminate until the earlier of the termination date set forth in the grant agreement or three years following the date of Voluntary Retirement.

(3) In 2003, the Company granted stock options covering a total of 18,301,993 shares of Common Stock to Company employees under all stock option plans maintained by the Company and this number was used in calculating the percentages.

(4) Options vest and are exercisable as to 20% of the total grant on each of the first, second, third, fourth and fifth anniversaries of the date of the grant.

Aggregated Option Exercises

The following table sets forth information (on an aggregated basis) concerning each exercise of stock options during the year ended December 31, 2003, by each of the Named Executive Officers and the final year-end value of unexercised options:

Aggregated Option Exercises in Fiscal Year 2003 and Fiscal Year-End 2003 Option Values

	Individual Grants			
Name	Shares Acquired on Exercise (#)	Value Realized ($)(2)	Number of Securities Underlying Unexercised Options at Fiscal Year-End Exerciseable/Unexerciseable	Value of Unexercised In-the-Money Options at Fiscal Year-End ($)(1) Exerciseable/Unexerciseable
Kevin W. Sharer	157,172	5,357,513	523,354/1,289,000	1,417,473/9,593,562
George J. Morrow	—	—	170,000/480,000	886,700/2,997,800
Roger M. Perlmutter	25,000	811,000	145,000/480,000	432,200/3,129,050
Dennis M. Fenton	147,836	6,804,782	433,443/474,477	11,581,270/3,322,734
Richard D. Nanula	30,000	965,118	215,000/480,000	551,550/2,818,800

(1) Value of unexercised in-the-money options is calculated based on the fair market value of the underlying securities, minus the exercise price, and assumes sale of the underlying securities on December 31, 2003, the last trading day for 2003, at a price of $61.79 per share, the fair market value of the Company's Common Stock on such date.

(2) Value realized is based on the fair market value of the Company's Common Stock on the respective dates of exercise, minus the applicable exercise price, and does not necessarily indicate that the optionee sold stock on that date, at that price, or at all.

Change-in-Control Arrangements

Effective as of October 20, 1998 (the "Effective Date"), the Board of Directors adopted the Amgen Inc. Change of Control Severance Plan, as amended, (the "CCS Plan") which provides certain severance benefits to persons who hold certain designated positions with the Company as of the date on which a Change of Control (as defined below) of the Company occurs. If a Change of Control had occurred on December 31, 2003, the CCS Plan would have covered approximately 963 officers and key employees of the Company, including each of the Named Executive Officers. Under the terms of the CCS Plan, the CCS Plan extended through December 31, 2003, subject to automatic one year extensions unless the Company notified the participants that the term would not be extended no later than September 30, 2003. The Company did not notify participants that the term would not be extended, so the term has been extended to December 31, 2004, subject to possible further extensions. If a Change of Control occurs during the original or any extended term, the CCS Plan will continue in effect for at least 36 months following the Change of Control. Prior to the occurrence of a Change of Control, the Company has the right to terminate or amend the CCS Plan at any time; after the occurrence of a Change of Control, the CCS Plan may not be terminated or amended in any way that adversely affects a participant's interests under the CCS Plan without the participant's written consent.

Under the CCS Plan, a Change of Control generally will be deemed to have occurred at any of the following times: (i) upon the acquisition by any person, entity or group of beneficial ownership of 50% or more of either the then outstanding Common Stock or the combined voting power of the Company's then outstanding securities entitled to vote generally in the election of directors; or (ii) at the time individuals making up the Incumbent Board (as defined in the CCS Plan) cease for any reason to constitute at least a majority of the Board; or (iii) immediately prior to the consummation by the Company of a reorganization, merger, or consolidation with respect to which persons who were the stockholders of the Company immediately prior to such transaction do not, immediately thereafter, own more than 50% of the shares of the Company entitled to vote generally in the election of directors; or (iv) a liquidation or dissolution of the

Company or the sale of all or substantially all of the assets of the Company; or (v) any other event which the incumbent Board, in its sole discretion, determines is a change of control.

Under the CCS Plan, if a Change of Control occurs and a participant's employment is terminated within the two year period immediately following the Change of Control by the Company other than for Cause or Disability (each as defined in the CCS Plan) or by the participant for Good Reason (as defined in the CCS Plan), the participant will be entitled to certain payments and benefits in lieu of further salary payments subsequent to such termination and in lieu of severance benefits otherwise payable by the Company (but not including accrued vacation and similar benefits otherwise payable upon termination). In the event of such termination, the participant will receive a lump sum cash severance payment in an amount equal to the excess, if any, of (A) the product of (x) a benefits multiple (either 3, 2 or 1, depending on the participant's position (a "Benefits Multiple")), and (y) the sum of (i) the participant's annual base salary immediately prior to termination or, if higher, immediately prior to the Change of Control, plus (ii) the participant's targeted annual bonus for the year in which the termination occurs or, if higher, the participant's average annual bonus for the three years immediately prior to the Change of Control; over (B) the aggregate value (determined in accordance with Section 280G of the Code) of the acceleration of vesting of the participant's unvested stock options in connection with the Change of Control. An award to a participant under the Amgen Inc. Performance Award Program under the 1991 Plan will be excluded from the calculation described in (B) above. The terms of the Amended and Restated 1988 Stock Option Plan, the 1991 Plan, and the Amended and Restated 1997 Special Non-Officer Equity Incentive Plan, Article II of the Amended and Restated 1993 Equity Incentive Plan, and Article II of the Amended and Restated 1999 Equity Incentive Plan contain the same definition of "change of control" as the CCS Plan definition, and such option plans provide for the acceleration of vesting of issued and outstanding stock options upon the occurrence of a change of control.

Participants who are senior executive-level staff members who are also members of the Amgen Executive Committee (which as of December 31, 2003, included each of the Named Executive Officers) have a Benefits Multiple of 3; participants who are senior management-level staff members at the level of "director" or equivalent and above (and who are not members of the Amgen Executive Committee), have a Benefits Multiple of 2; and management-level staff members at the level of "associate director" or equivalent have a Benefits Multiple of 1.

The Company will also provide the participant with continued health and other group insurance benefits for a period of 1 to 3 years (depending on the participant's Benefits Multiple) after the participant's termination of employment. In addition, the participant will be fully vested in his or her accrued benefits under the Company's retirement plans and the Company will provide the participant with additional fully vested benefits under such plans in an amount equal to the benefits the participant would have earned under the plans had the participant continued to be employed by the Company for a number of years equal to the participant's Benefits Multiple. The participant will also be indemnified by the Company and will be provided with directors' and officers' liability insurance (if applicable), each as set forth in the CCS Plan. If a Change of Control had occurred on the Effective Date, each of the Named Executive Officers would have received such indemnification and liability insurance. In addition, if any payment, distribution or acceleration of vesting of any stock option or other right with respect to a participant who is a "disqualified individual" (within the meaning of Section 280G of the Code) would be subject to the excise tax imposed by Section 4999 of the Code, then the Company will pay the participant an additional lump sum cash payment in an amount equal to 20% of the amount of the participant's "excess parachute payments" (within the meaning of Section 280G of the Code).

The CCS Plan provides that for a period of years equal to a participant's Benefits Multiple after the participant's termination of employment, the participant will not disclose confidential information of the Company and will not solicit or offer employment to any of the Company's employees. In the event that the participant breaches any of such provisions, the participant will forfeit any right to receive further payments or benefits under the CCS Plan.

Employment and Compensation Arrangements

Dr. Roger M. Perlmutter

Dr. Perlmutter became Executive Vice President, Research and Development pursuant to an amended and restated offer letter, effective as of January 8, 2001. The offer letter provided for a monthly salary of $54,167 and a $750,000 bonus that was paid within 30 days of the start of Dr. Perlmutter's employment with the Company. Dr. Perlmutter was guaranteed a minimum incentive payment of $750,000 for each of 2001 and 2002 under the Company's Amended and Restated Management Incentive Plan (the "MIP"). The Company will also pay Dr. Perlmutter a retention bonus of $200,000 on each of the first five one-year anniversaries of the start of his employment with the Company. The Company has also agreed to provide Dr. Perlmutter with certain non-qualified deferred compensation benefits. See "— Executive Nonqualified Retirement Plan." In addition, the Company also agreed to maintain and pay the premiums on a term life insurance policy in the amount of $10,000,000 for Dr. Perlmutter's benefit until 2007. Prior to the Sarbanes-Oxley Act, the Company made a loan of $1,000,000 to Dr. Perlmutter. In compliance with the Sarbanes-Oxley Act, the Company no longer makes personal loans to executive officers prohibited by such act. See "— Item 13. Certain Relationships and Related Transactions."

Dr. Perlmutter was granted an option to purchase 200,000 shares of the Company's Common Stock on January 8, 2001 with an exercise price of $58.68 per share. The Company also agreed to grant to Dr. Perlmutter an option under the periodic stock option program to purchase 150,000 shares of the Company's Common Stock in each of 2001 and 2002. On June 15, 2001, July 2, 2001 and July 1, 2002, respectively, the Company granted to Dr. Perlmutter an option to purchase 50,000 shares, 100,000 shares and 150,000 shares of the Company's Common Stock with a per share exercise price of $67.06, $61.67 and $38.36, respectively. On January 8, 2001, Dr. Perlmutter was also awarded 111,500 shares of restricted Common Stock of the Company in consideration of his payment of $11.15. The Company has a right to repurchase the restricted stock at the price paid by Dr. Perlmutter in the event that his employment is terminated for any reason other than his death or permanent and total disability. The Company's repurchase option shall lapse with respect to the following number of shares on the following dates: 40,000 shares on April 1, 2002; 23,750 shares on April 1, 2003; 23,750 shares on April 1, 2004 and 24,000 shares on April 1, 2005. On March 22, 2002, the offer letter was amended to accelerate the lapse of the repurchase option with respect to the first 40,000 shares to March 25, 2002 from April 1, 2002.

If, within the first five years of his employment with the Company, Dr. Perlmutter's employment is terminated without cause, or he resigns from the Company due to a reduction of his duties or base salary or annual target incentive opportunity under the MIP, Dr. Perlmutter will be entitled to receive three years of base salary and target incentive paid monthly and health care benefits, unless such health care benefits are obtained from another employer. Dr. Perlmutter is also entitled to receive severance benefits under the Company's CCS Plan in the event of a change of control of the Company.

Mr. George J. Morrow

Mr. Morrow became Executive Vice President, Worldwide Sales and Marketing pursuant to an amended and restated offer letter, effective as of January 19, 2001. He became Executive Vice President, Global Commercial Operations in April 2003. The offer letter provided for a monthly salary of $54,167 and a $750,000 bonus that was paid within 30 days of the start of Mr. Morrow's employment with the Company. Mr. Morrow was guaranteed a minimum incentive payment of $750,000 for each of 2001 and 2002 under the MIP. The Company will also pay Mr. Morrow a retention bonus of $200,000 on each of the first five one-year anniversaries of the start of his employment with the Company. The Company has also agreed to provide Mr. Morrow with certain non-qualified deferred compensation benefits. See "— Executive Nonqualified Retirement Plan." In addition, the Company also agreed to maintain and pay the premiums on a term life insurance policy in the amount of $15,000,000 for Mr. Morrow's benefit until 2006. The Company also agreed to either assume responsibility for, or provide alternative compensation with respect to, a split dollar life insurance policy provided to Mr. Morrow by his former employer. Prior to the Sarbanes-Oxley Act, the Company made a loan of $1,000,000 to Mr. Morrow. In compliance with the Sarbanes-Oxley Act, the

Company no longer makes personal loans to executive officers prohibited by such act. See "— Item 13. Certain Relationships and Related Transactions."

Mr. Morrow was granted an option to purchase 200,000 shares of the Company's Common Stock on January 19, 2001 with an exercise price of $60.00 per share. The Company also agreed to grant to Mr. Morrow an option under the periodic stock option program to purchase 150,000 shares of the Company's Common Stock in each of 2001 and 2002. On June 15, 2001, July 2, 2001 and July 1, 2002, respectively, the Company granted to Mr. Morrow an option to purchase 50,000 shares, 100,000 shares and 150,000 shares of the Company's Common Stock with a per share exercise price of $67.06, $61.67 and $38.36, respectively.

If, within the first five years of his employment with the Company, Mr. Morrow's employment is terminated without cause, or he resigns from the Company due to a reduction of his duties or base salary or annual target incentive opportunity under the MIP, Mr. Morrow will be entitled to receive three years of base salary and target incentive paid monthly and health care benefits, unless such health care benefits are obtained from another employer. Mr. Morrow is also entitled to receive severance benefits under the Company's CCS Plan in the event of a change of control of the Company.

Mr. Richard D. Nanula

Mr. Nanula became Executive Vice President Finance, Strategy and Communications pursuant to an amended and restated offer letter, effective as of May 14, 2001. He became the Company's Chief Financial Officer in August 2001. The offer letter provided for a monthly salary of $50,000. Prior to the Sarbanes-Oxley Act, the Company made a loan of $3,000,000 to Mr. Nanula. In compliance with the Sarbanes-Oxley Act, the Company no longer makes personal loans to executive officers prohibited by such act. See "— Item 13. Certain Relationships and Related Transactions."

Mr. Nanula was granted an option to purchase 200,000 shares of the Company's Common Stock on May 16, 2001 with an exercise price of $65.00 per share. The Company also agreed to grant to Mr. Nanula an option under the periodic stock option program to purchase 150,000 shares of the Company's Common Stock in each of 2001 and 2002. On June 15, 2001, July 2, 2001 and July 1, 2002, respectively, the Company granted to Mr. Nanula an option to purchase 50,000 shares, 100,000 shares and 150,000 shares of the Company's Common Stock with a per share exercise price of $67.06, $61.67 and $38.36, respectively. On May 14, 2001, Mr. Nanula was also awarded 85,000 shares of restricted Common Stock of the Company in consideration of his payment of $8.50. The Company has a right to repurchase the restricted stock at the price paid by Mr. Nanula in the event that his employment is terminated for any reason other than his death or permanent and total disability. The Company's repurchase option shall lapse with respect to the following number of shares on the following dates: 20,000 shares on May 16, 2004; 20,000 shares on May 16, 2005 and 45,000 shares on May 16, 2006.

If, within the first five years of his employment with the Company, Mr. Nanula's employment is terminated without cause, or he resigns from the Company due to a reduction of his duties or base salary or annual target incentive opportunity under the MIP, Mr. Nanula will be entitled to receive three years of base salary and target incentive paid monthly and health care benefits, unless such health care benefits are obtained from another employer. Mr. Nanula is also entitled to receive severance benefits under the Company's CCS Plan in the event of a change of control of the Company.

Mr. Edward V. Fritzky

In connection with the acquisition of Immunex Corporation by the Company, the Company and Mr. Edward V. Fritzky entered into an employment agreement effective July 15, 2002. The employment agreement was amended and restated on January 2, 2003. Pursuant to the employment agreement, Mr. Fritzky is employed by the Company as a special advisor. Mr. Fritzky is also a member of the Board of Directors. The employment agreement provides for an annual base salary of not less than $500,000 for the term of the employment agreement. Such agreement will terminate July 15, 2004. The Company has also contributed a retention bonus of $1,000,000 to a deferred compensation account established for Mr. Fritzky. The retention bonus vests as follows: $500,000 on July 15, 2003 and $250,000 on each of January 15, 2004 and

July 15, 2004. Additionally, in consideration of Mr. Fritzky's waiver of any right to payment pursuant to the Immunex Corporation Leadership Continuity Policy, the Company made a one-time payment to Mr. Fritzky of $5.4 million.

Mr. Fritzky was granted an option to purchase 450,000 shares of the Company's Common Stock on July 15, 2002 with an exercise price of $31.07 per share with one third of the shares vesting upon grant and one third vesting on each of the first and second anniversaries of the date of grant. Mr. Fritzky was also awarded 100,000 shares of restricted Common Stock of the Company in consideration of his payment of $10.00. The Company has a right to repurchase the unvested restricted stock at the price paid by Mr. Fritzky in the event that his employment is terminated for any reason. Upon the grant of the restricted Common Stock, 34,000 shares became fully vested. Subject to Mr. Fritzky's continued employment, the Company's repurchase option for the remainder of the shares shall lapse with respect to the following number of shares on the following dates: 33,000 shares on July 15, 2003 and 33,000 shares on July 15, 2004.

Pursuant to the employment agreement, Mr. Fritzky receives reimbursement of up to $250,000 annually for secretarial, communications and technology support services approved by the Company. Mr. Fritzky is also entitled to receive financial counseling and tax planning services. If Mr. Fritzky is subject to excise tax as imposed by section 4999 of the Internal Revenue Code on any benefits paid or payable to Mr. Fritzky ("Total Payments"), the Company will pay an additional amount (the "Gross-Up Payment") such that the net amount retained by Mr. Fritzky, after deduction of any excise tax and any federal, state and local income and employment taxes and excise tax upon the Gross-Up Payment, and after taking into account the phase out of itemized deductions and personal exemptions attributable to the Gross-Up Payment is equal to the Total Payments.

In the event that Mr. Fritzky's employment is terminated for any reason during the term of his employment agreement, the Company will provide Mr. Fritzky with group welfare benefits and perquisites for three years following termination (except in the event of a termination by the Company for "cause" or by Mr. Fritzky without "good reason" as defined in the employment agreement), and outplacement services for twelve months (except in the event of Mr. Fritzky's death). If Mr. Fritzky's employment is terminated by the Company without "cause" or by Mr. Fritzky for "good reason", Mr. Fritzky will be entitled to all of the benefits described in the preceding sentence, plus (i) Mr. Fritzky will receive a lump sum payment in an amount equal to all base salary due through the remainder of the term of the employment agreement, (ii) Mr. Fritzky's retention bonus account will fully vest and be paid out, (iii) Mr. Fritzky's restricted stock will immediately vest, and (iv) all of Mr. Fritzky's options to purchase Company Common Stock will fully vest and become immediately exercisable. Mr. Fritzky must execute a release in favor of the Company as a condition to the receipt of these severance benefits.

During the term of Mr. Fritzky's employment under the agreement, he may not be employed by any person or company other than the Company, without the Company's prior approval. Mr. Fritzky may, however, perform limited consulting services to certain companies, so long as the consulting does not violate Mr. Fritzky's proprietary information and arbitration agreement with the Company or interfere with Mr. Fritzky's duties under the employment agreement. Mr. Fritzky may also be self-employed, an independent contractor, a partner or a consultant in a venture fund, or a founding member of a biotechnology startup so long as these activities do not compete with the Company, violate the proprietary information and arbitration agreement or interfere with Mr. Fritzky's duties under the employment agreement.

Compensation and management development committee interlocks and insider participation

The Company's Compensation Committee consists of Mr. Choate, Mr. Gluck, Mr. Lazarus, Adm. Reason and Dr. Rice, all of whom are non-employee directors. Mr. Choate has an adult child and a son-in-law who are employed by the Company. See "— Certain Relationships and Related Transactions."

Executive nonqualified retirement plan

The Amgen Inc. Executive Nonqualified Retirement Plan has been established to provide supplemental retirement income benefits for a select group of management and highly compensated employees through

Company contributions. Participants are selected by the Compensation Committee. Dr. Perlmutter and Mr. Morrow are currently the only participants in this plan.

Under the plan, if Dr. Perlmutter is actively employed by the Company on September 16, 2007, the Company will credit a deferred compensation account with $10,000,000 for his benefit. In the event that Dr. Perlmutter's employment with the Company is terminated without cause prior to September 16, 2007, the Company will pay to Dr. Perlmutter, between January 2 and January 31 of the year following the year in which his employment was terminated, a prorated portion of the $10,000,000. This prorated portion will be equal to the ratio of the number of full months of Dr. Perlmutter's active employment with the Company and 80 months; *provided*, *however*, that if the termination of Dr. Perlmutter's employment occurs within two years after a change of control of the Company, Dr. Perlmutter will receive the prorated portion described above, plus an amount equal to $10,000,000 minus the sum of the prorated portion, and an amount equal to the aggregate spread between the exercise prices of Dr. Perlmutter's unvested Company Common Stock options which are in-the-money, and the vesting of which is accelerated by the change of control of the Company, and The Nasdaq Stock Market closing price of the Company Common Stock on the date of the change of control.

If the termination of Dr. Perlmutter's employment prior to September 16, 2007 is due to his permanent and total disability, Dr. Perlmutter will receive, on the second anniversary of the date upon which he last completed one week of active employment with the Company, a pro rata portion of the $10,000,000 based upon the ratio of the sum of the number of full months of his active employment with the Company plus 24 months, and 80 months.

If Dr. Perlmutter continues to be actively employed by the Company until January 7, 2011, the Company will credit interest on the deferred compensation account at a rate equal to 125% of the 10-year moving average yield on 10-year U.S. Treasury notes, adjusted and compounded annually, from September 16, 2007 until the date upon which the deferred compensation account and accrued interest is distributed to Dr. Perlmutter. If Dr. Perlmutter's employment is terminated for any reason prior to January 7, 2011, the Company will credit interest on the deferred compensation account at a rate equal to 100% of the 10-year moving average yield on 10-year U.S. Treasury notes, adjusted and compounded annually, from September 16, 2006 until the date upon which the deferred compensation account and accrued interest is distributed to Dr. Perlmutter.

Under the plan, if Mr. Morrow is actively employed by the Company on January 19, 2006, the Company will credit a deferred compensation account with $15,000,000 for his benefit. In the event that Mr. Morrow's employment with the Company is terminated without cause prior to January 19, 2006, the Company will pay to Mr. Morrow between, January 2 and January 31 of the year following the year in which his employment was terminated, a prorated portion of the $15,000,000. This prorated portion will be equal to the ratio of the number of full months of Mr. Morrow's active employment with the Company and 60 months; *provided*, *however*, that if the termination of Mr. Morrow's employment occurs within two years after a change of control of the Company, Mr. Morrow will receive the prorated portion described above, plus an amount equal to $15,000,000 minus the sum of the prorated portion, and an amount equal to the aggregate spread between the exercise prices of Mr. Morrow's unvested Common Stock options which are in-the-money, and the vesting of which is accelerated by the change of control of the Company, and The Nasdaq Stock Market closing price of the Common Stock on the date of the change of control.

If the termination of Mr. Morrow's employment prior to January 19, 2006 is due to his permanent and total disability, Mr. Morrow will receive, on the second anniversary of the date upon which he last completed one week of active employment with the Company, a pro rata portion of the $15,000,000 based upon the ratio of the sum of the number of full months of his active employment with the Company plus 24 months, and 80 months.

If Mr. Morrow continues to be actively employed with the Company until January 19, 2011, the Company will credit interest on the deferred compensation account at a rate equal to 125% of the 10-year moving average yield on 10-year U.S. Treasury notes, adjusted and compounded annually, from January 19, 2006 until the date upon which the deferred compensation account and accrued interest is distributed to Mr. Morrow. If Mr. Morrow's employment is terminated for any reason prior to January 19, 2011, the

Company will credit interest on the deferred compensation account at a rate equal to 100% of the 10-year moving average yield on 10-year U.S. Treasury notes, adjusted and compounded annually, from January 19, 2006 until the date upon which the deferred compensation account and accrued interest is distributed to Mr. Morrow.

Nonqualified deferred compensation plan

The Amgen Nonqualified Deferred Compensation Plan (the "DCP") was established to provide eligible participants with an opportunity to defer all or a portion of their compensation and to earn tax-deferred returns on the deferrals. Directors, executive officers, vice presidents and other key employees of the Company selected by the Compensation Committee are eligible to participate in the DCP. Directors may defer all or a portion of their retainers, chair fees and meeting fees. All other participants may defer up to a maximum of 50% of their annual base salary and up to a maximum of 100% of their annual MIP bonus, with a minimum deferral amount of $2,000. Under the DCP, the Company may, in its sole discretion, credit any amount it desires to any participant's account.

The DCP is an unfunded plan for tax purposes and for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended. A "rabbi trust" has been established to satisfy the Company's obligations under the DCP.

The Compensation Committee selects measurement funds consisting of mutual funds, insurance company funds, indexed rates or other methods for participants to choose from for the purpose of providing the basis on which gains and losses shall be attributed to account balances under the plan. Participants are entitled to select one or more measurement funds and they do not have an ownership interest in the measurement funds they select. The Compensation Committee may, in its sole discretion, discontinue, substitute, or add measurement funds at any time. Payments from the DCP are made in a lump sum or in annual installments for up to ten years at the election of the participant. In addition, participants may elect to receive a short-term payout of a deferral as soon as three years after the end of the plan year in which the deferral was made.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Equity Compensation Plan Information

The following table sets forth certain information as of December 31, 2003 concerning the Company's common stock that may be issued upon the exercise of options or pursuant to purchases of stock under all of the Company's equity compensation plans approved by stockholders and equity compensation plans not approved by stockholders in effect as of December 31, 2003:

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options and Rights	(b) Weighted Average Exercise Price Outstanding Options and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by Amgen security holders:			
Amended and Restated 1987 Directors' Stock Option Plan(1)	211,200	$ 8.64	—
Amended and Restated 1988 Stock Option Plan(2)	63,620	$13.91	—
Amended and Restated 1991 Equity Incentive Plan	22,881,496	$43.05	39,284,456
Amended and Restated Employee Stock Purchase Plan	—	$ —(3)	13,651,219
Total Approved Plans	23,156,316	$42.65	52,935,675
Equity compensation plans not approved by Amgen security holders:			
Amended and Restated 1993 Equity Incentive Plan(4)	7,601,792	$24.91	145,497
Amended and Restated 1999 Equity Incentive Plan(4)	2,195,284	$48.76	15,046,523
Amended and Restated 1997 Special Non-Officer Equity Incentive Plan	62,273,783	$47.34	2,019,431
Foreign Affiliate Plans:			
Amgen Limited Sharesave Plan	—	$ —(5)	372,839
The Amgen Limited 2000 UK Company Employee Share Option Plan(6)	—	$ —	300,000
Total Unapproved Plans	72,070,859	$45.02	17,884,290
Total All Plans	95,227,175	$44.45	70,819,965

(1) The Amended and Restated 1987 Directors' Stock Option Plan (the "1987 Plan") terminated on January 27, 1997. Although there are options still outstanding under the 1987 Plan, no shares are available for issuance under this plan for future grants.

(2) The Amended and Restated 1988 Stock Option Plan (the "1988 Plan") terminated on March 14, 1998. Although there are options still outstanding under the 1988 Plan, no shares are available for issuance under this plan for future grants.

(3) The purchase occurred on December 31, 2003 (the "Purchase Date") with a purchase of an aggregate 1,230,248 shares of Common Stock comprised of 1,154,066 shares at a purchase price of $41.92 per

share, and 76,182 shares at a purchase price of $52.52 per share, such purchase prices reflect the lesser of 85% of either the closing price of the Common Stock on the Purchase Date or the closing price of the Common Stock on the start date of the applicable employee's participation in the plan.

(4) These plans were assumed pursuant to the terms of the merger agreement between the Company and Immunex Corporation which was approved by the Company's stockholders in May 2002. Both plans were previously approved by Immunex Corporation's shareholders. The Amended and Restated 1993 Equity Incentive Plan terminated on March 11, 2003 and no shares are available for issuance under the 1993 Plan for future grants.

(5) During a second offering from April 1, 2000 to March 31, 2003, 4,486 shares were purchased at a price of $57.65, which is equivalent to not less than 80% of the market value of the Company's Common Stock determined in accordance with the Exercise Price Determination Process described below. As of December 31, 2003, there were no additional offerings under the Amgen Limited Sharesave Plan.

(6) Although 300,000 shares of common stock are authorized for issuance under the Amgen Limited 2000 UK Company Employee Share Option Plan, no shares have been issued under this plan.

Summary of the Equity Compensation Plans Not Approved by the Stockholders

The following is a summary of the equity compensation plans, which were in effect as of December 31, 2003 and were adopted or assumed by the Board without the approval of the Company's stockholders:

Amended and Restated 1993 Equity Incentive Plan

The Amended and Restated 1993 Equity Incentive Plan (formerly known as the Immunex Corporation 1993 Stock Option Plan) (the "1993 Plan") terminated on March 11, 2003 (the "Termination Date") and no shares are available for issuance after the Termination Date. The 1993 Plan was assumed pursuant to the terms of the merger agreement between the Company and Immunex Corporation which was approved by the Company's stockholders in May 2002. The plan was previously approved by Immunex Corporation's shareholders. The 1993 Plan consists of two articles — Article I which governs awards granted prior to July 15, 2002 (the "Restatement Date") and Article II which governs awards granted on or after the Restatement Date. As the terms of options grants made pursuant to the 1993 Plan after the Restatement Date until the Termination Date are governed exclusively by Article II of the plan, the following is a description of the material provisions of Article II of the 1993 Plan as such provisions applied prior to the Termination Date. This description is qualified in its entirety by reference to the 1993 Plan itself, which was filed as an exhibit to the Company's Form S-8 dated July 16, 2002.

Stock Subject to the 1993 Plan. Subject to adjustments upon certain changes in the common stock, the shares available for issuance under the 1993 Plan upon exercise of the outstanding grants made pursuant to the 1993 Plan are the Company's common stock. The number of shares authorized for issuance under the 1993 Plan is 19,510,646. Awards of (i) incentive stock options, (ii) nonqualified stock options, (iii) stock bonuses, and (iv) rights to purchase restricted stock ("Stock Award") may be granted under the 1993 Plan.

Administration. The 1993 Plan is administered by the Board of Directors. The Board of Directors has delegated administration of the 1993 Plan to the committees of the Board and certain officers of the Company.

Eligibility. Incentive stock options may be granted under the 1993 Plan to all employees (including officers) of the Company or its affiliates. All employees (including officers) and directors of the Company or its affiliates and consultants to the Company or its affiliates, or trusts for the benefit of such an employee, director or consultant or his or her spouse or members of their immediate family ("permitted trusts") designated by any such employee, director or consultant, are eligible to receive Stock Awards other than incentive stock options under the 1993 Plan.

For incentive stock options granted under the 1993 Plan, the aggregate fair market value, determined at the time of grant, of the shares of common stock with respect to which such options are exercisable for the first time by an optionee during any calendar year (under all such plans of the Company or any affiliate of the

Company) may not exceed $100,000. No person may receive Stock Awards for more than 1,298,311 shares of common stock in any calendar year.

Terms of Discretionary Options. The following is a description of the permissible terms of options granted under the 1993 Plan, other than options awarded to non-employee directors which are described below under the heading "Terms of Non-Discretionary Options Awarded to Non-Employee Directors" (the options described in this section are referred to as "Discretionary Options"). Individual Discretionary Option grants may be more restrictive as to any or all of the permissible terms described below.

The exercise price of Discretionary Options must be equal to at least 100% of the fair market value of the underlying stock on the date of the option grant. The exercise price of Discretionary Options must be paid either: (i) in cash at the time the option is exercised; or (ii) at the discretion of the Board, (a) by delivery of common stock of the Company that has been held for the period required to avoid a charge to the Company's earnings, (b) pursuant to a deferred payment or other arrangement, or (c) in any other form of legal consideration acceptable to the Board.

Generally, optionees may designate certain specified trusts as beneficiaries with respect to Discretionary Options. In the absence of such a designation, after the death of the optionee, Discretionary Options shall be exercisable by the person(s) to whom the optionee's rights pass by will or by the laws of descent and distribution. Generally, during the lifetime of an optionee who is a natural person, only the optionee may exercise the Discretionary Option.

The maximum term of Discretionary Options is 10 years. Absent death, disability or voluntary retirement in certain circumstances, Discretionary Options generally terminate three months after termination of the optionee's employment or relationship as a consultant or director of the Company or any affiliate of the Company. Individual options by their terms may provide for exercise within a longer period of time following termination of employment or the relationship as a director or consultant.

Discretionary Options either become exercisable in cumulative increments or are exercisable in full immediately. The Board has the power to accelerate the beginning of the period during which an option may be exercised (the "vesting date"). Options granted from the Restatement Date under the 1993 Plan typically vest at the rate of 25% per year during the optionee's employment or service as a consultant. Stock options typically provide for the acceleration of the vesting of options if the optionee voluntarily retires at or after age 60 after having been an employee of the Company or its affiliate for at least fifteen consecutive years and such retirement is not the result of permanent and total disability ("Voluntary Retirement"). Generally, if any optionee shall terminate his or her employment or relationship as a director or consultant with the Company or an affiliate due to death or disability, then, in such event, the vesting date for those Discretionary Options granted to such employee, director or consultant or to the permitted trust of such employee, director or consultant which have not vested as of the date of such employee's, director's or consultant's termination for reasons of death or disability shall automatically be accelerated by twelve months for each full year of employment or relationship with the Company of such employee, director or consultant. Upon Voluntary Retirement, Discretionary Options shall not terminate until the earlier of the termination date set forth in the applicable grant agreement or three years following the date of Voluntary Retirement. The Board also has the power to accelerate the time during which a Discretionary Option may be exercised. To the extent provided by the terms of a Discretionary Option, an optionee may satisfy any federal, state or local tax withholding obligations relating to the exercise of such option by (1) a cash payment upon exercise, (2) by authorizing the Company to withhold a portion of the stock otherwise issuable to the optionee, (3) by delivering already-owned stock of the Company or (4) by a combination of these means.

Terms of Non-Discretionary Options Awarded to Non-Employee Directors. The Board may from time to time adopt award programs under the 1993 Plan providing for the grant of formula or non-discretionary Stock Awards to directors of the Company who are not employees of the Company or any affiliate. The terms and conditions of any such program shall be established by the Board in its sole discretion, subject to the terms and conditions of the 1993 Plan.

Terms of Stock Bonuses and Purchases of Restricted Stock. Stock bonuses and purchases of restricted stock shall be in such form and contain such terms and conditions as the Board shall deem appropriate. The following is a description of some of the permissible terms of stock bonuses and purchases of restricted stock under the 1993 Plan. Individual stock bonuses or purchases of restricted stock may be more restrictive as to any or all of the permissible terms described below or on different terms and conditions.

The purchase price under each stock purchase agreement shall be determined by the Board and may provide for a nominal purchase price or a purchase price that is less than fair market value of the underlying common stock on the award date. The Board may determine that eligible participants may be awarded stock pursuant to a stock bonus agreement in consideration for past services actually rendered to the Company or for its benefit.

The purchase price of stock acquired pursuant to a stock purchase agreement must be paid in accordance with the same terms as Discretionary Options. See "Terms of Discretionary Options."

Shares of common stock sold or awarded under the 1993 Plan may, but need not, be subject to a repurchase option in favor of the Company in accordance with a vesting schedule determined by the Board. To the extent provided by the terms of a stock bonus or restricted stock purchase agreement, a participant may satisfy any federal, state or local tax withholding obligations relating to the lapsing of a repurchase option or vesting of a stock bonus or a restricted stock award in the same manner as that of Discretionary Options. See "Terms of Discretionary Options."

Generally, rights under a stock bonus or restricted stock purchase agreement shall not be assignable by any participant under the 1993 Plan.

Adjustment Provisions. If there is any change in the stock subject to the 1993 Plan or subject to any Stock Award granted under the 1993 Plan (through merger, consolidation, reorganization, recapitalization, stock dividend, dividend in property other than cash, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other transaction not involving the receipt of consideration by the Company), the 1993 Plan and outstanding Stock Awards thereunder will be appropriately adjusted as to the class and the maximum number of shares subject to such plan, the maximum number of shares which may be granted to a participant in a calendar year, the class, number of shares and price per share of stock subject to such outstanding Stock Awards.

Change in Control. For purposes of the 1993 Plan, a Change in Control occurs at the following times: (i) upon the acquisition of beneficial ownership of 50% or more of either the then outstanding shares of common stock or the combined voting power of the Company's then outstanding voting securities entitled to vote generally in the election of directors; or (ii) at the time individuals making up the Incumbent Board (as defined in the 1993 Plan) cease for any reason to constitute at least a majority of the Board; or (iii) immediately prior to the consummation by the Company of a reorganization, merger, or consolidation with respect to which persons who were the stockholders of the Company immediately prior to such transaction do not, immediately thereafter, own more than 50% of the combined voting power of the reorganized, merged or consolidated company's voting securities entitled to vote generally in the election of directors, or a liquidation or dissolution of the Company or the sale of all or substantially all of the assets of the Company; or (iv) the occurrence of any other event which the incumbent Board determines is a Change of Control. Upon the occurrence of a Change in Control, to the extent permitted by applicable law, the vesting and exercisability of any outstanding Stock Awards under the 1993 Plan will accelerate. Upon and following such acceleration, at the election of the holder of the Stock Award, the Stock Award may be (a) exercised with respect to stock options or, if the surviving or acquiring corporation agrees to assume the Stock Awards or substitute similar awards, (b) assumed or (c) replaced with substitute Stock Awards. Options not exercised, substituted or assumed prior to or upon the Change in Control shall be terminated.

Duration, Amendment and Termination. Prior to the Termination Date, the Board may suspend or terminate the 1993 Plan without stockholder approval or ratification at any time or from time to time. The 1993 Plan terminated on March 11, 2003. No amendment, suspension or termination may impair the rights or

obligations under any Stock Award except with the consent of the person to whom the Stock Award was granted.

Amended and Restated 1999 Equity Incentive Plan

The Amended and Restated 1999 Equity Incentive Plan (formerly known as the Immunex Corporation 1999 Stock Option Plan) (the "1999 Plan") was assumed pursuant to the terms of the merger agreement between the Company and Immunex Corporation which was approved by the Company's stockholders in May 2002. The plan was previously approved by Immunex Corporation's shareholders. The 1999 Plan consists of two articles — Article I which governs awards granted prior to July 15, 2002 (the "Restatement Date") and Article II which governs awards granted on or after the Restatement Date. As the terms of options grants made pursuant to the 1999 Plan going forward are governed exclusively by Article II of the plan, the following is a description of the material provisions of Article II of the 1999 Plan. This description is qualified in its entirety by reference to the 1999 Plan itself, which was filed as an exhibit to the Company's Form S-8 dated July 16, 2002. Except as described below, the material provisions of Article II of the 1999 Plan are substantially similar to those of Article II of the 1993 Plan described above (reference to the 1993 Plan are deemed to be replaced with references to the 1999 Plan, as applicable):

- The 1999 Plan will terminate on July 15, 2012. No incentive stock options may be granted after February 22, 2009;
- Subject to adjustments upon certain changes in the common stock, the number of shares authorized for issuance under Article II of the 1999 Plan is 19,267,793;
- As of February 13, 2004, 15,053,613 shares remain available for future grants under Article II of the 1999 Plan and if any Stock Award granted under the 1999 Plan expires or otherwise terminates without having been exercised in full, the common stock not purchased under the rights issued under Article II of the 1999 Plan shall again become available for issuance under the 1999 Plan; and
- Under Article II of the 1999 Plan, no person may receive Stock Awards for more than 649,155 shares of common stock in any calendar year.

Amended and Restated 1997 Special Non-Officer Equity Incentive Plan

The Amended and Restated 1997 Special Non-Officer Equity Incentive Plan (the "1997 Plan") was adopted by the Company on December 8, 1997. This description is qualified in its entirety by reference to the 1997 Plan itself, which was filed as an exhibit to the Company's Form 10-Q for the quarter ended September 30, 2002. Except as described below, the material provisions of the 1997 Plan are substantially similar to those of Article II of the 1993 Plan described above (reference to the 1993 Plan are deemed to be replaced with references to the 1997 Plan, as applicable):

- The 1997 Plan does not have a set termination date;
- Officers who are appointed by the Board are excluded from the 1997 Plan;
- The 1997 Plan does not provide for non-discretionary grants to Directors of the Company;
- Subject to adjustments upon certain changes in the common stock, the number of shares authorized for issuance under the 1997 Plan is 89,000,000;
- As of February 13, 2004, 2,121,655 shares remain available for future grants under the 1997 Plan and if any Stock Award granted under the 1997 Plan expires or otherwise terminates without having been exercised in full, the common stock not purchased under the rights issued under Article II of the 1997 Plan shall again become available for issuance under the 1997 Plan; and
- Under the 1997 Plan, no person may receive Stock Awards for more than 2,000,000 shares of common stock in any calendar year.

The Amgen Limited Sharesave Plan

The Amgen Limited Sharesave Plan (the "Sharesave Plan") was adopted by the Board of Directors of Amgen Limited, the Company's indirectly wholly-owned UK subsidiary, and approved by the Board of Directors of the Company in October 1998. In general, the Sharesave Plan authorizes Amgen Limited to grant options to certain employees of Amgen Limited to buy shares of the Company's common stock during three-year offering periods through savings contributions and guaranteed company bonuses. The principal purposes of the Sharesave Plan are to provide the Company's eligible Amgen Limited employees with benefits comparable to those received by United States employees under the Company's Amended and Restated Employee Stock Purchase Plan through the granting of options. Under the Sharesave Plan, not more than 400,000 shares of common stock are authorized for issuance upon exercise of options subject to adjustment upon certain changes in the Company's common stock. The Sharesave Plan is administered by the Board of Directors of Amgen Limited. Options are generally exercisable during the six months following the three year offering period at an exercise price determined by the Board, which cannot be less than 80% of the market value of the Company's common stock determined in accordance with sections 272 and 273 of the UK Taxation of Chargeable Gains Act of 1992 (the "Act of 1992") and agreed for the purpose of the Sharesave Plan with the Shares Valuation Division (the "Division") of the Inland Revenue for the business day last preceding the date of invitation (the "Exercise Price Determination Process") at the commencement of the offering. Amounts in the Sharesave Plan are paid to the participants to the extent that options are not exercised.

Amgen Limited 2000 UK Company Employee Share Option Plan

The Amgen Limited 2000 UK Company Employee Share Option Plan ("CSOP") was adopted by the Board of Directors of Amgen Limited and approved by the Board of Directors of the Company in June 1999. The CSOP was established to provide stock option grants to employees of Amgen Limited in accordance with certain UK tax laws. The terms of the CSOP are, to the extent permitted under UK laws, consistent with the Company's 1997 Plan, as described above, with the exception of the following variations: (i) options cannot be granted to consultants, (ii) options cannot be transferred, (iii) options outstanding after an employee's death must be exercised within 12 months of the date of such death and (iv) the change in control provision is eliminated. No termination date has been specified for the CSOP. Although 300,000 shares of common stock are authorized for issuance under the CSOP, no shares have been issued under the CSOP.

Common Stock

The following table sets forth certain information regarding the beneficial ownership of the Company's Common Stock as of March 9, 2004, by: (i) each director and nominee; (ii) the Company's Chief Executive Officer and President, and each of its other four most highly compensated executive officers (collectively the "Named Executive Officers") for the year ended December 31, 2003; and (iii) all directors and nominees, Named Executive Officers and executive officers of the Company as a group. To the Company's knowledge, there were no holders beneficially owning more than 5% of the Company's Common Stock as of March 9, 2004.

Beneficial Owner	Common Stock Beneficially Owned(1)(2)	
	Number of Shares	Percent of Total
David Baltimore	127,600	*
Frank J. Biondi, Jr.	92,000	*
Jerry D. Choate	144,000	*
Edward V. Fritzky(3)	1,434,526	*
Frederick W. Gluck(4)	85,000	*
Frank C. Herringer	6,365	*
Franklin P. Johnson, Jr.(5)	1,854,079	*
Steve Lazarus	266,543	*
Gilbert S. Omenn(6)	300,038	*
Judith C. Pelham	100,000	*
J. Paul Reason	92,050	*
Donald B. Rice	112,000	*
Leonard D. Schaeffer	—	*
Patricia C. Sueltz	92,000	*
Kevin W. Sharer(7)	552,511	*
George J. Morrow	230,000	*
Roger M. Perlmutter	262,750	*
Dennis M. Fenton(8)	559,396	*
Richard D. Nanula	300,000	*
All directors and nominees, Named Executive Officers and executive officers as a group (25 individuals)(3)(4)(5)(6)(7)(8)(9)	7,263,569	*

* Less than 1%

(1) Information in this table regarding directors and nominees, Named Executive Officers and executive officers is based on information provided by them. Unless otherwise indicated in the footnotes and subject to community property laws where applicable, each of the directors, Named Executive Officers and executive officers has sole voting and/or investment power with respect to such shares, except for Mr. Sharer and Drs. Bonanni and Fenton who have shared voting and/or investment power through their respective trusts.

(2) Includes shares which the individuals shown have the right to acquire as of March 9, 2004, or within 60 days thereafter, pursuant to outstanding stock options and/or restricted stock grants, as follows: Dr. Baltimore 124,000 shares; Mr. Biondi 92,000 shares; Mr. Choate 140,000 shares; Mr. Fritzky 1,184,000 shares; Mr. Gluck 80,000 shares; Mr. Johnson 135,600 shares; Mr. Lazarus 117,200 shares; Dr. Omenn 135,600 shares; Ms. Pelham 96,000 shares; Adm. Reason 92,000 shares; Dr. Rice 108,000 shares; Ms. Sueltz 92,000 shares; Mr. Sharer 523,354 shares; Mr. Morrow 220,000 shares; Dr. Perlmutter 195,000 shares; Dr. Fenton 425,801 shares; Mr. Nanula 215,000 shares. Such shares are deemed to be

outstanding in calculating the percentage ownership of such individual (and the group), but are not deemed to be outstanding as to any other person.

(3) Includes 1,056 shares held by Mr. Fritzky's children.

(4) These shares are held by family trusts.

(5) Includes 720,800 shares held by Asset Management Partners, a venture capital limited partnership, of which Mr. Johnson is the general partner. As the general partner, Mr. Johnson may be deemed to have voting and investment power as to all of these shares, and therefore may be deemed to be a beneficial owner of such shares. Excludes 848,888 shares held by Mr. Johnson's wife; Mr. Johnson disclaims beneficial ownership of such shares.

(6) Includes 5,250 shares held by one of Dr. Omenn's children.

(7) Includes 19,301 shares held by a family trust.

(8) Includes 133,595 shares held by family trusts.

(9) Includes 1,100 shares held by Dr. Fabrizio Bonanni's children and 6,901 shares held by a family trust.

Contractual Contingent Payment Rights

In 1993, the Company exercised its option to purchase the Class A and Class B limited partnership interests of Amgen Clinical Partners, L.P. (the "Partnership"), a limited partnership previously formed to develop and commercialize products from certain technologies for human pharmaceutical use in the United States. As a result of the Company exercising such option, each then-holder of a limited partnership interest in the Partnership acquired contractual contingent payment rights based on the number of such holder's interests. The contractual contingent payment rights are not voting securities but entitle the holders thereof to receive quarterly payments, subject to certain adjustments, equal to a stated percentage of the Company's sales of certain products in specified geographic areas. In 2003, holders earned $166,919 for each whole contractual contingent payment right held. The following table sets forth certain information regarding the ownership of the Company's contractual contingent payment rights as of March 9, 2004, by: (i) each director or nominee; (ii) each of the Named Executive Officers; (iii) all directors and nominees, Named Executive Officers and executive officers as a group; and (iv) holders known by the Company to be beneficial owners of more than 5%:

	Contractual Contingent Payment Rights Beneficially Owned(1)	
Beneficial Owner	**Number of Rights**	**Percent of Total**
PaineWebber Development Corp.(2) 1285 Avenue of the Americas, 13th Floor New York, NY 10017	88.0	10.5
Royalty Pharma Finance Trust c/o RP Management LLC as Administrator 675 Third Avenue, Suite 3000 New York, NY 10019	64.7	7.7
Frank J. Biondi, Jr.	—	*
Jerry D. Choate	—	*
Edward V. Fritzky	—	*
Frederick W. Gluck	—	*
Frank C. Herringer	—	*
Franklin P. Johnson, Jr.(3)	4.0	*
Gilbert S. Omenn	0.5	*
Judith C. Pelham	—	*
J. Paul Reason	—	*
Donald B. Rice	—	*
Leonard D. Schaeffer	—	*
Patricia C. Sueltz	—	*
Kevin W. Sharer	—	*
George J. Morrow	—	*
Roger M. Perlmutter	—	*
Dennis M. Fenton	—	*
Richard D. Nanula	—	*
All directors and nominees, Named Executive Officers and executive officers as a group (25 individuals)(3)	4.5	*

* Less than 1%

(1) Information regarding directors and nominees, Named Executive Officers, executive officers and beneficial owners of more than 5% of the Company's contractual contingent payment rights is based on information provided by them. Unless otherwise indicated in the footnotes and subject to community

property laws where applicable, each holder of a contractual contingent payment right(s) has sole investment power with respect to such right(s) beneficially owned. Contractual contingent payment rights have no voting rights.

(2) PaineWebber Development Corp. disclaims beneficial ownership of such contractual contingent payment rights.

(3) Includes four rights held by Asset Management Partners, a venture capital limited partnership, of which Mr. Johnson is the general partner. As the general partner, Mr. Johnson may be deemed to have investment power as to all of these rights, and therefore may be deemed to be a beneficial owner of such rights.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Loans to Executive Officers

As a result of the Sarbanes-Oxley Act of 2002, the Company no longer makes personal loans to executive officers that are prohibited by such act. Prior to the Sarbanes-Oxley Act, the Company had made personal loans to the executive officers of the Company listed below, generally in connection with their relocation closer to the Company. The annual interest rate on the loans to each officer, except the loan to Mr. Nanula, was 3.0% during the year ended December 31, 2003 and will be 3.0% for the year ending December 31, 2004. These interest rates are established and adjusted annually based on the average introductory rates on adjustable loans offered by California banks and savings and loans. The loan to Mr. Nanula is fixed at 5.0% for the term of the loan.

Name	Date of Loan	Original Amount of Loan ($)	Largest Aggregate Indebtedness Since January 1, 2003 ($)	Aggregate Outstanding Indebtedness at March 1, 2004 ($)
Fabrizio Bonanni(1)	August 1999	250,000	100,000	50,000
Fabrizio Bonanni	October 1999	250,000	250,000	250,000
Hassan Dayem	July 2002	500,000	500,000	500,000
Brian M. McNamee	May 2001	500,000	500,000	500,000
Joseph P. Miletich	October 2002(2)	824,918	824,918	824,918
George J. Morrow	March 2001	1,000,000	1,000,000	750,000
Richard D. Nanula	June 2001	3,000,000	3,175,000	3,100,000
Roger M. Perlmutter	June 2001	1,000,000	1,000,000	1,000,000
Beth C. Seidenberg	March 2002	1,000,000	1,000,000	1,000,000

(1) The Company will forgive 20% of the loan principal on each anniversary of Dr. Bonanni's employment until no amount remains outstanding under the loan; interest payments will be reduced correspondingly. Dr. Bonanni commenced employment with the Company in April 1999.

(2) In March 2002 in connection with his employment by the Company, the Company entered into a letter agreement with Dr. Miletich that required the Company to make a five-year adjustable rate loan for Dr. Miletich's anticipated purchase of a new primary residence. The Company funded the loan in accordance with its obligations under the letter agreement in October 2002.

Philanthropy

In 2000, the Company established a $2 million endowed professorship at the California Institute of Technology ("Cal Tech") in honor of Gordon Binder, the Company's former Chairman and Chief Executive Officer. As of December 31, 2003, the Company has paid $1,500,000 under this endowment. Dr. Baltimore, a member of the Board since June 1999, has been the President of Cal Tech since December 1996.

The Amgen Foundation (the "Foundation") supports causes dedicated to enriching the quality of life in the community and makes contributions to regional and national nonprofit organizations that complement Amgen's dedication to significantly improving people's lives. In furtherance of these efforts, during fiscal year 2003, the Foundation made a charitable grant of $500,000 to The UCSB Foundation, on whose Board of Trustees Mr. Gluck, a member of the Board, serves; a charitable grant of $1,035,892 to the California Science Center, on whose Board of Directors Dr. Fabrizio Bonanni, Senior Vice President, Manufacturing, serves; and a charitable grant of $250,000 to the Children's Hospital of Los Angeles, on whose Board of Trustees Dr. Joseph P. Miletich, Senior Vice President, Research and Preclinical Development, serves.

Other Relationships

Amy Choate and Charles Lear, daughter and son-in-law, respectively, of Mr. Choate, a member of the Board of Directors, are employed by the Company as a human resources manager and as a manager of information systems communications, respectively. In 2003, Ms. Choate and Mr. Lear were paid $124,561 and $109,771, respectively, in salary and bonus. In 2003, Ms. Choate and Mr. Lear also participated in the Company's periodic stock option program.

On March 2, 2001, the Company signed a letter agreement with Dr. Joan Kreiss, the spouse of Dr. Perlmutter, Executive Vice President, Research and Development, regarding possible funding of research grants for certain scientific work conducted by Dr. Kreiss. Under the terms of the letter agreement, if Dr. Kreiss relocates to Southern California, the Company will work with Dr. Kreiss and any new university with which she affiliates to try to obtain fellowships or grants to replace those that Dr. Kreiss is unable to transfer, if any. In addition, if replacement fellowships or grants cannot be obtained from other sources, the Company, as part of its general scientific research mission or through its charitable contribution programs, will work with Dr. Kreiss and the new university with which she affiliates to fund any deficits or grants which are attributable to fellowships or grants that she is not able to transfer, up to an amount not to exceed $1,250,000 per year for a period of five years from the date that Dr. Kreiss assumes a new position in Southern California. The Company has not funded any amounts pursuant to this agreement.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Independent Auditors

The following summarizes the fees paid to Ernst & Young LLP ("Ernst & Young") for the years ended December 31, 2003 and 2002:

	2003	2002
Audit	$2,215,000	$2,662,000
Audit-Related	615,000	176,000
Tax	1,760,000	1,288,000
All Other	15,000	13,000
Total Fees	$4,605,000	$4,139,000

Audit-Related fees are primarily attributable to audits of affiliated companies and of the Company's retirement plans. The 2003 Audit-Related fees also include amounts for audits of third party royalties owed to the Company. Tax fees are primarily attributable to various corporate tax planning activities and expatriate tax compliance. All Other fees are attributable to the Company's subscription to an Ernst & Young online service used for accounting research purposes. Ernst & Young did not perform any professional services with respect to information systems design and implementation for the years ended December 31, 2003 and 2002. The Audit Committee has considered whether the Audit-Related, Tax and All Other services provided by Ernst & Young are compatible with maintaining that firm's independence.

From and after the effective date of the SEC rule requiring Audit Committee pre-approval of all audit and permissible non-audit services provided by independent auditors, the Audit Committee has pre-approved all audit and permissible non-audit services provided by Ernst & Young.

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a)1. Index to Financial Statements

The following Financial Statements are included herein:

(a)2. Index to Financial Statement Schedules

The following Schedule is filed as part of this Form 10-K Annual Report:

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

(a)3. Exhibits

Exhibit No.	Description
2.1	Amended and Restated Agreement and Plan of Merger, dated as of December 16, 2001, by and among Amgen Inc., AMS Acquisition Inc., and Immunex Corporation.(28)
2.2	First Amendment to Amended and Restated Agreement and Plan of Merger, dated as of July 15, 2002(30)
3.1	Restated Certificate of Incorporation as amended.(9)
3.2	Amended and Restated Bylaws of Amgen Inc. (as amended and restated May 14, 2003).(40)
3.3	Certificate of Amendment of Restated Certificate of Incorporation.(17)
3.4	Certificate of Designations of Series A Junior Participating Preferred Stock.(20)
4.1	Indenture dated January 1, 1992 between the Company and Citibank N.A., as trustee.(3)
4.2	First Supplement to Indenture, dated February 26, 1997 between the Company and Citibank N.A., as trustee.(6)
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."(8)
4.4	8 1/8% Debentures due April 1, 2097.(8)
4.5	Form of stock certificate for the common stock, par value $.0001 of the Company.(9)
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".(11)
4.7	6.50% Notes Due December 1, 2007 described in Exhibit 4.6.(11)

Exhibit No.	Description
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.(12)
4.9	Shareholders' Rights Agreement dated as of December 16, 2001 by and among Amgen Inc., Wyeth (formerly American Home Products Corporation), MDP Holdings, Inc., and Lederle Parenterals, Inc.(25)
4.10	Indenture, dated as of March 1, 2002, between Amgen Inc. and LaSalle Bank National Association.(27)
4.11	Form of Liquid Yield Option™ Note due 2032.(27)
4.12	Registration Rights Agreement, dated as of March 1, 2002, between Amgen Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated.(27)
10.1†	Company's Amended and Restated 1991 Equity Incentive Plan, effective March 2003.(39)
10.2†	Company's Amended and Restated 1997 Equity Incentive Plan, effective July 15, 2002.(40)
10.3	Shareholder's Agreement of Kirin-Amgen, Inc., dated May 11, 1984, between the Company and Kirin Brewery Company, Limited.(20)
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.(17)
10.5	Product License Agreement, dated September 30, 1985, and Technology License Agreement, dated, September 30, 1985 between the Company and Ortho Pharmaceutical Corporation.(17)
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.(17)
10.7†	Company's Amended and Restated Employee Stock Purchase Plan.(17)
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.(20)
10.10	Assignment and License Agreement, dated October 16, 1986, between the Company and Kirin-Amgen, Inc.(20)
10.11	G-CSF European License Agreement, dated December 30, 1986, between Kirin-Amgen, Inc. and the Company.(20)
10.12†*	Company's Retirement and Savings Plan (as amended and restated effective January 1, 2003).
10.13†	Company's Amended and Restated 1988 Stock Option Plan.(5)
10.14†*	First Amendment to the Amgen Nonqualified Deferred Compensation Plan.
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	ENBREL® Supply Agreement, dated April 12, 2002, between Immunex Corporation and Genentech, Inc. (with certain confidential information deleted therefrom).(31)
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.(4)
10.18†	Amgen Inc. Supplemental Retirement Plan (As Amended and Restated Effective November 1, 1999).(16)
10.19†	First Amendment to Amgen Inc. Change of Control Severance Plan.(17)
10.20†	Amended and Restated Amgen Performance Based Management Incentive Plan.(15)

Exhibit No.	Description
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.(13)
10.22	G-CSF United States License Agreement dated June 1, 1987 (effective July 1, 1986) between Kirin-Amgen, Inc. and the Company.(20)
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).(20)
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).(20)
10.25	Amendment No. 10 dated March 1, 1996 to the Shareholders' Agreement of Kirin-Amgen, Inc. dated May 11, 1984.(20)
10.26†	Amgen Inc. Change of Control Severance Plan effective as of October 20, 1998.(14)
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.(19)
10.28†	First Amendment, effective January 1, 1998, to the Company's Amended and Restated Employee Stock Purchase Plan.(10)
10.29	Amendment No. 11 dated March 20, 2000 to the Shareholders' Agreement of Kirin-Amgen, Inc. dated May 11, 1984.(20)
10.30†	Agreement between Amgen Inc. and Dr. Fabrizio Bonanni, dated March 3, 1999.(16)
10.31	Amendment No. 1 dated June 1, 1987 to Kirin-Amgen, Inc./ Amgen G-CSF European License Agreement dated December 30, 1986.(20)
10.32	Amendment No. 2 dated March 15, 1988 to Kirin-Amgen, Inc./ Amgen G-CSF European License Agreement dated December 30, 1986.(20)
10.33	Amendment No. 3 dated October 20, 1988 to Kirin-Amgen, Inc./ Amgen G-CSF European License Agreement dated December 30, 1986.(20)
10.34	Amendment No. 4 dated December 29, 1989 to Kirin-Amgen, Inc./ Amgen G-CSF European License Agreement dated December 30, 1986.(20)
10.35†	Company's Amended and Restated 1987 Directors' Stock Option Plan.(7)
10.36†	Amgen Inc. Amended and Restated 1993 Equity Incentive Plan (formerly known as the Immunex Corporation 1993 Stock Option Plan).(39)
10.37†	Amgen Inc. Executive Incentive Plan.(28)
10.38†	Promissory Note of Dr. Fabrizio Bonanni, dated August 7, 1999.(16)
10.39†	Promissory Note of Dr. Fabrizio Bonanni, dated October 29, 1999.(16)
10.40†	2002 Special Severance Pay Plan for Amgen Employees.(35)
10.41†	Agreement between Amgen Inc. and Mr. Gordon M. Binder, dated May 10, 2000.(17)
10.42	Amendment No. 6 dated May 11, 1984 to the Shareholders' Agreement of Kirin-Amgen, Inc. dated May 11, 1984.(20)
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.(20)
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.(20)
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.(20)
10.46†	Agreement between Amgen Inc. and Mr. George J. Morrow, dated March 3, 2001.(21)
10.47†	Promissory Note of Mr. George J. Morrow, dated March 11, 2001.(21)
10.48†	Agreement between Amgen Inc. and Dr. Roger M. Perlmutter, M.D., Ph.D., dated March 5, 2001.(21)

Exhibit No.	Description
10.49†	Agreement between Amgen Inc. and Mr. Brian McNamee, dated May 5, 2001.(22)
10.50†	Agreement between Amgen Inc. and Mr. Richard Nanula, dated May 15, 2001.(22)
10.51†	Promissory Note of Mr. Richard Nanula, dated June 27, 2001.(22)
10.52†	Promissory Note of Dr. Roger M. Perlmutter, dated June 29, 2001.(22)
10.53*	Amendment No. 1 to ENBREL® Supply Agreement, effective as of September 20, 2002 (with certain confidential information deleted therefrom).
10.54†	Second Amendment to the Amgen Inc. Change of Control Severance Plan.(23)
10.55†	First Amendment to the Amgen Supplemental Retirement Plan as amended and restated effective November 1, 1999.(23)
10.56†	Agreement between Amgen Inc. and Dr. George Morstyn, dated July 19, 2001.(23)
10.57†	Promissory Note of Mr. Brian McNamee, dated May 30, 2001.(23)
10.58†	Restricted Stock Purchase Agreement between Amgen Inc. and Mr. Richard Nanula, dated May 16, 2001.(23)
10.59†	Restricted Stock Purchase Agreement between Amgen Inc. and Dr. Roger M. Perlmutter, dated January 8, 2001.(23)
10.60†	Agreement between Amgen Inc. and Dr. Beth C. Seidenberg, dated December 21, 2001.(26)
10.61†	Amendment to Agreement between Amgen Inc. and Dr. Beth C. Seidenberg, dated December 21, 2001.(26)
10.62†	Second Amendment to the Amgen Supplemental Retirement Plan (As Amended and Restated Effective November 1, 1999), effective January 1, 2002.(26)
10.63*	Amendment No. 2 to ENBREL® Supply Agreement, effective as of July 16, 2002.
10.64†	Amgen Inc. Executive Nonqualified Retirement Plan, effective January 1, 2001.(26)
10.65†	Nonqualified Deferred Compensation Plan, effective January 1, 2002.(26)
10.66	Shareholder voting agreement dated as of December 16, 2001 by and among Amgen Inc., Wyeth (formerly American Home Products Corporation), MDP Holdings, Inc., and Lederle Parenterals, Inc.(24)
10.67†	Agreement between Amgen Inc. and Dr. Joseph Miletich, dated March 22, 2002.(29)
10.68†	Restricted Stock Purchase Agreement between Amgen Inc. and Dr. Joseph Miletich, dated April 1, 2002.(29)
10.69	Amended and Restated Promotion Agreement by and between Immunex Corporation, Wyeth (formerly American Home Products Corporation) and Amgen Inc. dated December 16, 2001 (with certain confidential information deleted therefrom).(28)
10.70	Agreement Regarding Governance and Commercial Matters by and among Wyeth (formerly American Home Products Corporation), American Cyanamid Company and Amgen Inc. dated December 16, 2001 (with certain confidential information deleted therefrom).(28)
10.71†	Amgen Inc. Amended and Restated 1999 Equity Incentive Plan (formerly known as the Immunex Corporation 1999 Stock Option Plan).(32)
10.72†	Amgen Inc. Amended and Restated 1999 Stock Purchase Plan (formerly known as the Immunex Corporation 1999 Stock Purchase Plan).(32)
10.73†	Immunex Corporation Stock Option Plan for Nonemployee Directors, as amended.(32)
10.74†	Amgen Inc. Profit Sharing 401(k) Plan and Trust (formerly know as the Immunex Corporation Profit Sharing 401(k) Plan and Trust).(32)
10.75	ENBREL® Supply Agreement among Immunex Corporation, American Home Products Corporation and Boehringer Ingelheim Pharma KG, dated as of November 5, 1998 (with certain confidential information deleted therefrom).(33)
10.76	Amendment No. 1 to the ENBREL® Supply Agreement among Immunex Corporation, American Home Products Corporation and Boehringer Ingelheim Pharma KG, dated June 27, 2000 (with certain confidential information deleted therefrom).(34)

Exhibit No.	Description
10.77	Amendment No. 2 to the ENBREL® Supply Agreement among Immunex Corporation, American Home Products Corporation and Boehringer Ingelheim Pharma KG, dated June 3, 2002 (with certain confidential information deleted therefrom).(35)
10.78	Asset Purchase Agreement, dated May 2, 2002, by and between Immunex Corporation and Schering Aktiengesellschaft (with certain confidential information deleted therefrom).(35)
10.79	Amendment No. 1 to the Asset Purchase Agreement dated as of September 25, 2002, by and between Immunex Corporation and Schering Aktiengesellschaft.(35)
10.80	Amendment No. 2 to the Asset Purchase Agreement dated as of July 17, 2002, by and between Immunex Corporation and Schering Aktiengesellschaft.(35)
10.81†	Promissory Note of Ms. Beth Seidenberg, dated March 20, 2002.(35)
10.82†	Agreement between Amgen Inc. and Edward Fritzky, dated July 15, 2002.(35)
10.83†	Restricted Stock Purchase Agreement between Amgen Inc. and Edward Fritzky, dated July 15, 2002.(35)
10.84†	Stock Option Agreement between Amgen Inc. and Edward Fritzky, dated July 15, 2002.(35)
10.85†	Agreement between Amgen Inc. and Dr. Douglas Williams, dated July 15, 2002.(35)
10.86†	Promissory Note of Dr. Hassan Dayem, dated July 10, 2002.(35)
10.87	Amendment No. 3 to the ENBREL® Supply Agreement among Immunex Corporation, American Home Products Corporation and Boehringer Ingelheim Pharma KG, dated December 18, 2002 (with certain confidential information deleted therefrom).(38)
10.88†	Amgen Limited Sharesave Plan.(37)
10.89†	Amgen Limited 2000 UK Company Employee Share Option Plan.(38)
10.90†	Restricted Stock Purchase Agreement between Amgen Inc. and Dr. Beth C. Seidenberg, dated January 14, 2002 and First Amendment thereto dated September 20, 2002.(38)
10.91†	Restricted Stock Purchase Agreement between Amgen Inc. and Brian M. McNamee, dated March 3, 2003.(40)
10.92*	Amendment No. 3 to ENBREL® Supply Agreement, effective as of March 26, 2003 (with certain confidential information deleted therefrom).
10.93*	Amendment No. 4 to ENBREL® Supply Agreement, effective as of October 31, 2003 (with certain confidential information deleted therefrom).
10.94*	Description of Amendment No. 1 to Amended and Restated Promotion Agreement, effective as of July 8, 2003 (with certain confidential information deleted therefrom).
10.95†*	Amended and Restated Agreement between Amgen Inc. and David J. Scott, dated February 16, 2004.
10.96†*	Amgen Inc. Director Equity Incentive Program, effective as of December 9, 2003.
10.97†*	Form of Restricted Stock Unit Agreement.
10.98†*	Amgen Inc. Performance Award Program, effective as of December 9, 2003.
10.99†*	Form of Performance Unit Agreement.
21*	Subsidiaries of the Company.
23	Consent of Ernst & Young LLP, Independent Auditors. The consent set forth on page 94 is incorporated herein by reference.
24	Power of Attorney. The Power of Attorney set forth on page 93 is incorporated herein by reference.
31*	Rule 13a-14(a) Certifications.
32**	Section 1350 Certifications.

(* = filed herewith)

(** = furnished herewith and not “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended)

(† = management contract or compensatory plan or arrangement.)

(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 Form S-3 Registration Statement dated December 19, 1991 and incorporated herein by reference.

(4) Filed as an exhibit to the Form 8-A dated March 31, 1993 and incorporated herein by reference.

(5) 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.

(6) Filed as an exhibit to the Form 8-K Current Report dated March 14, 1997 on March 14, 1997 and incorporated herein by reference.

(7) 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.

(8) Filed as an exhibit to the Form 8-K Current Report dated April 8, 1997 on April 8, 1997 and incorporated herein by reference.

(9) 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.

(10) 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.

(11) Filed as an exhibit to the Form 8-K Current Report dated and filed on December 5, 1997 and incorporated herein by reference.

(12) 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.

(13) 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.

(14) 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.

(15) 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.

(16) 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.

(17) 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.

(18) 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.

(19) Filed as an exhibit to the Form 8-K Current Report dated December 13, 2000 on December 18, 2000 and incorporated herein by reference.

(20) 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.

(21) Filed as an exhibit to the Form 10-Q for the quarter ended March 31, 2001 on May 14, 2001 and incorporated herein by reference.

(22) Filed as an exhibit to the Form 10-Q for the quarter ended June 30, 2001 on July 27, 2001 and incorporated herein by reference.

(23) Filed as an exhibit to the Form 10-Q for the quarter ended September 30, 2001 on October 26, 2001 and incorporated herein by reference.

(24) Filed as an exhibit to the Form 8-K Current Report dated December 16, 2001 on December 17, 2001 and incorporated herein by reference.

(25) Filed as an exhibit to the Form S-4 Registration Statement dated January 31, 2002 and incorporated herein by reference.

(26) Filed as an exhibit to the Annual Report on Form 10-K for the year ended December 31, 2001 on February 26, 2002 and incorporated herein by reference.

(27) Filed as an exhibit to the Form 8-K Current Report dated February 21, 2002 on March 1, 2002 and incorporated herein by reference.

(28) Filed as an exhibit to Amendment No. 1 to the Form S-4 Registration Statement dated March 22, 2002 and incorporated herein by reference.

(29) Filed as an exhibit to the Form 10-Q for the quarter ended March 31, 2002 on April 29, 2002 and incorporated herein by reference.

(30) Filed as an exhibit to the Post-Effective Amendment No. 1 to the Form S-4 Registration Statement dated July 15, 2002 and incorporated herein by reference.

(31) Filed as an exhibit to Form 8-K Current Report of Immunex Corporation dated April 12, 2002 on May 7, 2002 and incorporated herein by reference.

(32) Filed as an exhibit to the Form S-8 dated July 16, 2002 and incorporated herein by reference.

(33) Filed as an exhibit to the Annual Report on Form 10-K of Immunex Corporation for the year ended December 31, 1998.

(34) Filed as an exhibit to the Form 10-Q of Immunex Corporation for the quarter ended June 30, 2000.

(35) Filed as an exhibit to the Form 10-Q for the quarter ended June 30, 2002 on August 13, 2002 and incorporated herein by reference.

(36) Filed as an exhibit to the Form 10-Q for the quarter ended September 30, 2002 on November 5, 2002 and incorporated herein by reference.

(37) Filed as an exhibit to the Form S-8 dated March 17, 1999 and incorporated herein by reference.

(38) Filed as an exhibit to the Form 10-K for the year ended December 31, 2002 on March 10, 2003 and incorporated herein by reference.

(39) Filed as an exhibit to the Form 10-Q for the quarter ended March 31, 2003 on May 2, 2003 and incorporated herein by reference.

(40) Filed as an exhibit to the Form 10-Q for the quarter ended June 30, 2003 on July 30, 2003 and incorporated herein by reference.

(b) Reports on Form 8-K

The Company furnished, but did not file, one Current Report on Form 8-K during the three months ended December 31, 2003. The report dated October 27, 2003 contained the Company’s press release announcing its earnings for the three months ended September 30, 2003.

SIGNATURES

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

AMGEN INC.
(Registrant)

Date: 3/11/04

By: /s/ RICHARD D. NANULA

Richard D. Nanula
Executive Vice President, Finance, Strategy and Communications, and Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL MEN AND WOMEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Richard D. Nanula and Barry D. Schehr, or either of them, his or her attorney-in-fact, each with the power of substitution, for him or her in any and all capacities, to sign any amendments to this Report, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his or her substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ KEVIN W. SHARER Kevin W. Sharer	Chairman of the Board, Chief Executive Officer and President, and Director (Principal Executive Officer)	3/11/04
/s/ RICHARD D. NANULA Richard D. Nanula	Executive Vice President, Finance, Strategy and Communications, and Chief Financial Officer	3/11/04
/s/ BARRY D. SCHEHR Barry D. Schehr	Senior Director Finance and Chief Accounting Officer	3/11/04
/s/ DAVID BALTIMORE David Baltimore	Director	3/11/04
/s/ FRANK J. BIONDI, JR. Frank J. Biondi, Jr.	Director	3/11/04
/s/ JERRY D. CHOATE Jerry D. Choate	Director	3/11/04
/s/ EDWARD V. FRITZKY Edward V. Fritzky	Director	3/11/04
/s/ FREDERICK W. GLUCK Frederick W. Gluck	Director	3/11/04
/s/ FRANKLIN P. JOHNSON, JR. Franklin P. Johnson, Jr.	Director	3/11/04
/s/ STEVEN LAZARUS Steven Lazarus	Director	3/11/04
/s/ GILBERT S. OMENN Gilbert S. Omenn	Director	3/11/04
/s/ JUDITH C. PELHAM Judith C. Pelham	Director	3/11/04
/s/ J. PAUL REASON J. Paul Reason	Director	3/11/04

Signature	Title	Date
/s/ DONALD B. RICE	Director	3/11/04
Donald B. Rice		
/s/ PATRICIA C. SUELTZ	Director	3/11/04
Patricia C. Sueltz		
	Director	
Leonard D. Schaeffer		

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-5111) pertaining to the 1984 Stock Option Plan, 1981 Incentive Stock Option Plan and Nonqualified Stock Option Plan of Amgen Inc., in the Registration Statement (Form S-8 No. 33-24013) pertaining to the Amended and Restated 1988 Stock Option Plan of Amgen Inc., in the Registration Statement (Form S-8 No. 33-39183) pertaining to the Amended and Restated Employee Stock Purchase Plan, in the Registration Statement (Form S-8 No. 33-39104) pertaining to the Amended and Restated Amgen Retirement and Savings Plan, in the Registration Statements (Form S-3/ S-8 No. 33-29791 and Form S-8 No. 33-42501) pertaining to the Amended and Restated 1987 Directors' Stock Option Plan, in the Registration Statement (Form S-8 No. 33-42072) pertaining to the Amgen Inc. Amended and Restated 1991 Equity Incentive Plan, in the Registration Statement (Form S-8 No. 33-47605) pertaining to the Retirement and Savings Plan for Amgen Puerto Rico, Inc., in the Registration Statement (Form S-8 No. 333-44727) pertaining to the Amgen Inc. 1997 Special Non-Officer Equity Incentive Plan, in the Registration Statement (Form S-3 No. 333-19931) of Amgen Inc., in the Registration Statement (Form S-3 No. 333-40405) of Amgen Inc., in the Registration Statement (Form S-8 No. 333-62735) pertaining to the Amgen Inc. Amended and Restated 1997 Special Non-Officer Equity Incentive Plan, in the Registration Statement (Form S-3 No. 333-53929) pertaining to the Amgen Inc. 1997 Special Non-Officer Equity Incentive Plan, the Amgen Inc. Amended and Restated 1991 Equity Incentive Plan, the Amended and Restated 1988 Stock Option Plan of Amgen Inc. and the Amended and Restated 1987 Directors' Stock Option Plan, in the Registration Statement (Form S-8 No. 333-74585) pertaining to the Amgen Limited Sharesave Plan, in the Registration Statement (Form S-8 No. 333-81284) pertaining to the Amgen Nonqualified Deferred Compensation Plan, in the Registration Statement (Form S-8 No. 333-56672) pertaining to the Amended and Restated 1997 Special Non-Officer Equity Incentive Plan, in the Registration Statement (Form S-3 No. 333-56664 and Amendment No. 1 thereto) pertaining to the Amgen Inc. 1997 Special Non-Officer Equity Incentive Plan, the Amgen Inc. Amended and Restated 1991 Equity Incentive Plan, the Amended and Restated 1988 Stock Option Plan of Amgen Inc., and the Amended and Restated 1987 Directors' Stock Option Plan, in the Registration Statement (Form S-8 No. 333-83824) pertaining to the Amgen Inc. Amended and Restated 1997 Special Non-Officer Equity Incentive Plan, in the Registration Statement (Form S-3 No. 333-88834) pertaining to Amgen Inc.'s Liquid Yield Option™ Notes, in the Registration Statement (Form S-3 No. 333-92450 and Amendment No. 1 thereto) pertaining to Amgen Inc.'s Common Stock, in the Registration Statement (Form S-8 No. 333-92424 and Amendment No. 1 thereto) pertaining to the Amgen Inc. Amended and Restated 1993 Equity Incentive Plan (formerly known as the Immunex Corporation 1993 Stock Option Plan), the Amgen Inc. Amended and Restated 1999 Equity Incentive Plan (formerly known as the Immunex Corporation 1999 Stock Option Plan), the Amgen Inc. Amended and Restated 1999 Employee Stock Purchase Plan (formerly known as the Immunex Corporation 1999 Employee Stock Purchase Plan), the Immunex Corporation Stock Option Plan for Nonemployee Directors, and the Amgen Inc. Profit Sharing 401(k) Plan and Trust (formerly known as the Immunex Corporation Profit Sharing 401(k) Plan and Trust), and in the Registration Statement (Form S-3 No. 333-107639 and Amendment 1 thereto) relating to debt securities, common stock and associated preferred share repurchase rights, preferred stock, warrants to purchase debt securities, common stock or preferred stock, securities purchase contracts, securities purchase units and depositary shares of Amgen Inc. and in the related Prospectuses of our report dated January 21, 2004, with respect to the consolidated financial statements and financial statement schedule of Amgen Inc. included in this Annual Report (Form 10-K) for the year ended December 31, 2003.

/s/ ERNST & YOUNG LLP

Los Angeles, California

March 9, 2004

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

The Board of Directors and Stockholders of Amgen Inc.

We have audited the accompanying consolidated balance sheets of Amgen Inc. as of December 31, 2003 and 2002, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2003. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amgen Inc. as of December 31, 2003 and 2002, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2003, in accordance with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ ERNST & YOUNG LLP

Los Angeles, California

January 21, 2004

AMGEN INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
Years ended December 31, 2003, 2002, and 2001
(In millions, except per share data)

	2003	2002	2001
Revenues:			
Product sales	$7,868.2	$ 4,991.2	$3,511.0
Royalty income	383.1	331.5	252.7
Corporate partner revenues	104.7	200.3	252.0
Total revenues	8,356.0	5,523.0	4,015.7
Operating expenses:			
Cost of sales	1,340.7	735.7	443.0
Research and development	1,655.4	1,116.6	865.0
Selling, general and administrative	1,952.6	1,462.1	970.7
Write-off of acquired in-process research and development	—	2,991.8	—
Amortization of acquired intangible assets	335.8	155.2	—
Loss (earnings) of affiliates, net	4.3	(12.6)	2.7
Other items, net	(24.0)	(141.3)	203.1
Total operating expenses	5,264.8	6,307.5	2,484.5
Operating income (loss)	3,091.2	(784.5)	1,531.2
Other income (expense):			
Interest and other income, net	113.4	144.2	168.7
Interest expense, net	(31.5)	(44.2)	(13.6)
Total other income	81.9	100.0	155.1
Income (loss) before income taxes	3,173.1	(684.5)	1,686.3
Provision for income taxes	913.6	707.4	566.6
Net income (loss)	$2,259.5	$(1,391.9)	$1,119.7
Earnings (loss) per share:			
Basic	$ 1.75	$ (1.21)	$ 1.07
Diluted	$ 1.69	$ (1.21)	$ 1.03
Shares used in calculation of earnings (loss) per share:			
Basic	1,288.4	1,153.5	1,045.5
Diluted	1,346.0	1,153.5	1,084.4

See accompanying notes.

AMGEN INC.

CONSOLIDATED BALANCE SHEETS
December 31, 2003 and 2002
(In millions, except per share data)

	2003	2002
ASSETS		
Current assets:		
Cash and cash equivalents	$ 836.6	$ 1,851.7
Marketable securities	4,286.3	2,812.2
Trade receivables, net of allowance for doubtful accounts of $26.5 in 2003 and $22.9 in 2002	1,007.9	752.4
Inventories	712.6	544.9
Other current assets	558.8	442.3
Total current assets	7,402.2	6,403.5
Property, plant, and equipment at cost, net	3,799.4	2,813.5
Intangible assets, net	4,455.5	4,801.9
Goodwill	9,715.9	9,871.1
Other assets	803.5	566.3
	$26,176.5	$24,456.3
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 327.2	$ 254.6
Accrued liabilities	1,919.1	1,151.7
Current portion of debt	—	122.9
Total current liabilities	2,246.3	1,529.2
Deferred tax liabilities	1,461.6	1,593.4
Long-term debt	3,079.5	3,047.7
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 — 1,283.7 shares in 2003 and 1,289.1 shares in 2002	19,995.3	19,344.3
Accumulated deficit	(667.0)	(1,125.5)
Accumulated other comprehensive income	60.8	67.2
Total stockholders' equity	19,389.1	18,286.0
	$26,176.5	$24,456.3

See accompanying notes.

AMGEN INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Years ended December 31, 2003, 2002, and 2001
(In millions)

	Number of Shares	Common Stock and Additional Paid-in Capital	(Accumulated Deficit)/Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at December 31, 2000	1,037.4	$ 2,947.3	$ 1,304.6	$ 62.6	$ 4,314.5
Comprehensive income:					
Net income	—	—	1,119.7	—	1,119.7
Other comprehensive loss, net of tax:					
Unrealized losses on securities, net of reclassification adjustments	—	—	—	(6.7)	(6.7)
Foreign currency translation adjustments	—	—	—	0.4	0.4
Total other comprehensive loss	—	—	—	—	(6.3)
Comprehensive income	—	—	—	—	1,113.4
Issuance of common stock upon the exercise of employee stock options and in connection with an employee stock purchase plan	21.1	282.3	—	—	282.3
Tax benefits related to employee stock options	—	244.5	—	—	244.5
Repurchases of common stock	(12.7)	—	(737.5)	—	(737.5)
Balance at December 31, 2001	1,045.8	3,474.1	1,686.8	56.3	5,217.2
Comprehensive loss:					
Net loss	—	—	(1,391.9)	—	(1,391.9)
Other comprehensive income, net of tax:					
Unrealized losses on securities, net of reclassification adjustments	—	—	—	(17.3)	(17.3)
Foreign currency translation adjustments	—	—	—	28.2	28.2
Total other comprehensive income	—	—	—	—	10.9
Comprehensive loss	—	—	—	—	(1,381.0)
Issuance of common stock for the acquisition of Immunex Corporation	244.6	14,313.0	—	—	14,313.0
Fair value of options assumed from Immunex	—	870.2	—	—	870.2
Issuance of common stock upon the exercise of employee stock options and in connection with an employee stock purchase plan	26.7	435.4	—	—	435.4
Tax benefits related to employee stock options	—	251.6	—	—	251.6
Repurchases of common stock	(28.0)	—	(1,420.4)	—	(1,420.4)
Balance at December 31, 2002	1,289.1	19,344.3	(1,125.5)	67.2	18,286.0
Comprehensive income:					
Net income	—	—	2,259.5	—	2,259.5
Other comprehensive loss, net of tax:					
Unrealized losses on securities, net of reclassification adjustments	—	—	—	(57.8)	(57.8)
Foreign currency translation adjustments	—	—	—	51.4	51.4
Total other comprehensive loss	—	—	—	—	(6.4)
Comprehensive income	—	—	—	—	2,253.1
Issuance of common stock upon the exercise of employee stock options and in connection with an employee stock purchase plan	24.3	537.7	—	—	537.7
Tax benefits related to employee stock options	—	113.3	—	—	113.3
Repurchases of common stock	(29.7)	—	(1,801.0)	—	(1,801.0)
Balance at December 31, 2003	1,283.7	$19,995.3	$ (667.0)	$ 60.8	$19,389.1

See accompanying notes.

AMGEN INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2003, 2002, and 2001
(In millions)

	2003	2002	2001
Cash flows from operating activities:			
Net income (loss)	$ 2,259.5	$(1,391.9)	$1,119.7
Write-off of acquired in-process research and development	—	2,991.8	—
Depreciation and amortization	686.5	447.3	265.9
Tax benefits related to employee stock options	268.6	251.6	244.5
Deferred income taxes	(189.6)	174.7	(148.3)
Other non-cash expenses	99.0	24.9	97.8
Cash provided by (used in) changes in operating assets and liabilities, net of acquisitions:			
Trade receivables, net	(255.5)	(121.9)	(123.0)
Inventories	(167.7)	(101.7)	(85.5)
Other current assets	(32.8)	(5.2)	(31.5)
Accounts payable	74.0	11.0	(6.5)
Accrued liabilities	824.6	(31.8)	147.1
Net cash provided by operating activities	3,566.6	2,248.8	1,480.2
Cash flows from investing activities:			
Purchases of property, plant, and equipment	(1,356.8)	(658.5)	(441.8)
Purchases of marketable securities	(5,320.3)	(2,952.8)	(918.2)
Proceeds from sales of marketable securities	3,338.6	1,621.5	301.7
Proceeds from maturities of marketable securities	370.8	778.2	490.3
Cash paid for Immunex, net of cash acquired	—	(1,899.0)	—
Proceeds from the sale of the Leukine® business	—	389.9	—
Purchase of certain rights from Roche	—	(137.5)	—
Other	(242.5)	(5.6)	28.4
Net cash used in investing activities	(3,210.2)	(2,863.8)	(539.6)
Cash flows from financing activities:			
Issuance of zero-coupon convertible notes, net of issuance costs	—	2,764.7	—
Repayment of debt	(123.0)	—	—
Net proceeds from issuance of common stock upon the exercise of employee stock options and in connection with an employee stock purchase plan	529.0	427.8	277.7
Repurchases of common stock	(1,801.0)	(1,420.4)	(737.5)
Other	23.5	5.5	(18.2)
Net cash (used in) provided by financing activities	(1,371.5)	1,777.6	(478.0)
(Decrease) increase in cash and cash equivalents	(1,015.1)	1,162.6	462.6
Cash and cash equivalents at beginning of period	1,851.7	689.1	226.5
Cash and cash equivalents at end of period	$ 836.6	$ 1,851.7	$ 689.1

See accompanying notes.

1. Summary of significant accounting policies

Business

Amgen Inc., including its subsidiaries, ("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 majority ownership interest and exercises control over their operations ("majority-owned affiliates"). All material intercompany transactions and balances have been eliminated in consolidation. Investments in affiliated companies which are 50% or less owned and where the Company exercises significant influence over operations are accounted for using the equity method. All other equity investments are accounted for under the cost method. The caption "Loss (earnings) 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. On July 15, 2002, the Company completed its acquisition of Immunex Corporation ("Immunex") (see Note 3, "Immunex acquisition"). In accordance with Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations", Amgen has included the results of operations of Immunex in its results of operations since the acquisition date.

Cash equivalents

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

Available-for-sale securities

The Company considers its investment portfolio and marketable equity investments available-for-sale as defined in SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Accordingly, these investments are recorded at fair value, which is based on quoted market prices. For the years ended December 31, 2003, 2002, and 2001, realized gains totaled $28.1 million, $18.5 million, and $13.3 million, respectively, and realized losses totaled $16.3 million, $14.4 million, and $21.7 million, respectively. The cost of securities sold is based on the specific identification method. The fair values of available-for-sale investments by type of security, contractual maturity, and classification in the balance sheets are as follows (in millions):

December 31, 2003	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Type of security:				
Corporate debt securities	$2,468.3	$23.4	$ (8.1)	$2,483.6
U.S. Treasury securities and obligations of U.S. government agencies	1,816.0	6.1	(6.9)	1,815.2
Other interest bearing securities	583.0	0.4	—	583.4
Total debt securities	4,867.3	29.9	(15.0)	4,882.2
Equity securities	101.1	55.1	(0.3)	155.9
	$4,968.4	$85.0	$(15.3)	$5,038.1

December 31, 2002	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Type of security:				
Corporate debt securities	$1,708.7	$ 77.3	$(0.2)	$1,785.8
U.S. Treasury securities and obligations of U.S. government agencies	924.8	17.7	—	942.5
Other interest bearing securities	1,806.8	1.0	(1.4)	1,806.4
Total debt securities	4,440.3	96.0	(1.6)	4,534.7
Equity securities	68.9	60.6	(2.7)	126.8
	$4,509.2	$156.6	$(4.3)	$4,661.5

	December 31,	
Contractual Maturity:	2003	2002
Maturing in one year or less	$1,050.4	$2,180.8
Maturing after one year through three years	1,997.4	2,133.6
Maturing after three years	1,834.4	220.3
Total debt securities	4,882.2	4,534.7
Equity securities	155.9	126.8
	$5,038.1	$4,661.5

	December 31,	
Classification in Balance Sheets:	2003	2002
Cash and cash equivalents	$ 836.6	$1,851.7
Marketable securities	4,286.3	2,812.2
Other assets — noncurrent	195.9	166.8
	5,318.8	4,830.7
Less cash	(280.7)	(169.2)
	$5,038.1	$4,661.5

The primary objectives for the Company's fixed income investment portfolio are liquidity and safety of principal. Investments are made with the objective of achieving 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 primarily with investment grade credit ratings and places restrictions on maturities and concentration by type and issuer.

Inventories

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

	December 31,	
	2003	2002
Raw materials	$125.3	$ 76.9
Work in process	451.5	360.0
Finished goods	135.8	108.0
	$712.6	$544.9

Depreciation

Depreciation of buildings and equipment is provided over their estimated useful lives on a straight-line basis. Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives or lease terms. Useful lives by asset category are as follows:

Asset Category	Years
Buildings and improvements	10-40
Manufacturing equipment	5-12
Laboratory equipment	5-12
Furniture and office equipment	3-12

Property, plant, and equipment

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

	December 31,	
	2003	2002
Land	$ 217.5	$ 200.4
Buildings and improvements	1,783.0	1,443.2
Manufacturing equipment	609.0	545.4
Laboratory equipment	554.8	477.3
Furniture and office equipment	1,343.5	1,102.2
Construction in progress	1,018.3	471.9
	5,526.1	4,240.4
Less accumulated depreciation and amortization	(1,726.7)	(1,426.9)
	$ 3,799.4	$ 2,813.5

The Company reviews its property, plant and equipment assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Intangible assets and goodwill

Intangible assets are recorded at cost, less accumulated amortization. Amortization of intangible assets is provided over their estimated useful lives ranging from 7 to 15 years on a straight-line basis (weighted average

amortization period of 14.7 years at December 31, 2003). As of December 31, 2003, intangible assets consisted of the following (dollars in millions):

Intangible Assets Subject to Amortization	Weighted Average Amortization Period	December 31, 2003	December 31, 2002
Acquired product technology rights:			
Developed product technology	14.5 years	$3,264.5	$3,264.5
Core technology	15 years	1,348.3	1,348.3
Tradename	15 years	190.4	190.4
Other intangible assets	15 years	164.5	164.5
		4,967.7	4,967.7
Less accumulated amortization		(512.2)	(165.8)
		$4,455.5	$4,801.9

Acquired product technology rights relate to the identifiable intangible assets acquired in connection with the Immunex acquisition in July 2002. Amortization of acquired product technology rights is included in “Amortization of acquired intangible assets” in the accompanying consolidated statements of operations. Other intangible assets primarily consist of certain rights purchased from F. Hoffmann-La Roche Ltd (“Roche”) related to the commercialization of Filgrastim and pegfilgrastim in the European Union, Switzerland, and Norway. Amortization of other intangible assets is principally included in “Selling, general and administrative” expense in the accompanying consolidated statements of operations. The Company reviews its intangible assets for impairment periodically and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Goodwill is recorded net of accumulated amortization through December 31, 2001. In accordance with SFAS No. 142, “Goodwill and Other Intangible Assets”, effective January 1, 2002, goodwill is no longer amortized, but is subject to an annual impairment test. The Company had $9,715.9 million and $9,871.1 million of goodwill at December 31, 2003 and 2002, respectively. The decrease in goodwill from the prior year is primarily due to the tax benefit realized upon exercise of Immunex related stock options.

Product sales

Product sales primarily consist of sales of EPOGEN® (Epoetin alfa), Aranesp® (darbepoetin alfa), ENBREL® (etanercept), NEUPOGEN® (Filgrastim), and Neulasta® (pegfilgrastim).

The Company has the exclusive right to sell Epoetin alfa for dialysis, certain diagnostics and all non-human, non-research uses in the United States. The Company sells Epoetin alfa under the brand name EPOGEN®. 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. The license agreement, which is perpetual, can be terminated upon mutual agreement of the parties, or default. 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”. 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 spillover. The Company is employing an arbitrated audit methodology to measure each party’s spillover based 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 and risk of loss have passed. Product sales are recorded net of reserves for estimated discounts, returns, incentives, and rebates.

Royalty income

Royalties from licensees are based on third-party sales of licensed products and are recorded in accordance with contract terms when third-party results are reliably measurable and collectibility is reasonably assured. Royalty estimates are made in advance of amounts collected using historical and forecasted trends. Pursuant to the license agreement with Johnson & Johnson, noted above, the Company earns a 10% royalty on sales of Epoetin alfa by Johnson & Johnson in the United States.

Corporate partner revenues

Corporate partner revenues are primarily comprised of amounts earned from Kirin-Amgen, Inc. ("KA") for certain research and development ("R&D") activities and are generally earned as the R&D activities are performed and the amounts become due (see Note 2, "Related party transactions"). In addition, corporate partner revenues include license fees and milestone payments associated with collaborations with third parties. Revenue from non-refundable, upfront license fees where the Company has continuing involvement is recognized ratably over the development or agreement period. Revenue associated with performance milestones is recognized based upon the achievement of the milestones, as defined in the respective agreements. The Company's collaboration agreements with third parties are performed on a "best efforts" basis with no guarantee of either technological or commercial success.

Advertising costs

Advertising costs are expensed as incurred. For the years ended December 31, 2003, 2002, and 2001, advertising costs were $55.7 million, $49.4 million, and $26.1 million, respectively.

Research and development costs

Research and development costs, which are expensed as incurred, are comprised of the following types of costs incurred in performing R&D activities: salaries and benefits, allocated overhead and occupancy costs, clinical trial and related clinical manufacturing costs, contract services, and other outside costs. R&D expenses also include such costs related to activities performed on behalf of corporate partners.

Acquired in-process research and development

Costs to acquire in-process research and development ("IPR&D") projects and technologies which have no alternative future use and which have not reached technological feasibility at the date of acquisition are expensed as incurred (see Note 3, "Immunex acquisition"). Acquired IPR&D is considered as part of total R&D expense.

Derivative instruments

The Company uses financial instruments, including foreign currency forward, equity forward and interest rate swap contracts, to manage its exposures to movements in foreign exchange rates and interest rates. The use of these financial instruments modifies the exposure of these risks with the intent to reduce the risk or cost to the Company. The Company does not use derivatives for trading purposes and is not a party to leveraged derivatives.

The Company recognizes all of its derivative instruments as either assets or liabilities at fair value in its consolidated balance sheet. Fair value is determined based on quoted market prices. 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. The Company also formally assesses, both at inception and periodically thereafter, whether the hedging derivatives are highly effective in offsetting changes in either the fair value or cash flows of the hedged item. The Company's derivatives that are not designated and qualify as hedges are adjusted to fair value through current earnings.

Periodically, the Company enters into foreign currency forward contracts to protect against possible changes in values of certain anticipated foreign currency cash flows, primarily resulting from sales outside the United States. These contracts are designated as cash flow hedges and accordingly, the gains and losses on these forward contracts are reported as a component of other comprehensive income and reclassified into interest and other income, net in the same periods during which the hedged transactions affect earnings. 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. At December 31, 2003 and 2002, amounts in accumulated other comprehensive income related to cash flow hedges were not material. The Company also enters into foreign currency forward contracts to reduce exposures to foreign currency fluctuations of certain assets and liabilities denominated in foreign currencies. These forward contracts have not been designated as hedges and accordingly gains and losses on these foreign currency forward contracts are recognized in interest and other income, net in the current period. During the years ended December 31, 2003, 2002 and 2001, gains and losses on these foreign currency forward contracts were not material.

To protect against possible reductions in value of certain of its available-for-sale marketable equity securities and certain available-for-sale fixed income investments, the Company has entered into equity forward contracts and interest rate swap agreements which qualify and are designated as fair value hedges. The gains and losses on the equity forward contracts as well as the offsetting losses and gains on the hedged equity securities are recognized in interest and other income, net in the current period. During the years ended December 31, 2003, 2002 and 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 terms of the interest rate swap agreements correspond to the related hedged investments. As a result, there is no hedge ineffectiveness. During the years ended December 31, 2003, 2002 and 2001, gains and losses on these interest rate swap agreements were fully offset by the losses and gains on the hedged investments.

In September 2003, the Company entered into two interest rate swap agreements, which qualify and are designated as fair value hedges, to protect against possible increases in value of the Notes and the Century Notes (see Note 8, "Financing arrangements — Medium and long-term notes"). The terms of the interest rate swap agreements correspond to the related hedged debt instruments. As a result, there is no hedge ineffectiveness. During the year ended December 31, 2003, gains and losses on these interest rate swap agreements were not material and were fully offset by the losses and gains on the hedged debt instruments.

Interest costs

Interest costs are expensed as incurred, except to the extent such interest is related to construction in progress, in which case interest is capitalized. Interest costs capitalized for the years ended December 31, 2003, 2002, and 2001, were $23.5 million, $8.1 million, and $12.7 million, respectively. Interest paid during the years ended December 31, 2003, 2002, and 2001, totaled $21.1 million, $24.2 million, and $26.6 million, respectively.

Earnings (loss) per share

Basic earnings (loss) per share is based upon the weighted-average number of common shares outstanding. Diluted earnings (loss) per share is based upon the weighted-average number of common shares and dilutive potential common shares outstanding. Potential common shares outstanding include stock options under the Company's employee stock option plans, potential issuances of stock under the employee stock

purchase plans, and restricted stock plans under the treasury stock method (collectively "Dilutive Securities"). Common shares to be issued under the assumed conversion of the outstanding 30-year, zero-coupon senior convertible notes (the "Convertible Notes") (see Note 8, "Financing arrangements — Convertible notes") are included under the if-converted method when dilutive.

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

	Years Ended December 31,		
	2003	2002	2001
Income (Loss) (Numerator):			
Net income (loss) for basic EPS	$2,259.5	$(1,391.9)	$1,119.7
Adjustment for interest expense on Convertible Notes, net of tax	20.8	—	—
Income (loss) for diluted EPS, after assumed conversion of Convertible Notes	$2,280.3	$(1,391.9)	$1,119.7
Shares (Denominator):			
Weighted-average shares for basic EPS	1,288.4	1,153.5	1,045.5
Effect of Dilutive Securities	22.6	—	38.9
Effect of Convertible Notes, after assumed conversion of Convertible Notes	35.0	—	—
Adjusted weighted-average shares for diluted EPS	1,346.0	1,153.5	1,084.4
Basic earnings (loss) per share	$ 1.75	$ (1.21)	$ 1.07
Diluted earnings (loss) per share	$ 1.69	$ (1.21)	$ 1.03

In 2003 and 2001, options to purchase 38.4 million and 17.3 million shares, respectively, with exercise prices greater than the annual average market prices of common stock were excluded from the computation of diluted earnings per share because their effect was anti-dilutive. In 2002, options to purchase 103.0 million shares were outstanding. The weighted average impact of these options and common shares to be issued under the assumed conversion of the outstanding Convertible Notes was excluded from the computation of diluted earnings per share in 2002 because their effect was anti-dilutive as a result of the net loss.

Employee stock option and stock purchase plans

The Company accounts for its employee stock option and stock purchase plans under the recognition and measurement principles of Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees," and related Interpretations. Under APB No. 25, no stock-based compensation is reflected in net income (loss), as all options granted under the plans had an exercise price equal to the market value of the underlying common stock on the date of grant and the related number of shares granted is fixed at that point in time. The following table illustrates the effect on net income (loss) and earnings (loss) per share if the Company had applied the fair value recognition provisions of SFAS No. 123, "Accounting for Stock-

Based Compensation" (see Note 7, "Employee stock option, stock purchase, and defined contribution plans")(in millions, except per share information):

	Years Ended December 31,		
	2003	2002	2001
Net income (loss)	$2,259.5	$(1,391.9)	$1,119.7
Stock based compensation, net of tax	198.0	189.8	189.1
Pro forma net income (loss)	$2,061.5	$(1,581.7)	$ 930.6
Earnings (loss) per share:			
Basic	$ 1.75	$ (1.21)	$ 1.07
Basic — pro forma	$ 1.60	$ (1.37)	$ 0.89
Diluted	$ 1.69	$ (1.21)	$ 1.03
Diluted — pro forma	$ 1.55	$ (1.37)	$ 0.86

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") 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.

Recent accounting pronouncements

In May 2003, the Financial Accounting Standards Board ("FASB") issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective as of July 1, 2003. The adoption of SFAS No. 150 did not have a material impact on the results of operations or the financial position of the Company.

In May 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities," effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. The adoption of SFAS No. 149 did not have a material impact on the results of operations or the financial position of the Company.

In January 2003, the FASB issued FASB Interpretation No. ("FIN") 46, "Consolidation of Variable Interest Entities," which was originally effective on July 1, 2003. In December 2003, the FASB deferred the effective date for applying the provisions of FIN 46 to March 31, 2004 for interests held by public companies in variable interest entities or potential variable interest entities created before February 1, 2003. The Company has completed its evaluation of the provisions of FIN 46 and does not have any significant interests in variable interest entities. Accordingly, the adoption of FIN 46 did not have a material impact on the results of operations or the financial position of the Company.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation — Transition and Disclosure", effective for fiscal years ending after December 15, 2002. This rule amends SFAS No. 123 to provide several alternatives for adopting the stock option expense provisions of SFAS No. 123, as well as additional required interim financial statement disclosures. SFAS No. 148 does not require companies to expense stock options in current earnings. The Company has not adopted the provisions of SFAS No. 123 for expensing stock based compensation (see "— Employee stock option and stock purchase plans"); however, the Company has adopted the additional interim disclosure provisions of the statement. The impact of the adoption of SFAS No. 148 did not have a material impact on the results of operations or the financial position of the Company.

Reclassification

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

2. Related party transactions

The Company owns a 50% interest in KA, a corporation formed in 1984 with Kirin Brewery Company, Limited ("Kirin") for the development and commercialization of certain products based on advanced biotechnology. The Company accounts for its interest in KA under the equity method and includes its share of KA's profits or losses in "Loss (earnings) of affiliates, net" in the Consolidated Statements of Operations. KA's revenues consist of royalty income related to its licensed technology rights. All of Amgen's rights to manufacture and market certain products including erythropoietin, granulocyte colony-stimulating factor ("G-CSF"), darbepoetin alfa, and pegfilgrastim are pursuant to exclusive licenses from KA. The Company currently markets certain of these products under the brand names EPOGEN® (erythropoietin), NEUPOGEN® (G-CSF), Aranesp® (darbepoetin alfa), and Neulasta® (pegfilgrastim). KA receives royalty income from Amgen, as well as Kirin, Johnson & Johnson, Roche, and others under separate product license agreements for certain geographic areas outside of the United States. During the years ended December 31, 2003, 2002, and 2001, KA earned royalties from Amgen of $231.4 million, $168.2 million, and $147.1 million, respectively, which are included in "Cost of sales" in the consolidated statements of operations.

KA's expenses primarily consist of costs related to research and development activities conducted on its behalf by Amgen and Kirin. KA pays Amgen and Kirin for such services at negotiated rates. During the years ended December 31, 2003, 2002, and 2001, Amgen earned revenues from KA of $68.0 million, $174.6 million, and $210.1 million, respectively, for certain research and development activities performed on KA's behalf, which are included in "Corporate partner revenues" in the accompanying consolidated statements of operations. The related costs of performing such activities is included in research and development expense in the accompanying consolidated statements of operations.

In August 2003, the Company paid a legal settlement to Genentech, Inc. ("Genentech") in connection with settling a patent litigation relating to the Company's processes for producing NEUPOGEN® and Neulasta®. Pursuant to the terms of the license agreement with KA, KA is obligated to indemnify the Company for the payment made to Genentech. During the three months ended September 30, 2003, the Company recorded $47.1 million as its share of the litigation loss incurred by KA, net of tax, in "Loss (earnings) of affiliates, net" in the accompanying consolidated statements of operations.

At December 31, 2003, Amgen's share of KA's undistributed retained earnings was approximately $94.1 million.

3. Immunex acquisition

On July 15, 2002, the Company acquired all of the outstanding common stock of Immunex in a transaction accounted for as a business combination. Immunex was a leading biotechnology company dedicated to developing immune system science to protect human health. The acquisition enhanced Amgen's strategic position within the biotechnology industry by strengthening and diversifying its (1) product base and product pipeline in key therapeutic areas, and (2) discovery research capabilities in proteins and antibodies. The results of Immunex's operations have been included in the consolidated financial statements commencing July 16, 2002. The acquisition was structured to qualify as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

The purchase price of the acquisition was (in millions):

Fair value of 244.6 Amgen shares issued	$14,313.0
Cash consideration	2,526.2
Fair value of 22.4 Amgen stock options issued	870.2
Transaction costs	62.4
Total	$17,771.8

Purchase price allocation

The purchase price was allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as of the acquisition date (in millions):

Current assets, principally cash and marketable securities	$ 1,619.1
Deferred tax assets	200.2
Property, plant, and equipment	571.6
In-process research and development	2,991.8
Identifiable intangible assets, principally developed product technology and core technology	4,803.2
Goodwill	9,774.2
Other assets	26.2
Current liabilities	(579.0)
Deferred tax liabilities	(1,635.5)
Net assets	$17,771.8

The allocation of the purchase price was based, in part, on a third-party valuation of the fair values of in-process research and development, identifiable intangible assets, and certain property, plant, and equipment. The Company expects that substantially all of the amount allocated to goodwill will not be deductible for tax purposes. The purchase price allocation was completed in 2003 and did not result in significant adjustments to the preliminary purchase price allocation.

In-process research and development

Approximately $2,991.8 million of the purchase price represents the estimated fair value of projects that, as of the acquisition date, had not reached technological feasibility and had no alternative future use (IPR&D). Accordingly, this amount was immediately expensed in the consolidated statement of operations in the third quarter of 2002. The estimated fair values assigned to IPR&D is comprised of the following projects by therapeutic area (in millions):

	Value of IPR&D Acquired
Inflammation	$2,160.1
Oncology	726.3
Other	105.4
Total	$2,991.8

The estimated fair value of these projects was determined based on the use of a discounted cash flow model. For each project, the estimated after-tax cash flows were probability weighted to take into account the stage of completion and the risks surrounding the successful development and commercialization. These cash flows were then discounted to a present value using discount rates ranging from 12% to 14%.

The research projects, which were in various stages of development from pre-clinical through phase 3 clinical trials, are expected to reach completion at various dates ranging from 2003 through 2009. The major risks and uncertainties associated with the timely and successful completion of these projects consist of the ability to confirm the safety and efficacy of the technology based on the data from clinical trials and obtaining necessary regulatory approvals. In addition, no assurance can be given that the underlying assumptions used to forecast the cash flows or the timely and successful completion of such projects will materialize, as estimated. For these reasons, among others, actual results may vary significantly from the estimated results.

Identifiable intangible assets

Acquired identifiable intangible assets primarily relate to ENBREL® and include product rights for approved indications of currently marketed products and core technology. The amounts assigned to each intangible asset class as of the acquisition date and the weighted-average amortization periods are as follows (dollars in millions):

	Value of Intangibles Acquired	Weighted Average Amortization Period
Developed product technology	$3,264.5	14.5 years
Core technology	1,348.3	15 years
Tradename	190.4	15 years
Total	$4,803.2	

Leukine® and Novantrone®

In May 2002, Immunex entered into an agreement to sell certain assets used in connection with its Leukine® business to Schering AG Germany for approximately $389.9 million in cash plus the payment of additional cash consideration upon achievement of certain milestones. The sale of the Leukine® business was pursued in connection with Amgen's acquisition of Immunex and was completed on July 17, 2002.

In December 2002, the Company licensed the commercialization rights for Novantrone® in the United States to Serono S.A. in exchange for royalties based on future product sales.

Pro forma results of operations

The following unaudited pro forma information presents a summary of the Company's consolidated results of operations as if the Immunex acquisition had taken place at the beginning of each period presented (in millions, except per share information):

	Year Ended December 31,	
	2002	2001
Product sales	$5,538.5	$4,470.6
Total revenues	6,078.2	5,002.5
Net income	1,486.9	953.1
Pro forma earnings per share:		
Basic	$ 1.16	$ 0.74
Diluted	$ 1.12	$ 0.71

The pro forma net income and earnings per share for 2002 exclude the acquired IPR&D charge noted above. The pro forma information is not necessarily indicative of results that would have occurred had the acquisition been in effect for the periods presented or indicative of results that may be achieved in the future.

The impact of the Leukine® sale noted above is reflected in the Company's purchase price allocation as of July 15, 2002. However, for antitrust reasons, information regarding the results of operations attributable to Leukine® is not reviewable by Amgen, and therefore, has not been excluded from the pro forma results of operations presented above. Leukine® sales from January 1, 2002 through July 15, 2002 were approximately $60 million, and in 2001 were $108.4 million.

Restructuring plans

In connection with the Immunex acquisition, the Company initiated an integration plan to consolidate and restructure certain functions and operations of the pre-acquisition Immunex primarily consisting of the termination and relocation of certain Immunex personnel, and consolidation of certain Immunex leased facilities. These costs, which aggregate approximately $96 million, have been recognized as liabilities assumed in the purchase business combination in accordance with EITF Issue No. 95-3 "Recognition of Liabilities in Connection with Purchase Business Combinations" and reflected as an increase to goodwill. As of December 31, 2003, approximately $30 million of these amounts were remaining to be paid.

4. Other items, net

Other items, net in the accompanying consolidated statements of operations consists of the following expense/(income) items (in millions):

	Years Ended December 31,		
	2003	2002	2001
License Agreement arbitration	$(74.0)	$(151.2)	$ —
Amgen Foundation contribution	50.0	50.0	—
Termination of collaboration agreements	—	(40.1)	203.1
	$(24.0)	$(141.3)	$203.1

License agreement arbitration

In September 1985, the Company granted Johnson & Johnson's affiliate, Ortho Pharmaceutical Corporation, a license relating to certain patented technology and know-how of the Company to sell Epoetin

alfa throughout the United States for all human uses except dialysis and diagnostics. A number of disputes arose between Amgen and Johnson & Johnson as to their respective rights and obligations under the various agreements between them, including the agreement granting the license (the "License Agreement"). These disputes between Amgen and Johnson & Johnson have been resolved through binding arbitration. One of these disputes related to the alleged violation of the License Agreement by Johnson & Johnson. In October 2002, the Arbitrator issued a final order awarding the Company $150.0 million for Johnson & Johnson's breach of the License Agreement. The legal award of $151.2 million, which included interest, was recorded in the fourth quarter of 2002. In January 2003, the Company was awarded reimbursement of its costs and expenses, as the successful party in the arbitration. In May 2003, the Arbitrator issued a final order awarding the Company $74.0 million in such costs and expenses, which were recorded in the second quarter of 2003.

Amgen Foundation contribution

In each of 2003 and 2002, the Company contributed $50 million to the Amgen Foundation. These contributions will allow the Amgen Foundation to continue its support of non-profit organizations that focus on issues in health and medicine, science education, and other activities that strengthen local communities.

Termination of collaboration agreements

In the fourth quarter of 2001, the Company recorded a charge of $203.1 million primarily related to the costs of terminating collaboration agreements with various third parties, including *PRAECIS PHARMACEUTICALS INCORPORATED* ("Praecis") and certain academic institutions. These agreements were terminated primarily because the related collaboration activities and/or the underlying technology no longer met the Company's long-term research and development objectives. These costs include $102.4 million primarily with respect to amounts previously capitalized related to these agreements, and $100.7 million with respect to amounts to be paid to third parties in connection with the termination of these relationships. The amounts previously capitalized were comprised of the following: 1) inventory associated with a product candidate that we expected to commercialize of approximately $40 million, 2) receivable from a collaboration partner of approximately $20 million, and 3) equity investments, fixed assets and other assets of approximately $42 million.

During the year ended December 31, 2002, the Company recorded a benefit of $40.1 million related to the finalization of the termination of certain of these collaboration agreements which resulted in the recovery of certain expenses accrued in the fourth quarter of 2001. The benefit principally related to the settlement of the Praecis collaboration agreement. At December 31, 2002, substantially all amounts had been paid to the respective third parties.

5. Income taxes

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

	Years Ended December 31,		
	2003	2002	2001
Current provision:			
Federal (including U.S. possessions)	$ 923.3	$457.0	$ 625.1
State	72.1	15.9	78.3
Foreign	107.8	59.8	11.5
Total current provision	1,103.2	532.7	714.9
Deferred (benefit) provision:			
Federal (including U.S. possessions)	(170.5)	146.1	(104.3)
State	(19.1)	28.6	(44.0)
Total deferred provision (benefit)	(189.6)	174.7	(148.3)
	$ 913.6	$707.4	$ 566.6

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

	December 31,	
	2003	2002
Deferred tax assets:		
Intercompany inventory related items	$ 487.0	$ 35.3
Fixed assets	220.0	215.3
Expense accruals	94.2	47.4
Acquired net operating loss and credit carry forwards	71.2	246.0
Other	98.0	126.3
Total deferred tax assets	970.4	670.3
Valuation allowance	(47.6)	(22.6)
Net deferred tax assets	922.8	647.7
Deferred tax liabilities:		
Acquired intangibles	(1,674.9)	(1,817.4)
Foreign operations	(178.1)	(42.8)
Financing debt instrument	(92.9)	(42.8)
Other	(152.1)	(146.1)
Total deferred tax liabilities	(2,098.0)	(2,049.1)
	$(1,175.2)	$(1,401.4)

The reconciliation between the Company's effective tax rate and the federal statutory rate is as follows:

	Tax Rate for the Years Ended December 31,		
	2003	2002	2001
Statutory rate applied to income before income taxes	35.0%	35.0%	35.0%
Acquired IPR&D	—	(153.0)%	—
Foreign earnings including permanently reinvested amounts	(7.5)%	15.5%	—
Benefit of Puerto Rico operations, net of Puerto Rico income taxes	—	2.5%	(1.7)%
State taxes	1.7%	(6.5)%	1.4%
Utilization of tax credits, primarily research and experimentation	(0.6)%	4.9%	(1.3)%
Other, net	0.2%	(1.7)%	0.2%
	28.8%	(103.3)%	33.6%

The Company does not provide for U.S. income taxes on undistributed earnings of its foreign operations that are intended to be permanently reinvested. At December 31, 2003, these earnings amounted to approximately $1,185 million. If these earnings were repatriated to the United States, the Company would be required to accrue and pay approximately $421 million of additional taxes based on the current tax rates in effect. For the years ended December 31, 2003 and 2002, the Company's total foreign profits before income taxes were approximately $956 million and $360 million, respectively. For the year ended December 31, 2001, foreign profits before income taxes were not material.

The Company's income tax returns are routinely audited by the Internal Revenue Service and various state tax authorities. While disputes may arise with these tax authorities, some of which may be significant, the Company believes that adequate tax liabilities have been established for all open audit years.

Income taxes paid during the years ended December 31, 2003, 2002, and 2001, totaled $396.9 million, $438.4 million, and $516.2 million, respectively.

6. Stockholders' equity

Stockholder rights agreement

The Company has an amended and restated preferred stock rights plan effective through December 12, 2010 pursuant to which each share of common stock outstanding and each subsequently issued share have attached to them one whole preferred share purchase right (a "Right"). The Right represents the right to purchase one four-thousandth (1/4000) of a share of Series A Junior Participating Preferred Stock of the Company at $350.00. These Rights expire on December 12, 2010.

Under certain circumstances, if an acquiring person or group acquires 10% or more of the Company's outstanding common stock, an exercisable Right will entitle its holder (other than the acquirer) to buy shares of common stock of the Company having a market value of two times the exercise price of one Right. However, in limited circumstances approved by the outside directors of the Board of Directors, a stockholder who enters into an acceptable standstill agreement may acquire up to 20% of the outstanding shares without triggering the Rights. If an acquirer acquires at least 10%, but less than 50%, of the Company's common stock, the Board of Directors may exchange each Right (other than those of the acquirer) for one share of common stock per Right. In addition, under certain circumstances, if the Company is involved in a merger or other business combination where it is not the surviving corporation, an exercisable Right will entitle its holder to buy shares of common stock of the acquiring company having a market value of two times the exercise price of one Right. The Company may redeem the Rights at $0.00025 per Right at any time prior to the public announcement that a 10% position has been acquired.

Stock repurchase program

The Company has a stock repurchase program primarily to reduce the dilutive effect of its employee stock option and stock purchase plans. Additionally, stock repurchases beyond this level reflect a measure of the Company's confidence in the long-term value of Amgen common stock. In 2003, the Company repurchased 29.7 million shares of its common stock at a total cost of $1,801.0 million. In 2002, the Company repurchased 28.0 million shares of its common stock at a total cost of $1,420.4 million. Stock repurchased in 2002 included 11.3 million shares of common stock repurchased simultaneously with the issuance of the Convertible Notes at a total cost of $650 million. In December 2003, the Board of Directors authorized the Company to repurchase up to an additional $5.0 billion of common stock allowing for a multi-year stock repurchase program. As of December 31, 2003, approximately $5 billion was available for stock repurchases. The amount the Company spends and the number of shares repurchased varies based on a variety of factors, including employee stock option grants, the stock price and blackout periods in which the Company is restricted from repurchasing shares.

Other comprehensive income/(loss)

Information regarding the components of accumulated other comprehensive income/(loss) are as follows (in millions):

	Unrealized Gains/(Losses) on Securities	Foreign Currency Translation	Accumulated Other Comprehensive Income
Balance at December 31, 2002	$ 90.3	$(23.1)	$67.2
Current year other comprehensive (loss)/income	(57.8)	51.4	(6.4)
Balance at December 31, 2003	$ 32.5	$ 28.3	$60.8

Other

In addition to common stock, the Company's authorized capital includes 5.0 million shares of preferred stock, $0.0001 par value, of which 0.7 million shares have been reserved and designated Series A Preferred Stock. At December 31, 2003 and 2002, no shares of preferred stock were issued or outstanding.

At December 31, 2003, the Company had reserved 166.0 million shares of its common stock which may be issued through its employee stock option and stock purchase plans.

7. Employee stock option, stock purchase, and defined contribution plans

Employee stock option plans

The Company's employee stock option plans provide for option grants designated as either nonqualified or incentive stock options. Option grants to employees generally vest over a three to five year period and expire seven years from the date of grant. Most employees are eligible to receive a grant of stock options annually with the number of shares generally determined by the employee's salary grade and performance level. In addition, certain management and professional level employees typically receive a stock option grant upon commencement of employment.

As of December 31, 2003, the Company had 56.8 million shares of common stock available for future grant under its employee stock option plans. Stock option information with respect to all of the Company's employee stock option plans is as follows (shares in millions):

		Exercise Price		
	Shares	Low	High	Weighted-Average
Balance unexercised at December 31, 2000	98.7	$ 2.55	$78.00	$23.89
Granted	18.6	$51.51	$74.19	$63.47
Exercised	(20.6)	$ 2.55	$70.38	$13.12
Forfeited	(2.3)	$ 5.48	$78.00	$41.43
Balance unexercised at December 31, 2001	94.4	$ 6.19	$78.00	$33.62
Granted	17.3	$31.07	$62.48	$40.61
Assumed from Immunex Corporation (including 18.9 million vested options)	22.4	$ 1.97	$72.00	$23.66
Exercised	(26.2)	$ 2.00	$60.36	$15.90
Forfeited	(4.9)	$ 8.50	$76.44	$52.01
Balance unexercised at December 31, 2002	103.0	$ 1.97	$78.00	$36.25
Granted	18.5	$48.88	$71.54	$64.44
Exercised	(23.0)	$ 2.09	$69.31	$20.98
Forfeited	(3.8)	$ 5.05	$78.00	$55.59
Balance unexercised at December 31, 2003	94.7	$ 1.97	$78.00	$44.68

At December 31, 2003, 2002, and 2001, employee stock options to purchase 52.4 million, 62.4 million, and 53.4 million shares were exercisable at weighted-average prices of $34.38, $27.03, and $20.81, respectively.

Information regarding employee stock options outstanding as of December 31, 2003 is as follows (shares in millions):

	Options Outstanding			Options Exercisable	
Price Range	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Shares	Weighted-Average Exercise Price
$10.00 and under	2.4	$ 7.21	3.3 years	2.4	$ 7.21
Over $10.00 to $15.00	8.5	$13.61	0.9 years	8.5	$13.61
Over $15.00 to $30.00	13.0	$18.41	2.4 years	13.0	$18.41
Over $30.00 to $60.00	31.3	$40.52	4.6 years	16.0	$38.14
Over $60.00	39.5	$65.60	5.1 years	12.5	$65.85

Fair value disclosures of employee stock options

The exercise price of employee stock option grants is set at the closing price of the Company's common stock on the date of grant and the related number of shares granted is fixed at that point in time. Therefore, under the principles of APB No. 25, the Company does not recognize compensation expense associated with the grant of employee stock options. SFAS No. 123 requires the use of option valuation models to provide supplemental information regarding options granted after 1994.

The weighted average fair value of common stock and stock options on the date of grant, and the assumptions used to estimate the fair value of the stock options using the Black-Scholes option valuation model, were as follows:

	2003	2002	2001
Weighted average fair value of common stock	$64.44	$40.61	$63.47
Weighted average fair value of stock options granted	26.04	16.66	26.74
Risk-free interest rate	2.4%	3.6%	4.7%
Expected life (in years)	4.0	3.9	3.7
Expected volatility	50.0%	50.0%	50.0%
Expected dividend yield	0%	0%	0%

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options. The Company's employee stock options have characteristics significantly different from those of traded options such as extremely limited transferability and, in most cases, vesting restrictions. In addition, the assumptions used in option valuation models (see above) are highly subjective, particularly the expected stock price volatility of the underlying stock. Because changes in these subjective input assumptions can materially affect the fair value estimate, in management's opinion, existing valuation models do not provide a reliable, single measure of the fair value of its employee stock options. For purposes of pro forma disclosures, the estimated fair values of the options are amortized over the options' vesting periods. See Note 1, "Summary of significant accounting policies — Employee stock option and stock purchase plans" for a detailed computation of pro forma net income (loss) and earnings (loss) per share.

Employee stock purchase plan

The Company has an employee stock purchase plan whereby, in accordance with Section 423 of the Internal Revenue Code, eligible employees may authorize payroll deductions of up to 15% of their salary to purchase shares of the Company's common stock at the lower of 85% of the fair market value of common stock on the first or last day of the offering period. During the years ended December 31, 2003, 2002, and 2001, employees purchased 1.2 million, 0.7 million, and 0.6 million shares at weighted average prices of $42.70, $41.09, and $47.97 per share, respectively. At December 31, 2003, the Company had 14.0 million shares available for future issuance under this plan.

Defined contribution plans

The Company has defined contribution plans covering substantially all employees in the United States and its possessions. Under these plans, the Company makes certain amounts of matching contributions for those employees who elect to contribute to the plans and makes additional contributions based upon the compensation of eligible employees regardless of whether or not the employees contribute to the plans. In addition, the Company has other defined contribution plans covering certain employees of the Company and employees of its foreign affiliates. The Company's expense for its defined contribution plans totaled $76.8 million, $55.6 million, and $45.2 million for the years ended December 31, 2003, 2002, and 2001, respectively.

8. Financing arrangements

Convertible notes

On March 1, 2002, the Company issued the Convertible Notes with an aggregate face amount at maturity of $3.95 billion ($1,000 face amount per note). The 30-year, zero-coupon senior convertible notes have a yield to maturity of 1.125%. The gross proceeds from the offering were approximately $2.82 billion (a

$714.23 per note original issue price). The original issue discount of $1.13 billion (or $285.77 per note) is being accreted to the balance of the Convertible Notes and recognized as interest expense over the life of the notes using the effective interest method. Debt issuance costs were approximately $56.5 million and are being amortized to interest expense on a straight-line basis over the life of the notes.

Holders of the Convertible Notes may convert each of their notes into 8.8601 shares of common stock of the Company (the "conversion rate") at any time on or before the maturity date, approximately 35.0 million shares in the aggregate. The conversion price per share at issuance was $80.61. The conversion price per share as of any day will equal the original issuance price plus the accrued original issue discount to that day, divided by the conversion rate, or $82.29 per share as of December 31, 2003. The holders of the Convertible Notes may require the Company to purchase all or a portion of their notes on March 1, 2005, March 1, 2007, March 1, 2012, and March 1, 2017 at a price equal to the original issuance price plus the accrued original issue discount to the purchase dates. The Company may choose to pay the purchase price in cash and/or shares of common stock which would be issued at the then current market price.

The Company may redeem all or a portion of the Convertible Notes for cash at any time on or after March 1, 2007 at the original issuance price plus accrued original issue discount as of the redemption date. In addition, the Company will pay contingent cash interest during any six-month period commencing on or after March 2, 2007 if the average market price of a note for a five trading day measurement period preceding the applicable six-month period equals 120% or more of the sum of the original issuance price and accrued original issue discount for such note. The contingent cash interest in respect of any quarterly period will equal the greater of 1) the amount of regular cash dividends paid by the Company per share multiplied by the number of shares of common stock deliverable upon conversion of the Convertible Notes at the then applicable conversion rate or 2) 0.0625% of the average market price of a note for a five trading day measurement period preceding the applicable six-month period provided, that if the Company does not pay cash dividends during a semiannual period it will pay contingent interest semiannually at a rate of 0.125% of the average market price of a note for a five trading day measurement period.

Shelf registrations

In October 2003, the Company established a $1.0 billion shelf registration (the "$1 Billion Shelf") to provide for financial flexibility. The $1 Billion Shelf allows the Company to issue debt securities, common stock, and associated preferred share purchase rights, preferred stock, warrants to purchase debt securities, common stock or preferred stock, securities purchase contracts, securities purchase units and depositary shares of the Company. Under the $1 Billion Shelf, all of the securities available for issuance may be offered from time to time with terms to be determined at the time of issuance. As of December 31, 2003, no securities had been issued under the $1 Billion Shelf.

The Company also has a $500 million debt shelf registration statement (the "$500 Million Shelf") which was established in 1997. Also in 1997, pursuant to the $500 Million Shelf, the Company established a $400 million medium-term note program. All of the $400 million of debt securities available for issuance may be offered from time to time under the Company's medium-term note program with terms to be determined at the time of issuance. As of December 31, 2003, no securities were outstanding under the $400 million medium-term note program.

Medium and long-term notes

Under the $500 Million Shelf, the Company had $100 million of debt securities outstanding at December 31, 2003 and 2002 with a fixed rate of 6.5% that mature in 2007 (the "Notes").

The Company had $100 million of debt securities outstanding at December 31, 2003 and 2002 with a fixed interest rate of 8.1% that mature in 2097 (the "Century Notes"). These securities may be redeemed in

whole or in part at the Company's option at any time for a redemption price equal to the greater of the principal amount to be redeemed or the sum of the present values of the principal and remaining interest payments discounted at a determined rate plus, in each case, accrued interest.

Commercial paper program

The Company has a commercial paper program which provides for unsecured, short-term borrowings up to an aggregate of $200 million. During the year ended December 31, 2003, the Company repaid all of the outstanding balances under the commercial paper program, totaling $100 million. These borrowings had maturities of less than one month and had effective interest rates averaging 1.4%. To support the commercial paper program, the Company had an unsecured $150 million committed credit facility (the "Credit Facility") that expired on May 28, 2003.

Contractual maturities of long-term debt obligations

The aggregate contractual maturities of all long-term debt obligations due subsequent to December 31, 2003, are as follows (in millions):

Maturity Date	Amount
2004	$ —
2005(1)	2,879.5
2006	—
2007	100.0
2008	—
After 2008	100.0
	$3,079.5

(1) Holders of the Convertible Notes may require the Company to purchase all or a portion of the notes on specific dates as early as March 1, 2005 at the original issuance price plus accrued original issue discount ("accreted value") through the purchase date. The amount above represents the accreted value on March 1, 2005. The accreted value based on the 30-year contractual maturity is $3.95 billion. In the event the Company is required to repurchase the notes, it may choose to pay the purchase price in cash and/or shares of common stock.

9. Segment information

The Company operates in one business segment — human therapeutics. Therefore, results of operations are reported on a consolidated basis for purposes of segment reporting. Enterprise-wide disclosures about revenues by product, revenues and long-lived assets by geographic area, and revenues from major customers are presented below.

Revenues

Revenues consisted of the following (in millions):

	Years Ended December 31,		
	2003	2002	2001
Product sales:			
EPOGEN®	$2,434.7	$2,260.6	$2,108.5
Aranesp®	1,543.8	415.6	41.5
ENBREL®	1,300.0	362.1	—
NEUPOGEN®	1,266.7	1,379.6	1,346.4
Neulasta®	1,255.0	463.5	—
Other	68.0	109.8	14.6
Total product sales	7,868.2	4,991.2	3,511.0
Other revenues	487.8	531.8	504.7
Total revenues	$8,356.0	$5,523.0	$4,015.7

Geographic information

Outside the United States, the Company principally sells: 1) NEUPOGEN® in Europe, Canada, and Australia, 2) Aranesp® in most countries in Europe, Australia, and New Zealand commencing with the June 2001 launch, 3) Neulasta® in most counties in Europe commencing with the January 2003 launch, and 4) ENBREL® in Canada commencing July 16, 2002. Information regarding revenues and long-lived assets (consisting of property, plant, and equipment) attributable to the United States and to all foreign countries collectively is stated below. The geographic classification of product sales was based upon the location of the customer. The geographic classification of all other revenues was based upon the domicile of the entity from which the revenues were earned. Information is as follows (in millions):

	Years Ended December 31,		
	2003	2002	2001
Revenues:			
United States	$7,245.5	$5,025.9	$3,688.5
Foreign countries	1,110.5	497.1	327.2
Total revenues	$8,356.0	$5,523.0	$4,015.7

	December 31,		
	2003	2002	2001
Long-lived assets:			
United States	$3,086.0	$2,473.8	$1,754.5
Foreign countries	713.4	339.7	191.6
Total long-lived assets	$3,799.4	$2,813.5	$1,946.1

Major customers

The Company sells primarily to wholesale distributors of pharmaceutical products. With the exception of ENBREL®, the Company utilizes these wholesale distributors as the principal means of distributing the Company's products to clinics, hospitals, and pharmacies. With respect to ENBREL®, the Company primarily

drop-ships wholesaler orders directly to pharmacies for end-users. The Company monitors the financial condition of its larger distributors and limits its credit exposure by setting appropriate credit limits and requiring collateral from certain customers.

For the years ended December 31, 2003, 2002 and 2001, sales to three large wholesalers each accounted for more than 10% of total revenues. Sales to these three wholesalers were $2,686.2 million, $1,596.2 million, and $1,340.4 million, respectively, for the year ended December 31, 2003. Sales to these three wholesalers were $2,084.4 million, $988.6 million, and $843.9 million, respectively, for the year ended December 31, 2002. Sales to these three wholesalers were $1,470.1 million, $535.8 million, and $459.8 million, respectively, for the year ended December 31, 2001.

At December 31, 2003 and 2002, amounts due from these three large wholesalers each exceeded 10% of gross trade receivables, and accounted for 53% and 58%, respectively, of gross trade receivables on a combined basis. At December 31, 2003 and 2002, 37% and 19%, respectively, of trade receivables, net were due from customers located outside the United States, primarily in Europe.

10. Fair values of financial instruments

Short-term assets and liabilities

The fair values of cash equivalents, accounts receivable, accounts payable, and the current portion of debt approximate their carrying value due to the short-term nature of these financial instruments.

Non-current assets

The fair values of the Company's equity method investments at December 31, 2003 and 2002 were approximately $413.2 million and $170.3 million, respectively, based on quoted market prices to the extent available. Certain of the Company's equity method investments do not have readily available fair values and therefore the carrying values are considered to approximate their fair values. At December 31, 2003 and 2002, the carrying values of the Company's equity method investments were $282.7 million and $170.3 million, respectively, and are included in non-current other assets in the accompanying consolidated balance sheets.

Long-term debt

The fair values of the Notes and Century Notes at December 31, 2003 and 2002 were approximately $249.3 million and $273.6 million, respectively. The fair value of the Convertible Notes at December 31, 2003 and 2002 were approximately $2,978.5 million and $2,913.5 million, respectively. In May 2002, the Company registered the Convertible Notes with the Securities and Exchange Commission allowing the notes to be traded on the open market. The fair value of the Convertible Notes was based on the quoted market prices at December 31, 2003 and 2002. The fair values for medium and long term notes were estimated based on quoted market rates for instruments with similar terms and remaining maturities.

11. Agreements with Wyeth

The Company has a co-promotion agreement with Wyeth. Under the terms of this agreement, Amgen and Wyeth market and sell ENBREL® in the United States and Canada and develop certain future indications of ENBREL® for use in these geographic territories. Wyeth is paid a share of the resulting profits on sales of ENBREL®, after deducting the applicable costs of sales, including manufacturing costs and royalties paid to third parties, and expenses associated with R&D and sales and marketing. Such amounts paid to Wyeth are included in "Selling, general and administrative" expense in the accompanying consolidated statements of operations.

The Company also has a global supply agreement with Wyeth related to the manufacture, supply, inventory, and allocation of supplies of ENBREL®.

12. Accrued liabilities

Accrued liabilities consisted of the following (in millions):

	December 31,	
	2003	2002
Sales incentives, royalties, and allowances	$ 523.8	$ 287.7
Employee compensation and benefits	444.5	370.4
Income taxes	421.1	—
Clinical development costs	113.0	112.9
Due to affiliated companies and corporate partners	59.0	152.1
Other	357.7	228.6
	$1,919.1	$1,151.7

13. Commitments and contingencies

The Company leases certain administrative and laboratory facilities under non-cancelable operating leases that expire through December 2010. The following table summarizes the minimum future rental commitments under non-cancelable operating leases at December 31, 2003 (in millions):

Year Ended December 31,	Lease Payments
2004	$ 50.9
2005	39.4
2006	25.7
2007	19.5
2008	15.5
Thereafter	30.8
Total	$181.8
Less income from subleases	54.6
Net minimum operating lease payments	$127.2

Rental expense on operating leases for the years ended December 31, 2003, 2002, and 2001 was $29.8 million, $26.0 million, and $18.3 million, respectively. Sublease income for the years ended December 31, 2003, 2002 and 2001 was not material.

The Company is under supply agreements with various contract manufacturers for the production, vialing, and packaging of ENBREL®. Under the terms of the various contracts, Amgen is required to purchase certain minimum quantities of ENBREL® each year through 2010. The following table summarizes the minimum contractual inventory commitments from third-party contract manufacturers at December 31, 2003 (in millions):

Year Ended December 31,	Inventory Commitments
2004	$ 428.9
2005	309.3
2006	116.8
2007	118.0
2008	117.0
Thereafter	471.0
Total contractual purchases	$1,561.0

The amounts above primarily relate to the Company's long-term supply agreement with Boehringer Ingelheim Pharma KG ("BI Pharma") for the manufacture of commercial quantities of ENBREL®. Amounts owed to BI Pharma are based on firm commitments for the purchase of production capacity for ENBREL® and reflect certain estimates such as production run success rates and bulk drug yields achieved. The Company's obligation to pay certain of these amounts may be reduced based on certain future events.

In the ordinary course of business, the Company is involved in various legal proceedings. While it is not possible to accurately predict or determine the eventual outcome of these proceedings, the Company does not believe any such proceedings currently pending will have a material adverse effect on its annual consolidated financial statements, although an adverse resolution in any reporting period of one or more of the proceedings could have a material impact on the results of operations for that period.

14. Quarterly financial data (unaudited)

(In millions, except per share data)

2003 Quarter Ended	Dec. 31(1)	Sept. 30(2)	June 30	Mar. 31
Product sales	$2,237.7	$2,078.1	$1,916.5	$1,635.9
Gross margin from product sales	1,849.4	1,738.1	1,587.4	1,352.6
Net income	546.9	612.1	607.2	493.3
Earnings per share:				
Basic	$ 0.43	$ 0.47	$ 0.47	$ 0.38
Diluted	$ 0.41	$ 0.46	$ 0.45	$ 0.37

2002 Quarter Ended	Dec. 31(3)	Sept. 30(4)	June 30	Mar. 31
Product sales	$1,621.6	$ 1,345.8	$1,115.2	$908.6
Gross margin from product sales	1,347.8	1,119.4	983.3	805.0
Net income (loss)	456.4	(2,601.6)	412.4	340.9
Earnings (loss) per share:				
Basic	$ 0.35	$ (2.10)	$ 0.40	$ 0.33
Diluted	$ 0.34	$ (2.10)	$ 0.38	$ 0.32

(1) In the fourth quarter of 2003, the Company recorded a charge of $86.5 million for the upfront fee paid to Biovitrum AB (“Biovitrum”), related to the multifaceted agreement under which the Company received exclusive rights to develop and commercialize certain of Biovitrum’s small molecules for the treatment of metabolic diseases and certain other medical disorders.

(2) In the third quarter of 2003, the Company recorded: 1) a charge of $47.1 million related to the legal settlement paid to Genentech, 2) a gain from a legal award related to the Company’s arbitration with Johnson & Johnson of $74.0 million, and 3) a contribution of $50.0 million to the Amgen Foundation.

(3) In the fourth quarter of 2002, the Company recorded: 1) a gain from a legal award related to the Company’s arbitration with Johnson & Johnson of $151.2 million, 2) a contribution of $50.0 million to the Amgen Foundation, and 3) a benefit of $4.6 million related to finalizing the termination of certain collaboration agreements.

(4) In the third quarter of 2002, the Company recorded: 1) a charge of $2,991.8 million to write-off the fair value of acquired IPR&D, and 2) a benefit of $35.5 million related to finalizing the termination of certain collaboration agreements.

See Notes 2, 3, and 4 for further discussion of the items described above.

SCHEDULE II

AMGEN INC.

VALUATION ACCOUNTS

Years ended December 31, 2003, 2002, and 2001
(In millions)

	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Other Additions(1)	Deductions	Balance at End of Period
Year ended December 31, 2003:					
Allowance for doubtful accounts	$22.9	$3.6	$ —	$ —	$26.5
Year ended December 31, 2002:					
Allowance for doubtful accounts	$21.4	$1.3	$1.2	$1.0	$22.9
Year ended December 31, 2001:					
Allowance for doubtful accounts	$21.2	$0.3	$ —	$0.1	$21.4

(1) In connection with the Immunex acquisition, the Company recorded an additional allowance for doubtful accounts of $1.2 million as of the acquisition date.

EXHIBIT 10.12

AMGEN RETIREMENT AND SAVINGS PLAN

(AS AMENDED AND RESTATED EFFECTIVE AS OF JANUARY 1, 2003)

AMGEN RETIREMENT AND SAVINGS PLAN
(As Amended and Restated Effective as of January 1, 2003)

ARTICLE 1. INTRODUCTION AND PLAN HISTORY

The Plan was adopted effective as of April 1, 1985 and was last amended and restated as of October 23, 2000. The following provisions constitute an amendment and restatement of the Plan, effective as of January 1, 2003, to reflect previously adopted amendments and to make other changes required by law. Certain provisions may be effective at other times, as specified herein. The Plan is intended to qualify under Sections 401(a) and 401(k) and related sections of the Code, and under Section 407(d)(3)(A) of ERISA. The Plan is subject to amendment or termination at any time, including (without limitation) amendments required to meet regulations and rules issued by the Secretary of the Treasury or his or her delegate or the Secretary of Labor. Certain capitalized terms used in the text of the Plan are defined in Article 2 in alphabetical order.

ARTICLE 2. DEFINITIONS

2.1 "Accounts" means the separate accounts maintained for each Participant as a part of the Trust Fund. Each Participant's Accounts are credited with the Participant's Employee Contributions, his or her share of Company Contributions and Forfeitures and any income, gains, expenses and losses accruing on amounts previously credited to the Accounts.

2.2 "Affiliated Group" means the Company and any entity related to the Company under Sections 414(b), (c), (m) or (o) of the Code. In addition, the term "Affiliated Group" includes any other entity that the Company has designated in writing as a member of the Affiliated Group for purposes of the Plan. An entity shall be considered a member of the Affiliated Group only with respect to periods for which this designation is in effect or during which the relationship described in the first sentence of this Section exists. An "Affiliate" is a member of the Affiliated Group.

2.3 "Aggregate 401(k) Contributions" which is a term used in specifying certain limitations on Plan contributions, is defined in Section 13.9.

2.4 "Aggregate 401(m) Contributions" which is a term used in specifying certain limitations on Plan contributions, is defined in Section 14.7.

2.5 "Alternate Payee" means a spouse, former spouse, child or other dependent of a Participant who is recognized by a domestic relations order as having a right to receive all or a portion of the Participant's Plan Benefit.

2.6 "Annual Additions" which is a term used in specifying certain limitations on Plan contributions, is defined in Section 15.5.

2.7 "Annual Deferral Limit" which is a term used in specifying certain limitations on Plan contributions, is defined in Section 13.9.

2.8 "Beneficiary" means the person or persons entitled to receive a Participants Plan Benefit after the Participant's death, as provided in Section 8.10.

2.9 "Board" means the Board of Directors of the Company, as constituted from time to time.

2.10 "Break in Service" means any Plan Year during which the Participant completes less than 501 Hours of Service. Solely for the purpose of determining whether a Break in Service has occurred, an Employee who is absent from work by virtue of (a) the Employee's pregnancy, (b) the birth of the Employee's child, (c) the placement of a child with the employee by adoption, (d) the caring for any such child for a period of up to one year immediately following such birth or placement, (e) Disability, (f) service in the armed forces of the United States during a period (including a post-discharge period) that entitles the Employee to reemployment rights guaranteed by law or (g) a leave of absence taken under the terms of the federal Family Medical Leave Act or applicable state family and medical leave act, shall be credited with up to 501 additional Hours of Service. Such additional Hours of Service in such period of absence shall be based on his or her regular work schedule immediately prior to such period; provided, however, that such additional Hours of Service shall be credited during the Plan Year in which the absence from work begins only if they would prevent a Break in Service from occurring for that year. In all other cases, the additional Hours of Service shall be credited during the immediately following Plan Year.

2.11 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

2.12 "Company" means Amgen Inc., a Delaware corporation.

2.13 "Company Contributions" means Matching Contributions, Nonelective Contributions, Qualified Nonelective Contributions and Qualified Matching Contributions.

2.14 "Company Stock" means shares of common stock issued by the Company.

2.15 "Company Stock Fund" means an Investment Fund primarily invested in Company Stock.

2.16 "Compensation" is the term generally used under the Plan to describe the amount with respect to which Plan contributions are made and means an Eligible Employee's wages, salaries, fees for professional services, and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with any member of the Affiliated Group to the extent that the amounts are includable in gross income (including, but not limited to, commissions paid to salespersons, compensation for services on the basis of a percentage of profits, commissions on insurance premiums and reimbursements or other expense allowances under a nonaccountable plan (as described in Treasury Regulation Section 1.62-2(c)), but

excluding any "goods and services allowance" provided to certain expatriate staff members. "Compensation" shall be computed without regard to any election to reduce or defer salary under this Plan or any cafeteria plan under Section 125 of the Code. "Compensation" shall not include: (a) any Company Contributions to this Plan or any other employee benefit plan for or on account of the Employee, except as otherwise provided in the preceding sentence; (b) the items described in Treasury Regulation Section 1.415-2(d)(3), which, among other items, would exclude from compensation amounts realized from the exercise of a nonqualified stock option (or when restricted stock (or property) held by an Employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture under Section 83 of the Code) and amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option; or (c) amounts in excess of the Compensation Limitation.

2.17 "Compensation Limitation" means the limitation in effect under Section 401(a)(17) of the Code for the Plan Year.

2.18 "Disability" means that the Participant is determined, under Title II or XVI of the Social Security Act, to have been disabled prior to his or her termination of employment. The Participant must submit evidence of the Social Security Administration's determination of disability to the Company prior to any Disability distribution of the Participant's Accounts.

2.19 "Eligible Employee" means an Employee described in Section 3.3.

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

The term "leased employee" means any person (other than an employee of the recipient) who pursuant to an agreement between the recipient and any other person ("leasing organization") has performed services for the recipient (or for the recipient and related persons determined in accordance with section 414(n)(6) of the Internal Revenue Code) on a substantially full time basis for a period of at least one year, and such services are performed under primary direction or control by the recipient. Contributions or benefits provided a leased employee by the leasing organization which are attributable to services performed for the recipient employer shall be treated as provided by the recipient employer. A leased employee shall not be considered an employee of the recipient if: (i) such employee is covered by a money purchase pension plan providing: (1) a nonintegrated employer contribution rate of at least 10 percent of compensation, as defined in section 415(c)(3) of the Code, but including amounts contributed pursuant to a salary reduction agreement which are excludable from the employee's gross income under section 125, section 402(e)(3), section 402(h)(1)(B) or section 403(b) of the Code, (2) immediate participation, and (3) full and immediate vesting; and (ii) leased employees

do not constitute more than 20 percent of the recipient's nonhighly compensated work force.

2.21 "Employee Contributions" means Participant Elected Contributions and Rollover Contributions.

2.22 "ERISA" means the Employee Retirement Income Security Act of 1974 (P.L. 93-406), as amended.

2.23 "Excess Aggregate Contributions" which is a term used in specifying certain limitations on Plan contributions, is defined in Section 14.7.

2.24 "Excess Contributions" which is a term used in specifying certain limitations on Plan contributions, is defined in Section 13.9.

2.25 "Excess Deferrals" which is a term used in specifying certain limitations on Plan contributions, is defined in Section 13.9.

2.26 "Exchange Act" means the Securities Exchange Act of 1934, as amended, and regulations promulgated thereunder.

2.27 "Five-Year Break in Service" means five or more consecutive one-year Breaks in Service.

2.28 "Forfeiture" is defined in Section 7.2.

2.29 "Fund" or "Investment Fund" means a separate fund in which contributions to the Plan are invested in accordance with Article 6.

2.30 "Hardship Withdrawal" is a partial distribution of a Participant's Account made while he or she is an Employee and in the limited circumstances described in Section 11.2.

2.31 "Highly Compensated Employee" is defined in Article 12.

2.32 "Hour of Service" means:

(a) Each hour for which an Employee is directly or indirectly paid, or entitled to payment, by a member of the Affiliated Group for the performance of services;

(b) Each hour for which an Employee is directly or indirectly paid, or entitled to payment, by a member of the Affiliated Group on account of a period of time during which no services are performed (without regard to whether the employment relationship between the Employee and the member of the Affiliated Group has terminated) due to vacation, holiday, illness, incapacity, disability, layoff, jury duty, military duty or leave of absence with pay; and

(c) Each hour for which an Employee is directly or indirectly paid, or entitled to payment of an amount as back pay (without regard to mitigation of damages) either awarded or agreed to by a member of the Affiliated Group.

The foregoing notwithstanding:

(1) No more than 501 Hours of Service shall be credited to an Employee under Subsection (b) or (c) above on account of any single continuous period of time during which no services are performed.

(2) An hour for which an Employee is directly or indirectly paid or entitled to payment by a member of the Affiliated Group on account of a period during which no services are performed shall not constitute an Hour of Service hereunder if such payment is made or due under a plan maintained solely for the purpose of complying with applicable workers' compensation, unemployment compensation or disability insurance laws.

(3) Hours of Service shall not be credited for payments that solely reimburse an Employee for medical or medically related expenses.

(4) The same Hour of Service shall not be credited to an Employee both under Subsection (a) or (b) and under Subsection (c).

(5) The computation period to which Hours of Service determined under Subsection (b) or (c) are to be credited shall be determined under applicable federal law and regulations, including, without limitation, Department of Labor Regulation Section 2530.200b-2(b), (c) and (d).

The Company shall determine the number of Hours of Service, if any, to be credited to an Employee under the foregoing rules in a uniform and nondiscriminatory manner and in accordance with applicable federal laws and regulations, including, without limitation, Department of Labor Regulation Section 2530.200b-3.

2.33 "Normal Retirement Age" means the date on which a Participant attains age 65.

2.34 "Participant" means any person who elects to participate in the Plan as provided in Article 3.

2.35 "Participating Company" means the Company, and any other member of the Affiliated Group that the Company has designated in writing as a Participating Company, as set forth on Appendix A.

2.36 "Payroll" means the system used by an entity to pay those individuals it regards as its employees for their services and to withhold federal income and employment taxes from the compensation it pays to such employees. "Payroll" does not include any system the entity uses to pay individuals whom it does not regard as its employees and for whom it

does not actually withhold federal income and employment taxes (including, but not limited to, individuals it regards as independent contractors, consultants or employees of temporary employment agencies).

2.37 "Plan" means the Amgen Retirement and Savings Plan, as amended from time to time.

2.38 "Plan Benefit" means the Participant's Accounts under the Plan, to the extent vested.

2.39 "Plan Year" means the calendar year.

2.40 "QDRO" means a qualified domestic relations order (as defined in Section 414(p) of the Code).

2.41 "Rollover Contribution" means an amount contributed to the Plan by an Eligible Employee pursuant to Section 4.5.

2.42 "Salary Deferral Agreement" means the agreement between the Participating Company and an Employee to reduce the Employee's Compensation as provided for in Article 4.

2.43 "Section 414(s) Compensation" which is a term used in specifying certain limitations on Plan contributions, is defined in Section 13.9.

2.44 "Section 415 Compensation" which is a term used in specifying certain limitations on Plan contributions, is defined in Section 15.5.

2.45 "Section 415 Employer Group" which is a term used in specifying certain limitations on Plan contributions, is defined in Section 15.5.

2.46 "Top-Paid Group" which is used in the definition of the term "Highly Compensated Employee", is defined in Section 12.4.

2.47 "Trust Agreement" means the trust agreement entered into pursuant to the Plan by the Company and the Trustee, as amended from time to time.

2.48 "Trustee" means the trustee or trustees appointed by the Company pursuant to the Plan to hold the assets of the Plan in trust, and any successor trustee(s) so appointed.

2.49 "Trust Fund" means the trust fund consisting of the assets of the Plan and maintained by the Trustee pursuant to the Plan and the Trust Agreement.

2.50 "Valuation Date" means the date on which the assets of the Plan are valued, determined in accordance with the Trust Agreement.

2.51 "Year of Service" means:

(a) For purposes of vesting prior to January 1, 2002, each Plan Year or portion thereof during which an Employee was credited with at least 1,000 Hours of Service.

(b) For purposes of determining eligibility, the first "computation period" in which the Employee completes at least 1,000 Hours of Service. An Employee's initial computation period is the 12-consecutive-month period following the Employee's employment commencement date. If the Employee does not complete at least 1,000 Hours of Service during the first computation period, subsequent computation periods are each Plan Year, beginning with the Plan Year in which the first anniversary of the Employee's employment commencement date falls.

ARTICLE 3. ELIGIBILITY AND PARTICIPATION

3.1 Eligibility to Participate. An individual hired or rehired as an Employee shall be eligible to become a Participant on the date he or she becomes an Eligible Employee or on any subsequent date.

3.2 Commencement of Participation. An individual who has satisfied the requirements for Plan participation and wishes to become a Participant shall follow the enrollment procedures prescribed by the Company and shall begin participating in the Plan as soon as administratively practicable after completion of the enrollment procedures.

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

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

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

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

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

(2) Not on the Payroll of a Participating Company, even though such person may be deemed, for any reason, to be an employee;

(3) Subject to an oral or written agreement that provides that such individual shall not be eligible to participate in the Plan;

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

(5) Classified by a Participating Company as a "leased employee" (within the meaning of Section 414(n) of the Code) with respect to such Participating Company or would be so classified but for the period-of-service requirement of Code Section 414(n)(2)(B); or

(6) A temporary employee, independent contractor, consultant, or any other person or entity for whom a Participating Company does not withhold federal income and employment taxes from such person's or entity's compensation.

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

3.4 Eligibility After Break in Service. An Eligible Employee who has incurred a Break in Service shall cease to be an Eligible Employee until he or she has again satisfied the eligibility conditions described in this Section after such Break in Service.

3.5 Suspension of Membership. A Participant's participation in the Plan shall be suspended for any period of time during which the Participant:

(a) Neither receives nor is entitled to receive any Compensation, including (without limitation) any leave of absence without pay; or

(b) Does not qualify as an Eligible Employee but remains a Participant.

In accordance with Section 10.8 and 11.4, participation is also suspended for 12 months if a Participant defaults on a Plan loan or 6 months if a Participant takes a Hardship Withdrawal. A Participant shall not make Participant Elected Contributions or receive any allocation of Company Contributions with respect to a period of suspended participation, but a suspended Participant's Accounts shall remain invested as a part of the Trust Fund and shall continue to share in the gains, income, losses and expenses of the Trust Fund.

3.6 Termination of Membership. A Participant's participation in the Plan shall terminate when his or her entire Plan Benefit has been distributed or on the date of his or her death, whichever occurs first. In the case of a Participant who is not entitled to a Plan Benefit, membership in the Plan shall terminate when the Participant ceases to be an Employee.

3.7 Military Service. Notwithstanding any provision of the Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Code Section 414(u).

ARTICLE 4. EMPLOYEE CONTRIBUTIONS.

4.1 Participant Elected Contributions. Each Participant whose participation in the Plan is not suspended may make Participant Elected Contributions to the Trust Fund pursuant to a Salary Deferral Agreement that specifies the amount of the contribution. Subject to the limitations set forth in Section 4.4 and Articles 13-15, the amount of the Participant Elected Contributions shall be equal to any whole percentage of his or her Compensation, as the Participant shall elect, except that this whole percentage shall not exceed 30 percent of his or her Compensation. Participant Elected Contributions shall be made through payroll deductions from the Participant's Compensation. If a Participant elects to make Participant Elected Contributions, the contributions shall be deemed to be employer contributions to the Plan for federal income tax purposes and, to the extent permitted, for purposes of other federal, state and local taxes. A Participant's election to make Participant Elected Contributions shall constitute an election to have the Participant's taxable salary or wages from the Participating Company reduced by the amount of the Participant Elected Contributions.

Notwithstanding any provision of this Section 4.1 to the contrary, with respect to any Eligible Employee who is hired or rehired by the Company on or after January 1, 2004, the Company may establish uniform and nondiscriminatory procedures pursuant to which a specified percentage of such Eligible Employee's Compensation is automatically contributed to the Plan as Participant Elected Contributions, unless such Eligible Employee affirmatively elects to not to make Participant Elected Contributions.

4.2 Suspension, Change and Resumption of Participant Elected Contributions. A Participant may elect to suspend or change the rate of Participant Elected Contributions and, having elected to suspend Participant Elected Contributions, may elect to resume them. Any such election shall be made by following the procedures prescribed by the Company, which election shall be put into effect at the time prescribed by the Company's procedures.

4.3 Contributions to the Trustee. The Participating Companies shall forward all Employee Contributions to the Trustee, for investment in the Trust Fund, as soon as administratively possible after they were withheld. Employee Contributions shall be credited to each Participant's Accounts as provided in Sections 6.3 and 6.4.

4.4 Limits on Participant Elected Contributions. This Section briefly describes the rules that limit the amount of Participant Elected Contributions that may be contributed to a Participant's Account for the Plan Year or calendar year.

(a) Compensation Limit. A Participant may not make further Participant Elected Contributions for the Plan Year once his or her Compensation reaches the Compensation Limitation.

(b) Annual Deferral Limit. As is described in detail in Article 13, a Participant's Participant Elected Contributions, together with certain other elective deferrals, made during a calendar year may not exceed the Annual Deferral Limit, as defined in Section 13.9(b).

(c) Average Deferral Percentage Limit. As is described in detail in Article 13, Participant Elected Contributions may be returned to certain Participants who are Highly Compensated Employees in the event that the average deferral percentage test is not met for the Plan Year.

(d) Section 415 "Annual Additions" Limit. As is described in detail in Article 15, if amounts credited to a Participant's Accounts during the Plan Year, other than earnings and Rollover Contributions, exceed the Section 415 "Annual Additions" limit, then Participant Elected Contributions may be returned to the Participant.

(e) Prospective Limitations. In order to ensure compliance with the average deferral percentage test and the Annual Additions limit, at any time during the Plan Year and at its sole discretion, the Company may require any Participant to discontinue or reduce the rate of his or her Participant Elected Contributions. The Company may require the discontinuance or reduction in the rate of Participant Elected Contributions even if its actions may prevent a Participant from making the maximum Participant Elected Contributions allowed by law.

(f) Nondeductible and Mistaken Contributions. As is described in detail in Section 5.6(e), Participant Elected Contributions that are not deductible by the Company or that are made by mistake are returned to the Company.

4.5 Rollover Contributions. The Plan may receive Rollover Contributions on behalf of an Eligible Employee if the following conditions are satisfied:

(a) The contribution is made entirely in the form of U.S. dollars; and

(b) The Eligible Employee demonstrates to the Company's satisfaction that the contribution is a qualifying rollover contribution under Section 402(c)(4), 403(a)(4), 457(e)(16) or 408(d)(3) of the Code.

If an Eligible Employee who is not a Participant makes a Rollover Contribution, then he or she shall be considered a Participant solely with respect to his or her Rollover Contribution Account until he or she becomes a Participant for all purposes pursuant to Article 3.

A Rollover Contribution shall be paid to the Plan in a lump sum in cash and shall be credited to the Participant's Rollover Account. The Participant may direct the investment of his or her Rollover Account by filing the specified investment election form in accordance with such rules as may be established by the Company.

4.6 Catch-up Contributions. All Participants who are eligible to make Participant Elected Contributions under this Plan and who have attained age 50 before the close of the Plan Year shall be eligible to make catch-up contributions in accordance with, and subject to the limitations of, Section 414(v) of the Code. Catch-up contributions shall be equal to any whole percentage of the Participant's Compensation, except that this whole percentage shall not exceed 30% (50% for Plan Years beginning on or after January 1, 2004) of his or her Compensation. Catch-up contributions shall not be taken into account for purposes of Matching Contributions under Section 5.1 of the Plan. Such catch-up contributions shall not be taken into account for purposes of the provisions of the Plan implementing the required limitations of Sections 402(g) and 415 of the Code. The Plan shall not be treated as failing to satisfy the provisions of the Plan implementing the requirements of Section 401(k)(3), 401(k)(11), 401(k)(12), 410(b), or 416 of the Code, as applicable, by reason of the making of such catch-up contributions.

ARTICLE 5. COMPANY CONTRIBUTIONS.

5.1 Matching Contributions. Subject to the limitations of Section 4.6, Section 5.6 and Articles 13-15, each Participating Company may, in its discretion, make Matching Contributions in an amount determined by the Participating Company. A Matching Contributions formula may limit the amount of Participant Elected Contributions that are taken into account for purposes of allocating Matching Contributions or may limit allocations of Matching Contributions to a specified group of Participants; provided, however, that the Matching Contribution formula(s) shall not discriminate in favor of Highly Compensated Employees. A Matching Contribution shall be paid to the Trustee as soon as reasonably practicable after the pay period to which it relates and shall be allocated to the Accounts of Participants as provided in Section 6.5.

5.2 Nonelective Contributions. Subject to the limitations in Section 5.6 and Articles 13-15, each Participating Company may, in its discretion, make Nonelective Contributions in an amount determined by the Participating Company. Such Nonelective Contributions shall be allocated to each Participant in the ratio that such Participant's Compensation bears to the Compensation of all Participants. The Company, in its sole discretion, may determine that the allocation of part or all of the Nonelective Contribution for a Plan Year shall be limited to the Nonelective Contribution Accounts of Participants who remain Eligible Employees on the last day of the relevant Plan Year. The Company may limit the amount of Compensation that is taken into account for purposes of allocating Nonelective Contributions, and it may determine that allocations of Nonelective Contributions shall be limited to a specified group of Eligible Employees; provided, however, that the Nonelective Contribution formula(s) shall not discriminate in favor of Highly Compensated Employees. For purposes of allocating such Nonelective Contributions for any Plan Year or other allocation period based on an Employee's Compensation, only

Compensation attributable to periods in such Plan Year or other allocation period during which such Employee was an Eligible Employee shall be taken into account. Nonelective Contributions shall be paid to the Trustee as soon as reasonably practicable following the close of the pay period to which it relates and shall be allocated to the Accounts of Participants as provided in Section 6.6.

Notwithstanding the foregoing and subject to the limitations in Section 5.6 and Articles 13-15, each Participating Company may, in its discretion, make a special Nonelective Contribution to each Participant who in his or her initial year of employment with the Participating Company may not make the maximum Participant Elected Contributions permitted under the Plan because in the same Plan Year he or she previously made pre-tax salary deferrals under a prior, unrelated employer's qualified plan. The amount of the special Nonelective Contribution shall be determined by the Participating Company. Such Nonelective Contributions shall be allocated as a percent of each eligible Participant's Compensation. The special Nonelective Contribution shall only be made on behalf of Participants that are Nonhighly Compensated Employees (as defined in Section 12.3).

Nonelective Contributions may include a core contribution equal to a specified percentage of Compensation to be made by the Company for each payroll period during the Plan Year.

5.3 Qualified Nonelective Contributions. The Participating Companies may make Qualified Nonelective Contributions pursuant to Article 13.6.

5.4 Qualified Matching Contributions. The Participating Companies may make Qualified Matching Contributions in an amount determined by the Participating Company. The Participating Company may, in its sole discretion, limit the amount of Participant Elected Contributions that are taken into account for purposes of allocating Qualified Matching Contributions, or it may determine that allocations of Qualified Matching Contributions shall be limited to a specified group of Eligible Employees; provided, however, that the Qualified Matching Contribution formula(s) shall not discriminate in favor of Highly Compensated Employees. Qualified Matching Contributions shall be paid to the Trustee as soon as reasonably practicable following the date as of which they are allocated.

5.5 Investment of Company Contributions. The Trustee shall invest the Company Contributions it receives in accordance with Section 6.2.

5.6 Limits on Company Contributions. This Section briefly describes the rules that limit the amount of Company Contributions that may be contributed to a Participant's Account for the Plan Year.

(a) Compensation Limit. A Company Contribution that is expressed as a percentage of a Participant's Compensation may not be based on Compensation in excess of the Compensation Limit in effect for the Plan Year.

(b) Average Contribution Percentage Limit. As is described in detail in Article 14, Matching Contributions, Qualified Matching Contributions or Qualified Nonelective Contributions may be returned to certain Participants who are Highly Compensated Employees in the event that the average contribution percentage test is not met for the Plan Year.

(c) Section 415 "Annual Additions" Limit. As is described in detail in Article 15, if amounts credited to a Participant's Accounts during the Plan Year, other than earnings and Rollover Contributions, exceed the limitation on Annual Additions, then Company Contributions may be returned to the Participant.

(d) Prospective Limitations. In order to ensure compliance with the average contribution percentage test and the Annual Additions limit, at any time during the Plan Year and at its sole discretion the Company may reduce or discontinue allocations of Company Contributions to any Participant's Account. The Company may implement this reduction or discontinuance of allocations of Company Contributions even if its action may prevent a Participant from receiving the maximum allocations to his or her Account allowed by law.

(e) Nondeductible or Mistaken Contributions. Any other provision of the Plan notwithstanding, Company Contributions and Participant Elected Contributions are conditioned upon their deductibility under Section 404 of the Code and the qualification of the Plan under Section 401(a) of the Code. If the deductibility of a Company Contribution or Participant Elected Contribution is denied, the amount for which a deduction is disallowed (reduced by any losses incurred with respect to such amount) shall be returned to the Participating Companies within one year after the disallowance of the deduction. If a Company Contribution or Participant Elected Contribution is made to the Plan by reason of a mistake of fact, the amount contributed by reason of such mistake (reduced by any losses incurred with respect to such amount) shall be returned to the Participating Companies within one year after the date such contribution was made.

ARTICLE 6. INVESTMENTS AND PARTICIPANTS' ACCOUNTS.

6.1 Investment Funds. All contributions to the Plan made pursuant to Articles 4 and 5 shall be paid to the Trust Fund established under the Plan. All such contributions shall be invested as provided under the terms of the Trust Agreement, which may include provision for the separation of assets into separate Investment Funds, including a Company Stock Fund.

6.2 Investment of Contributions. Employee Contributions and Company Contributions shall be apportioned among one or more of the Investment Funds as the Participant may specify according to the procedures prescribed by the Company; provided, however, that a Participant may direct a maximum of 50 percent of Employee Contributions, Rollover Contributions and Company Contributions to be invested in the Company Stock Fund. In the event that a Participant fails to make an investment election, contributions allocated to

his or her Accounts shall be invested in accordance with procedures prescribed by the Company. A Participant may elect to change the investment instructions with respect to future contributions according to the procedures prescribed by the Company.

6.3 Participant Elected Contributions Account. A Participant's Participant Elected Contribution Account shall consist of his or her Participant Elected Contributions, adjusted to reflect transfers and withdrawals from such Participant Elected Contributions Account and earnings, gains, expenses and losses attributable to the Investment Fund(s) in which the contributions are invested.

6.4 Rollover Contributions Account. A Participant's Rollover Contributions Account shall consist of his or her Rollover Contributions, adjusted to reflect transfers and withdrawals from such Rollover Contributions Account and earnings, gains, expenses and losses attributable to the Investment Fund(s) in which the contributions are invested.

6.5 Matching Contributions Account. A Participant's Matching Contributions Account shall consist of his or her Matching Contributions, adjusted to reflect transfers and withdrawals from such Matching Contributions Account and earnings, gains, expenses and losses attributable to the Investment Fund(s) in which the contributions are invested. Matching Contributions, determined under Section 5.1, shall be allocated to the Matching Contributions Account of each Participant who is entitled to a Matching Contribution pursuant to Section 5.1. Matching Contributions shall be allocated as of the last day of the period for which the Participant received Compensation with respect to which the Matching Contribution is made.

6.6 Nonelective Contributions Account. A Participant's Nonelective Contributions Account shall consist of his or her Nonelective Contributions, adjusted to reflect transfers and withdrawals from such Nonelective Contributions Account and earnings, gains, expenses and losses attributable to the Investment Fund(s) in which the contributions are invested. The Nonelective Contribution of a Participating Company, determined under Section 5.2, shall be allocated to the Nonelective Contribution Accounts of each Participant who is an Eligible Employee of the Participating Company on the date as of which the Nonelective Contribution is allocated. The Nonelective Contribution of a Participating Company shall be allocated to each Participant entitled to an allocation of such Nonelective Contribution in the proportion that such Participant's Compensation, while he or she was an Eligible Employee, bears to the Compensation of all Participants entitled to an allocation of the Participating Company's Nonelective Contribution. Allocations of Nonelective Contributions shall be made as of each payroll period.

6.7 Qualified Nonelective Contributions Account. A Participant's Qualified Nonelective Contributions Account shall consist of his or her Qualified Nonelective Contributions, adjusted to reflect transfers and withdrawals from such Qualified Nonelective Contributions Account and earnings, gains, expenses and losses attributable to the Investment Fund(s) in which the contributions are invested.

6.8 Qualified Matching Contributions Account. A Participant's Qualified Matching Contributions Account shall consist of his or her Qualified Matching Contributions, adjusted to reflect transfers and withdrawals from such Qualified Matching Contributions Account and earnings, gains, expenses and losses attributable to the Investment Fund(s) in which the contributions are invested.

6.9 Transfers Among Investment Funds. A Participant may elect to reapportion the values of his or her Accounts among Investment Funds by properly following procedures prescribed by the Company. The Company's procedures by which a Participant may elect to transfer amounts into or out of the Company Stock Fund shall be drafted to provide notice to Participants if such an election would cause a Participant to have a purchase or sale of Company Stock which is not exempt from potential short-swing trading profits liability under Section 16(b) of the Exchange Act by virtue of the application of Rule 16b-3 (promulgated under Section 16 of the Exchange Act) as in effect from time to time. As of the effective date of this amended and restated Plan, such liability may arise if such election is made by a Participant (or successor in interest) who is an officer, director, or greater than 10% stockholder of the Company (within the meaning of Section 16 of the Exchange Act and the rules promulgated thereunder) within six months following the date of the most recent election made under any employee benefit plan sponsored by the Company or an Affiliate if (a) both elections involved either an intra-plan transfer involving a fund invested in the Company's equity securities or a cash distribution from the employee benefit plan to the Participant (or successor in interest) funded by a volitional disposition of the Company's equity securities, (b) the prior election involved an acquisition of the Company's equity securities if the current election involves a disposition of the Company's equity securities, or vice versa, and (c) both elections are made at the volition of the Participant (or successor in interest) not in connection with the Participant's death, disability, retirement, termination of employment, or an election which is required to be made available under a provision of the Code. Such a volitional election (considering without regard as to whether or not any similar elections have occurred within six months of such an election) shall be described as a "Discretionary Transaction." On and after July 1, 1996, transfers into the Company Stock Fund shall be limited so that, after any such transfer, no more than 50% of the value of the Participant's aggregate Account is invested in the Company Stock Fund. For purposes of carrying out Investment Fund transfers, the value of the Accounts shall be determined as of the Valuation Date immediately preceding the Participant's transfer election.

6.10 Allocation of Investment Income. As soon as reasonably practicable after each Valuation Date, and within 90 days after the removal or resignation of the Trustee, the Trustee shall value the assets of the Trust Fund on the basis of fair market value as of the Valuation Date (or the day of resignation or removal of the Trustee if it is not a Valuation Date). Where separate Investment Funds have been established pursuant to Section 6.1, the Trustee shall value each such Investment Fund separately.

6.11 Account Statements. As soon as practicable after the last day of each Plan Year (and after such other dates as the Company may determine), there shall be prepared and

delivered to each Participant a written statement showing the fair market value of his or her Accounts as of the applicable date and such other information as the Company may determine.

ARTICLE 7. VESTING OF PARTICIPANTS' ACCOUNTS.

7.1 100 Percent Vesting. Except for those Participants whose employment with a member of the Affiliated Group was terminated on or prior to December 31, 2001, a Participant's interest in all of his or her Participant Elected Contributions Account, Qualified Matching Contributions Account, Qualified Nonelective Contributions Account, Rollover Contributions Account, Matching Contributions Account and Nonelective Contributions Account shall be 100% vested and nonforfeitable at all times.

7.2 Forfeitures. If a Participant ceased to be an Employee prior to January 1, 2002, at a time when he or she was not yet fully vested in his or her Nonelective Contributions Account or Matching Contributions Account, the unvested amount of his or her Nonelective Contributions Account and Matching Contributions Account constituted a Forfeiture for the Plan Year in which employment terminated, provided that the Participant requested a distribution of the vested amount in his or her Accounts. Such Forfeitures were applied to reduce Nonelective Contributions and Matching Contributions for the Plan Year. If such a Participant is rehired as an Employee prior to incurring a Five-Year Break in Service, then the amount of the Forfeiture shall be restored, without earnings, and such Participant shall have a fully vested interest in the restored amount. If the Participant is rehired after incurring a Five-Year Break in Service such reemployment shall have no effect on the prior Forfeiture and such amount shall be permanently forfeited. To the extent that Forfeitures for the Plan Year in which the Participant is rehired are insufficient to reinstate the rehired Participant's Forfeiture, then the appropriate Participating Company shall make a special contribution in the amount required to reinstate the Forfeiture.

In the event the Participant's service with the Affiliated Group terminated prior to January 1, 2002 and no payment of the Participant's nonforfeitable interest was made, the forfeitable amount of the Participant's interest shall be permanently forfeited after the Participant has incurred a Five-Year Break in Service, as of a Valuation Date determined in a uniform and consistent manner by the Company. In the event the Participant returns to the service of the Affiliated Group before incurring a Five-Year Break in Service, the Participant's Accounts shall become fully vested upon such return to service.

7.3 Determination of Account Balance. Whenever a Participant or his or her Beneficiary is entitled to receive the entire amount or a percentage of his or her Account balance, the amount of such balance (including the value of any Company Stock held in his or her Account) shall be the amount in (or value of) such Account as of the Valuation Date immediately preceding the date of distribution.

7.4 Lost Participant or Beneficiary. In the event that a Beneficiary or Participant cannot be located at the time a benefit is payable from the Plan to him or her, then at the close of

the 12-consecutive-month period following the date on which the amount became payable, the amount shall be treated as a Forfeiture. Such a Forfeiture shall nevertheless be reinstated, without interest, if the Participant or Beneficiary subsequently is located and makes a valid claim for the benefit.

ARTICLE 8. DISTRIBUTION OF PLAN BENEFIT.

8.1 General Rule. All distributions under the Plan shall be made in accordance with Section 401(a)(9) of the Code, including the minimum distribution incidental death benefit requirement of Code Section 401(a)(9)(G), and Treasury Regulation Sections 1.401(a)(9)-2 through 1.401(a)(9)-9. Such regulations are incorporated in the Plan by reference and shall supersede any other provision of the Plan to the contrary.

8.2 Events Permitting Distribution. No distribution may be made of any amounts credited to a Participant's Accounts except:

(a) After the Participant's death, Disability or termination of employment for any other reason;

(b) On or after termination of the Plan, provided that (i) neither the Participating Company nor any Affiliate of the Participating Company maintains a successor defined contribution plan (other than an employee stock ownership plan) and (ii) the Participant's distribution is made in the form of a lump sum; or

(c) As required by applicable law or in connection with a QDRO, as provided in Article 9, or an in-service withdrawal, as provided in Article 11.

8.3 Time of Distribution.

(a) Except as provided in Sections 8.5, 8.7 and 8.8, and unless a Participant elects otherwise, the distribution of a Participant's Plan Benefit under Section 8.6 shall occur or commence not later than sixty (60) days after the close of the Plan Year in which occurs the later of (i) the Participant's attainment of Normal Retirement Age or (ii) the Participant's termination of employment.

(b) A Participant who terminates employment prior to Normal Retirement Age may elect to receive or commence receipt of his or her Plan Benefit at any reasonable time after termination of employment, but in no event later than the Required Beginning Date (as defined in Section 8.5). If the Participant terminates employment on or after Normal Retirement Age, distribution of his or her Plan Benefit shall commence not later than one (1) year after the end of the Plan Year in which such termination of employment occurs unless the Participant elects to defer payment to a future date, but not later than his or her Required Beginning Date. An election under this Subsection must be made in writing during the ninety (90) day period before the date the distribution is to occur or commence. Such election must not be made before the Participant receives a notice describing

the material features of the Plan, explaining the relative values of the optional forms of benefit available, and informing the Participant of his or her right (if applicable) to defer receipt of his distribution until his Required Beginning Date, in a manner that satisfies the notice requirements of Section 417(a)(3) of the Code. Such notice shall be provided by the Company not less than thirty (30) days and not more than ninety (90) days before the Participant's distribution is to occur or commence; provided, however, such notice may be provided less than thirty (30) days before distribution is to occur or commence provided that the Participant is notified that he or she has at least thirty (30) days to consider the distribution options and the Participant elects to waive the thirty (30) day period. The notice shall be furnished in writing or through electronic medium reasonably accessible to the Participant.

8.4 Amount of Plan Benefit. A Participant's Plan Benefit shall consist of the Participant's entire interest in his or her Accounts.

8.5 Latest Time of Distribution. In no event shall a Participant's Plan Benefit be distributed later than his or her "Required Beginning Date," which is April 1 of the calendar year following the calendar year in which occurs the later of (a) the Participant's attainment of age seventy and one-half (70 1/2), or (b) the Participant's retirement (within the meaning of Code Section 401(a)(9)); provided, however, if the Participant is a five percent owner (as defined in Section 416(i) of the Code) with respect to the Plan Year during which the Participant attains age 70 1/2, clause (b) shall not apply.

8.6 Forms of Distribution.

(a) A Participant's Plan Benefit shall be distributed in any of the following forms that he or she elects:

(1) A single sum cash distribution;

(2) A single sum distribution in full shares of Company Stock (with the value of any fractional share paid in cash);

(3) A single sum distribution paid in a combination of cash and full shares of Company Stock; or

(4) Cash installments paid at least annually over a period certain not exceeding the life expectancy of the Participant or the joint life expectancy of the Participant and his or her designated Beneficiary. All life expectancies shall be determined not later than the date when payments commence and shall not be redetermined thereafter. The amount of each installment payment shall be determined by dividing the remaining years in the period certain by the value of the Participant's Account.

(b) If, by the time for the distribution of a Participant's Plan Benefit in accordance with the foregoing provisions of this Article 8, the Participant has not made any election as to the form of the distribution, payment of his or her Plan Benefit shall be made in the form of a single sum cash distribution.

(c) To the extent that a distribution is to be made in a number of shares of Company Stock that exceeds the number of shares in the Participant's Account under the Company Stock Fund, amounts in one or more other Investment Funds comprising the Participant's Account shall be applied to purchase the required additional shares of Company Stock at their fair market value at the time of purchase.

(d) The Company shall establish procedures to notify a Participant (or successor in interest) if any election regarding the form or timing of distribution of benefits from the Plan involving the Company Stock Fund constitutes a Discretionary Transaction (as defined in Section 6.9) which may trigger short-swing trading profits liability for the Participant (or successor in interest) under Section 16(b) of the Exchange Act. In such an event, the person making the election shall be provided with a reasonable opportunity to modify, delay, or revoke such an election.

8.7 Time of Distribution of Death Benefit. If a Participant dies before commencing his or her Plan Benefit, then the Participant's Beneficiary shall be entitled to receive the Plan Benefit pursuant to this Section 8.7. (Section 8.10 provides that the surviving spouse of a married Participant shall be his or her Beneficiary, unless the Participant, with the spouse's consent, has otherwise elected prior to his or her death.) The Participant's Plan Benefit shall be distributed to the Participant's Beneficiary in a lump sum no later than December 31 of the calendar year following the year of the Participant's death, subject to the following:

(a) If the Beneficiary is the Participant's surviving spouse, then such surviving spouse may elect to defer distribution of the Participant's Plan Benefit until a later date, but in no event later than the date that the Participant would have attained age 70-1/2.

(b) If the Beneficiary is a child of the Participant who is under the age of 18 at the time of the Participant's death, then such Beneficiary may elect to defer distribution of the Participant's Plan Benefit until a later date, but in no event later than the later of the Beneficiary's attainment of age 18 or five (5) years after the Participant's death.

If the Participant dies after commencing benefits but before all installments have been made, the Participant's remaining Account balance shall be paid to his or her Beneficiary in a single lump sum as soon as practicable after the Participant's death; provided, however, if the Beneficiary is the Participant's surviving spouse, such surviving spouse

may elect to continue to receive installments payable at the same times and in the same amounts as would have been payable to the Participant. Notwithstanding any provision of the Plan to the contrary, if a Participant dies after commencing installments but before his or her entire Account has been distribution, the remaining portion of such Account will be distributed at least as rapidly as under the method of distribution being used on the date of the Participant's death.

8.8 Small Benefits: Lump Sum. Any other provision of this Article notwithstanding, if the value of a Participant's entire Plan Benefit equals $5,000 or less (including a Plan Benefit of $0) before the first payment of the Plan Benefit is made, then the Plan Benefit shall be paid (or deemed paid if the Plan Benefit is $0) as soon as reasonably practicable after the Participant's termination of employment to the Participant (or to his or her Beneficiary in the case of the Participant's death) in a single lump sum in cash. For purposes of this section, the value of a Participant's Plan Benefit shall be determined without regard to that portion of the Participant's Account that is attributable to Rollover Contributions (and earnings allocable thereto).

8.9 Direct Rollovers. A "Distributee" who is a Participant, an Alternate Payee under a QDRO or a Beneficiary who is a deceased Participant's surviving spouse may elect to have a distribution of a Plan Benefit paid directly to the Eligible Retirement Plan (defined in Subsection (a) below) specified by the Distributee in a Direct Rollover, except to the extent that the distribution is not an Eligible Rollover Distribution (defined below in Subsection (b)).

(a) Definition of Eligible Retirement Plan. An Eligible Retirement Plan is an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity contract described in Section 403(b) of the Code, an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan, or a qualified trust described in Section 401(a) of the Code, that accepts the Distributee's Eligible Rollover Distribution. The definition of Eligible Retirement Plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the Alternate Payee under a qualified domestic relations order, as defined in Section 414(p) of the Code.

(b) Definition of Eligible Rollover Distribution. An Eligible Rollover Distribution is any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include: (1) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated beneficiary, or for a specified period of 10 years or more; (2) any distribution to the extent the distribution is required under Section 401(a)(9) of the Code; or (3) any amount that is distributed on account of hardship

shall not be an eligible rollover distribution and the Distributee may not elect to have any portion of such a distribution paid directly to an eligible retirement plan. A distribution shall not fail to be an Eligible Rollover Distribution merely because a portion of it consists of after-tax deposits; provided such portion may be rolled over only to an individual retirement account or annuity described in Section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in Section 401(a) or 403(a) of the Code that agrees to separately account for the amounts so transferred, including separately accounting for the portion of such distribution that is includible in gross income and the portion which is not so includible.

8.10 Beneficiary. Subject to Section 8.11, a Participant's Beneficiary shall be the person(s) so designated by the Participant. If the Participant has not made an effective designation of a Beneficiary, or if the named Beneficiary is not living when a distribution is to be made, then (a) the then-living spouse of the deceased Participant shall be the Beneficiary or (b) if none, the then-living children of the deceased Participant shall be the Beneficiaries in equal shares or (c) if none, the then-living parents of the deceased Participant shall be the Beneficiaries in equal shares, or (d) if none, the then-living brothers and/or sisters of the deceased Participant shall be the Beneficiaries in equal shares, or (e) if none, the estate of the Participant shall be the Beneficiary. The Participant may change his or her designation of a Beneficiary from time to time. Any designation of a Beneficiary (or an amendment or revocation thereof) shall be effective only if it is made according to the procedures prescribed by the Company and is received by the Participating Company prior to the Participant's death.

8.11 Spousal Consent Needed to Name a Nonspouse Beneficiary. Any other provision of the Plan notwithstanding, in the case of a married Participant, any designation of a person other than his or her spouse as Beneficiary shall be effective only if the spouse consents in writing to the designation. The spouse's consent shall be witnessed by a notary public or, if permitted by the Company, by a representative of the Plan. A consent to a designation of a particular Beneficiary, once given by the spouse, shall not be revocable by that spouse. The designation of a particular Beneficiary may not be changed without further spousal consent (unless the consent or a prior consent expressly permits designations by the Participant without any requirement of further consent by the spouse). The spouse's consent shall not be required if the Participant establishes to the Company's satisfaction that the spouse's consent cannot be obtained because the spouse cannot be located or because of other reasons deemed acceptable under applicable regulations. The Company may require such evidence of the right of any person to receive payment under this Section as the Company may deem advisable. The Company's determination of the right under this Section of any person to receive payment shall be conclusive.

8.12 Determination of Marital Status. Whether a Participant is married shall be determined by the Company as of the date when distribution is to be made.

8.13 Incapacity. If, in the Company's opinion, a Participant or Beneficiary for any reason is incompetent or becomes unable to handle properly any property distributable to him or her under the Plan, then the Company may make any arrangements that it determines to be beneficial to the Participant or Beneficiary for the distribution of such property on his or her behalf, including (without limitation) the distribution of such property to the guardian, conservator, spouse or dependent(s) of the Participant or Beneficiary.

ARTICLE 9. DISTRIBUTION TO AN ALTERNATE PAYEE UNDER A QDRO; FREEZING PARTICIPANT ACCOUNTS

9.1 Immediate Distribution.

(a) Any distribution to an Alternate Payee of all or some portion of a Participant's Accounts pursuant to a qualified domestic relations order, shall be made as soon as reasonably practicable after the order is determined to be a QDRO, if:

(1) The QDRO specifies such time of distribution; or

(2) The Alternate Payee has consented in writing to such time of distribution.

(b) Notwithstanding the foregoing, in determining the award to an Alternate Payee under a QDRO, the award to the Alternate Payee shall be derived solely from a portion of the Participant's vested Accounts in the Plan as of the Valuation Date provided in the QDRO.

9.2 Alternate Payee Accounts. In all cases where Section 9.1 above is not applicable, separate "Alternate Payee Accounts" shall be established for the Alternate Payee at such time as the Company shall determine. The portion of each of the Participant's Accounts that was assigned or made payable to the Alternate Payee by the QDRO shall be transferred to such Alternate Payee Accounts. Unless the QDRO otherwise provides, the transfers to the Alternate Payee Accounts shall be made pro rata from the Participant's Accounts. Alternate Payees may change the investment of their Alternate Payee Accounts pursuant to Section 6.9. Alternate Payees may not take loans or make withdrawals from their Alternate Payee Accounts under Articles 10 and 11. Alternate Payees may not make any contributions to their Alternate Payee Accounts.

9.3 Freezing Participant Accounts. As soon as practicable after the date the Plan Administrator receives credible information that a qualified domestic relations order, pursuant to Code Section 414(p) and ERISA Section 206(d)(3), may be forthcoming, the Plan Administrator shall freeze the relevant Participant's Accounts for a reasonable period of time to permit the Participant and/or Alternate Payee to obtain a domestic relations order. As soon as practicable after the date the Plan Administrator receives a domestic relations order, the Plan Administrator shall freeze the relevant Participant's Accounts for a period of up to 18 months to allow for a determination of whether the domestic relations order meets the requirements of a qualified domestic relations order as defined in Code Section 414(p) and ERISA Section 206(d)(3). To the extent that a

Participant's Accounts are frozen, no loans, withdrawals or distributions are permitted from such Accounts.

9.4 Death of Alternate Payee. In all cases, if an Alternate Payee dies prior to the time that Alternate Payee has received all or any portion of the benefits assigned to the Alternate Payee by a QDRO, the benefits shall be paid to the Beneficiary(ies) designated by Alternate Payee on forms provided by the Plan Administrator for this purpose. If Alternate Payee has not made an effective designation of Beneficiary or if the designated Beneficiary is not living when a distribution is to be made, the entire balance in his or her Alternate Payee Accounts shall be distributed to his or her estate (unless the QDRO otherwise provides).

9.5 Distributions From Alternate Payee Accounts. Distributions to Alternate Payees from their Alternate Payee Accounts shall be made as soon as reasonably practicable after the Plan Administrator's receipt of completed distribution forms provided by the Plan Administrator for this purpose.

9.6 Expenses Related to QDRO. The Plan Administrator may elect, on a uniform and nondiscriminatory basis, to charge any expenses related to a QDRO to Participant's Accounts.

ARTICLE 10. LOANS.

10.1 Amount of Loan. A Participant may obtain a cash loan from his or her Accounts if he or she is an Employee who is not on a leave of absence at the time of the loan and his or her Plan participation is not suspended pursuant to Section 3.5. The minimum amount of any such loan shall be $1,000 at the time the loan is elected. No loan shall be granted under the Plan if such loan, when aggregated with the Participant's outstanding loans under any other qualified plans maintained by any member of the Affiliated Group, would exceed the lesser of:

(a) $50,000, less the amount by which such aggregate balance has been reduced through repayments during the period of 12 months ending on the day before the new loan is made; or

(b) One-half of the balances in the Participant's Accounts.

10.2 Terms of Loans. A loan to a Participant shall be made on such terms and conditions as the Company may determine, provided that the loan shall:

(a) Be evidenced by a promissory note signed by the Participant and secured by one-half of the value of his or her Accounts, to the extent vested (regardless of the amount of the loan or the source of the loan funds);

(b) Effective as of July 1, 2003, bear a rate of interest equal to the prime rate plus one percentage point as published in the Wall Street Journal, determined as of the last

day of the preceding calendar quarter or such other rate as may be required by law for a Participant on a leave of absence due to qualified military service as defined in Code Section 414(u);

(c) Provide for level amortization over its term with payments at monthly or more frequent intervals, as determined by the Company;

(d) Provide for loan payments (1) to be withheld whenever possible through periodic payroll deductions from the Participant's compensation from any member of the Affiliated Group or (2) to be paid by check or money order whenever payroll withholding is not possible. Notwithstanding the foregoing, effective for loans made on or after January 1, 2004, if a Participant previously had a deemed distribution of a loan that has not been repaid and such Participant subsequently obtains a loan under the Plan, then such Participant must repay the subsequent loan through payroll deduction;

(e) Provide for repayment in full on or before the earlier of (1) the date when the Participant severs from all employment with any member of the Affiliated Group or (2) the date (A) five years after the loan is made or (B) 20 years after the loan is made if the loan is used to acquire a dwelling unit which within a reasonable time is to be used as the Participant's principal residence. Notwithstanding the foregoing, effective January 1, 2004, loan repayments may be suspended under the Plan as permitted under Section 414(u) of the Code and, effective for loans made on or after January 1, 2004, the term of a Participant's loan may be extended by the length of the Participant's leave of absence due to qualified military service as defined in Code Section 414(u) in accordance with the requirements of Code Section 72(p) and the regulations thereunder;

(f) Provide that a Participant may not receive any distribution from any of his or her Accounts under Article 8 or 11 until the loan obligation is repaid, except to the extent that all or any part of such distribution is used to repay the outstanding balance of the loan; and

(g) Provide that a Participant's Accounts may not be applied to the satisfaction of the Participant's loan obligations before the Accounts become distributable under Article 8, unless the Company determines that the loan obligations are in default because a periodic payment is more than 90 days past due and takes such actions as the Company deems necessary or appropriate to cause the Plan to realize on its security for the loan. Such actions may include (without limitation) an involuntary withdrawal from the Participant's Accounts, whether or not the withdrawal would be permitted under Article 11 on a voluntary basis; provided that an involuntary withdrawal attributable to Company Contributions made with respect to Plan Years that ended less than 24 months prior to the date of the withdrawal (adjusted to reflect any earnings, appreciation or losses attributable to Company Contributions) or attributable to Participant Elected Contributions shall be permitted only to the extent that the hardship requirements of Code

Section 401(k)(2)(B)(I)(IV) and of Sections 1.401(k)-1(d)(2)(ii) and 1.401(k)1(d)(2)(iii)(A) of the Treasury Regulations are met. The Company may take such other action as it deems necessary to recover the balance of a loan secured by the Participant's Accounts. If an involuntary withdrawal occurs (or would have occurred if permitted under this Section, the Participant shall not be permitted to obtain a loan under the Plan thereafter.

10.3 Company Consent. The Company, in its sole discretion, may withhold its consent to any loan under this Article or may consent only to the borrowing of a part of the amount requested by the Participant. The Company shall act upon requests for loans in a uniform and nondiscriminatory manner, consistent with the requirements of Section 401(a), Section 401(k) and related provisions of the Code.

10.4 Source of Loans. If a Participant requests and is granted a loan, a Loan Account shall be established for the Participant. The Loan Account shall be held by the Trustee as part of the Loan Fund. The amount of the loan shall be transferred to the Participant's Loan Account from the Participant's other Accounts and shall be disbursed from the Loan Account. Transfers from the Company Stock Fund shall be made in accordance with the requirements for exemption under Section 16(b) of the Exchange Act if such a transfer would cause the Participant to incur short-swing trading profits liability under Section 16(b) of the Exchange Act. The promissory note executed by the Participant shall be held by the Trustee (or by the Company as agent of the Trustee) and the promissory note shall be treated as an investment of the Participant's Loan Account.

10.5 Disbursement of Loans. A Participant may request a loan by completing the loan request procedures prescribed by the Company. A loan shall be disbursed as soon as reasonably practicable after the date on which the Company (or its agent) receives the loan request (subject to the Company's consent).

10.6 Loan Fees. A Participant who obtains a loan under this Article shall be required to pay such fees as the Company may impose in order to defray the cost of administering loans from the Plan.

10.7 Valuation Date. For purposes of this Article, the value of a Participant's Accounts shall be determined as of a Valuation Date within a reasonable period, not generally to exceed 30 days, on or after the date on which the Company (or its agent) receives the prescribed loan request.

10.8 Loan Payments and Defaults. Principal and interest payments on a Participant's loan shall be credited initially to the Participant's Loan Account and shall be transferred as soon as reasonably practicable thereafter to the Participant's other Accounts in the ratio specified by the Participant under Section 6.2 for the investment of future contributions. Any loss caused by nonpayment or other default on a Participant's loan obligations shall be satisfied solely by that Participant's Accounts. If a Participant defaults on a Plan loan, both his or her participation and ability to obtain a Plan loan shall be suspended for 12

months. The consequences of suspension from participation in the Plan are described in Section 3.5.

ARTICLE 11. WITHDRAWALS WHILE EMPLOYED.

11.1 Age 59 1/2 and Disability Withdrawals

(a) A Participant who is an Employee and who has attained age 59 1/2 may withdraw up to the full amount of his or her Accounts.

(b) A Participant who is an Employee and who is Disabled may withdraw up to the full amount of his or her Accounts.

11.2 Hardship Withdrawals. A Participant who is an Employee may take a Hardship Withdrawal of all or any portion of his or her previously unwithdrawn Employee Contributions and earnings thereon accrued prior to January 1, 1988. A Hardship Withdrawal may be made only if the Company determines that it is required on account of one or more of the following Hardships:

(a) The construction or purchase (excluding mortgage payments) of a principal residence of the Participant;

(b) The payment of tuition and related educational fees for up to 12 months of post-secondary education for the Participant or his or her spouse, children or dependents;

(c) The payment of medical expenses described in Section 213(d) of the Code incurred by the Participant or the Participant's spouse or dependents, or to obtain medical care giving rise to such expenses;

(d) The payment of expenses incurred by the Participant for the funeral of a family member;

(e) The prevention of the eviction of the Participant from his or her principal residence or foreclosure on a mortgage on the Participant's principal residence; or

(f) A financial need that has been identified as a deemed immediate and heavy financial need in a ruling, notice or other document of general applicability issued under the authority of the Commissioner of Internal Revenue.

For purposes of this Section, the term "dependent" shall be defined as set forth in Section 152 of the Code.

11.3 Amount of a Hardship Withdrawal. The maximum amount of a Hardship Withdrawal is the amount necessary to satisfy the immediate and heavy financial need caused by the Hardship, including amounts necessary to pay taxes or penalties that the Company determines may be reasonably anticipated to result from the Hardship Withdrawal. The

determination of the amount of a permitted Hardship Withdrawal is made by the Company only after the Participant has obtained all withdrawals and distributions, other than hardship withdrawals, and all nontaxable loans under all plans maintained by the Affiliated Group.

11.4 Consequences of a Hardship Withdrawal. Plan participation and all employee before- and after-tax contributions to the Plan and other qualified and nonqualified deferred compensation plans sponsored by members of the Affiliated Group shall be suspended for a period of 6 months following a Hardship Withdrawal. The consequences of suspension from the Plan are described in Section 3.5.

11.5 Valuation Date. For purposes of this Article, the value of a Participant's Accounts shall be determined as of the Valuation Date preceding the date on which the withdrawal is to be paid.

11.6 Source of Withdrawals. Withdrawals shall be paid from the affected Accounts. If more than one Account is available to pay the withdrawal because the Participant elected to invest in more than one Investment Fund, the withdrawal shall be made from the subaccount(s) designated by the Participant, subject to such ordering and timing restrictions as the Company may adopt. Reasonable costs of processing the withdrawal shall also be charged to the Participant's Accounts.

11.7 Payment of Withdrawals. A Participant may request a withdrawal by following the procedures prescribed by the Company. A withdrawal shall be paid as soon as reasonably practicable after the date on which the Company receives the prescribed withdrawal request. Withdrawals shall be paid only in cash.

11.8 Limitations on Withdrawals. A Participant shall not be permitted to make more than one withdrawal under this Article in any period of six consecutive months; provided, however, that withdrawals made at the same time shall be considered a single withdrawal. The timing of withdrawals from the Company Stock Fund shall be limited when necessary to avoid liability from the short-swing trading profits provisions of Section 16(b) of the Exchange Act.

ARTICLE 12. HIGHLY COMPENSATED EMPLOYEE DEFINITION.

12.1 Determining the Highly Compensated Employee Group. An individual is deemed to be a Highly Compensated Employee for any Plan Year if the individual is an active Employee who, during the look-back year, received Section 415 Compensation of more than $80,000 (or such larger amount as may be adopted by the Commissioner of Internal Revenue to reflect a cost-of-living adjustment) and was a member of the Top-Paid Group; or was a five-percent owner at any time during the Plan Year or the look-back year. The look-back year shall be the 12-month period immediately preceding the Plan Year. The determination of who is a Highly Compensated Employee, including the determinations of the number and identity of Employees in the Top Paid Group and the

Section 415 Compensation that is considered, will be made in accordance with Section 414(q) of the Code and the regulations thereunder.

12.2 "Highly Compensated Former Employee" means a former Employee who separated from service (or is deemed to have separated) prior to the determination year, performs no service for any member of the Affiliated Group during the determination year, and was a Highly Compensated Employee as an active Employee for either the separation year or any determination year ending on or after the Employee's 55th birthday. The determination of who is a Highly Compensated Former Employee will be made in accordance with Section 414(q) of the Code and regulations thereunder.

12.3 "Nonhighly Compensated Employee" for any Plan Year means any active Employee who is not a Highly Compensated Employee.

12.4 "Top-Paid Group" for any Plan Year means the top 20 percent (in terms of Section 415 Compensation) of all Employees of the Affiliated Group, where the number that is 20 percent of all Employees of the Affiliated Group is determined by excluding:

(a) Any Employee covered by a collective bargaining agreement;

(b) Any Employee who is a nonresident alien with respect to the United States and who receives no income with a source within the United States from a member of the Affiliated Group;

(c) Any Employee who has not completed six months of service at the end of the Plan Year;

(d) Any Employee who normally works less than 17 1/2 hours per week;

(e) Any Employee who normally works no more than six months during any year; and

(f) Any Employee who has not attained the age of 21 at the end of the Plan Year.

The Company may elect, in a consistent and uniform manner, to apply one or more of the age- and service-based exclusions above by substituting a younger age or shorter period of service, or by not excluding individuals on the basis of age or service.

ARTICLE 13. CONTRIBUTION LIMITATIONS: ANNUAL DEFERRAL LIMITATIONS AND AVERAGE DEFERRAL PERCENTAGE LIMITATIONS.

13.1 Return of Excess Deferrals. The aggregate Participant Elected Contributions of any Participant for any calendar year, together with his or her elective deferrals under any other plan or arrangement to which Section 402(g) of the Code applies and that is maintained by a member of the Affiliated Group, shall not exceed the Annual Deferral Limit. In the event that the aggregate Participant Elected Contributions of any Participant for any calendar year, together with any other elective deferrals (within the meaning of

Section 402(g)(3) of the Code) under all plans, contracts or arrangements of the Affiliated Group and any other employers, exceed the Annual Deferral Limit, then the Participant may designate all or a portion of such Excess Deferrals as attributable to this Plan and may request a refund of such portion by notifying the Company in writing on or before the March 1 next following the close of such calendar year. If timely notice is received by the Company, then such portion of the Excess Deferrals, and any income or loss allocable to such portion, shall be refunded to the Participant not later than the April 15 next following the close of such calendar year.

If the Participant fails properly to request a distribution of all such Excess Deferrals, and such Excess Deferrals are attributable solely to plans, contracts or arrangements of the Affiliated Group, then the Company shall be deemed to have notice of such Excess Deferrals and shall designate one or more plans maintained by a member of the Affiliated Group from which the refund of Excess Deferrals and allocable income or loss shall be made no later than April 15 next following the close of such calendar year.

Any Participant Elected Contributions distributed pursuant to this Section 13.1 shall not be included in the Participant Elected Contributions to which a Matching Contribution under Section 5.1 or a Qualified Matching Contribution under Section 5.4 of the Plan attaches.

13.2 Actual Deferral Percentage Limitation. The Plan shall satisfy the actual deferral percentage test, as provided in Section 401(k)(3) of the Code and the regulations issued thereunder. Subject to the special rules described in Section 13.7, the Aggregate 401(k) Contributions of Highly Compensated Employees shall not exceed the limits described below:

(a) An Actual Deferral Percentage shall be determined for each individual who, at any time during the Plan Year, is a Participant (including a suspended Participant) or is eligible to participate in the Plan, which Actual Deferral Percentage shall be the ratio, computed to the nearest one-hundredth of one percent, of the individual's Aggregate 401(k) Contributions for the Plan Year to the individual's Section 414(s) Compensation for the Plan Year;

(b) The Actual Deferral Percentages (including zero percentages) of Highly Compensated Employees and Nonhighly Compensated Employees shall be separately averaged to determine each group's Average Deferral Percentage; and

(c) The Aggregate 401(k) Contributions of Highly Compensated Employees shall constitute Excess Contributions and shall be reduced, pursuant to Sections 13.3 and 13.4, to the extent that the Average Deferral Percentage of Highly Compensated Employees exceeds the greater of (1) 125 percent of the Average Deferral Percentage of Nonhighly Compensated Employees for the preceding Plan Year or (2) the lesser of (A) 200 percent of the Average Deferral Percentage of Nonhighly Compensated Employees for the preceding Plan Year or (B) the

Average Deferral Percentage of Nonhighly Compensated Employees for the preceding Plan Year plus two percentage points.

13.3 Allocation of Excess Contributions to Highly Compensated Employees. Any Excess Contributions for a Plan Year shall be allocated to Highly Compensated Employees by use of a leveling process, whereby the amount of Aggregate 401(k) Contributions of the Highly Compensated Employee with the highest amount of Aggregate 401(k) Contributions is reduced to the extent required to (a) eliminate all Excess Contributions or (b) cause such Highly Compensated Employee's amount of Aggregate 401(k) Contributions to equal the amount of Aggregate 401(k) Contributions of the Highly Compensated Employee with the next highest amount of Aggregate 401(k) Contributions. The leveling process shall be repeated until all Excess Contributions for the Plan Year are allocated to Highly Compensated Employees. Notwithstanding the foregoing, for Plan Years beginning after December 31, 1996, any determination of Excess Contributions of a Highly Compensated Employee shall be made on the basis of the Highly Compensated Employee's actual deferral ratio in accordance with Code Section 401(k)(8)(C) and the Regulations promulgated thereunder.

13.4 Distribution of Excess Contributions. Excess Contributions allocated to Highly Compensated Employees for the Plan Year pursuant to Section 13.3, together with any income or loss allocable to such Excess Contributions, shall be distributed to such Highly Compensated Employees not later than two-and-one-half months following the close of such Plan Year, if possible, and in any event no later than 12 months following the close of such Plan Year. Any Participant Elected Contributions distributed pursuant to this Section 13.4 shall not be included in the Participant Elected Contributions to which a Matching Contribution under Section 5.1 or a Qualified Matching Contribution under Section 5.4 of the Plan attaches. Notwithstanding the foregoing, for Plan Years beginning after December 31, 1996, any distribution of Excess Contributions for a Plan Year to Highly Compensated Eligible Employees shall be made on the basis of the dollar amount of Participant Elected Contributions made by, or on behalf of, each such Highly Compensated Eligible Employee in accordance with Code Section 401(k)(8)(C).

13.5 Qualified Matching Contributions. The Company, in its sole discretion, may include all or a portion of the Qualified Matching Contributions for a Plan Year in Aggregate 401(k) Contributions taken into account in applying the Average Deferral Percentage limitation described in Section 13.2 for the Plan Year; provided that such Qualified Matching Contributions for the Plan Year are fully and immediately vested, may not be withdrawn while the Participant is an Employee or may be withdrawn only in circumstances that would permit a Hardship Withdrawal, and the additional requirements of Treasury Regulation Section 1.401(k)-1(b)(5) are satisfied.

13.6 Corrective Qualified Nonelective Contributions. In order to satisfy (or partially satisfy) the Average Deferral Percentage limitation described in Section 13.2 or the Average Contribution Percentage limitation described in Section 14.1 (or both of such limitations), the Company, in its sole discretion, may cause one or more Participating Companies to make a Qualified Nonelective Contribution to the Plan. Any such Qualified Nonelective

Contribution shall be allocated to the Accounts of those Participants who are eligible to receive an allocation of Matching Contributions under Section 5.1 of the Plan or Nonelective Contributions under Section 5.2, as the Company designates, and who are Nonhighly Compensated Employees for the Plan Year with respect to which the Qualified Nonelective Contribution is made, beginning with the Participant with the lowest Section 414(s) Compensation for the Plan Year and allocating the maximum amount permissible under Article 15 before allocating any portion of the Qualified Nonelective Contribution to the Participant with the next lowest Section 414(s) Compensation. These allocations shall continue until the Plan satisfies the Average Deferral Percentage limitation described in Section 13.2 or the Average Contribution Percentage limitation described in Section 14.1 (or both of such limitations), or until the amount of the Qualified Nonelective Contribution is exhausted.

The Company, in its sole discretion, may include all or a portion of the Qualified Nonelective Contributions for a Plan Year in Aggregate 401(k) Contributions taken into account in applying the Average Deferral Percentage limitation described in Section 13.2 for such Plan Year, provided that the requirements of Treasury Regulation Section 1.401(k)1-(b)(5) are satisfied.

Qualified Nonelective Contributions shall be paid to the Trustee as soon as reasonably practicable following the close of the Plan Year, shall be allocated to the Accounts of Nonhighly Compensated Employees as of the last day of the Plan Year and shall be fully and immediately vested. In all other respects, the contribution, allocation, investment and distribution of Qualified Nonelective Contributions shall be governed by the provisions of the Plan concerning Matching Contributions.

13.7 Special Rules. The following special rules shall apply for purposes of this Article 13:

(a) The amount of Excess Deferrals to be distributed to a Participant for a calendar year pursuant to Section 13.1 shall be reduced by the amount of any Excess Contributions previously distributed to such Participant for the Plan Year beginning within such calendar year;

(b) The amount of Excess Contributions to be distributed to a Participant for a Plan Year pursuant to Section 13.4 shall be reduced by the amount of any Excess Deferrals previously distributed to such Participant for the calendar year ending within such Plan Year;

(c) For purposes of applying the limitation described in Section 13.2, the Actual Deferral Percentage of any Highly Compensated Employee who is eligible to make Participant Elected Contributions and to make elective deferrals (within the meaning of Section 402(g)(3) of the Code) under any other plans, contracts or arrangements of the Affiliated Group shall be determined as if all such Participant Elected Contributions and elective deferrals were made under a single arrangement; provided, however, that plans, contracts and arrangements shall not

be treated as a single arrangement to the extent that Treasury Regulation Section 1.401(k)1-(b)(3)(ii)(B) prohibits aggregation;

(d) In the event that this Plan is aggregated with one or more other plans in order to satisfy the requirements of Code Section 401(a)(4), 401(k) or 410(b), then all such aggregated plans, including the Plan, shall be treated as a single plan for all purposes under all such Code sections (except for purposes of the average benefit percentage provisions of Code Section 410(b)(2)(A)(ii));

(e) In the event that the mandatory disaggregation rules of Treasury Regulation Section 1.401(k)-1(b)(3)(ii)(B) apply to the Plan, or to the Plan and other plans with which it is aggregated as described in Subsection (d) above, then the limitation described in Section 13.2 shall be applied as if each mandatorily disaggregated portion of the Plan (or aggregated plans) were a single arrangement; and

(f) Income (and loss) allocable to Excess Contributions for the Plan Year shall be determined pursuant to the provisions for allocating income (and loss) to a Participant's Accounts under Section 6.10 of the Plan. Notwithstanding the foregoing, such income and loss shall be calculated including the period between the end of the Plan Year and the date on which the Excess Contributions are distributed. The income and loss allocable to the Excess Contributions shall bear the same proportion to the total income and loss allocable to a Participant's Account as the Excess Contributions bear to the Participant's Account.

13.8 Prospective Limitations on Participant Elected Contributions. At any time, the Company (at its sole discretion) may reduce the maximum rate at which any Participant may make Participant Elected Contributions to the Plan, or the Company may require that any Participant discontinue all Participant Elected Contributions, in order to ensure that the limitations described in this Article 13 are met. Any reduction or discontinuance of Participant Elected Contributions may be applied selectively to individual Participants or to particular classes of Participants, as the Company may determine. Upon such date as the Company may determine, this Section shall automatically cease to apply until the Company again determines that a reduction or discontinuance of Participant Elected Contributions is required for any Participant.

13.9 Special Definitions Used in Article 13. The following definitions shall apply for purposes of this Article 13, and some may also apply for Articles 14 and 15.

(a) "Aggregate 401(k) Contributions" means, for any Plan Year, the sum of the following: (a) the Participant's Participant Elected Contributions for the Plan Year; (b) the Qualified Matching Contributions allocated to the Participant's Accounts as of a date within the Plan Year, but only to the extent that such Qualified Matching Contributions are aggregated with Participant Elected Contributions pursuant to Section 13.5; and (c) the Qualified Nonelective Contributions allocated to the Participant's Accounts as of a date within the Plan

Year, but only to the extent that such Qualified Nonelective Contributions are aggregated with Participant Elected Contributions pursuant to Section 13.6.

(b) "Annual Deferral Limit" means the dollar limit in effect for any calendar year under Section 402(g) of the Code.

(c) "Excess Contributions" means the amount by which the Aggregate 401(k) Contributions of Highly Compensated Employees is reduced pursuant to Section 13.3.

(d) "Excess Deferrals" means the amount of a Participant's Participant Elected Contributions and elective deferrals (within the meaning of Section 402(g)(3) of the Code) that exceed the Annual Deferral Limit set forth in Section 13.1.

(e) "Section 414(s) Compensation" means any one of the following definitions of compensation received by an Employee from members of the Affiliated Group:

(1) Compensation as defined in Treasury Regulation Section 1.415-2(d) or any successor thereto;

(2) "Wages" as defined in Section 3401(a) of the Code for purposes of income tax withholding at the source, but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Section 3401(a)(23) of the Code);

(3) "Wages" as defined in Section 3401(a) of the Code for purposes of income tax withholding at the source, plus all other payments of compensation reportable under Code Sections 6041(d) and 6051(a)(3) and the regulations thereunder, determined without regard to any rules that limit such Wages or reportable compensation based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Section 3401(a)(23) of the Code), and modified, at the election of the Company, to exclude amounts paid or reimbursed for the Employee's moving expenses, to the extent it is reasonable to believe that these amounts are deductible by the Employee under Section 217 of the Code;

(4) Any of the definitions of Section 414(s) Compensation set forth in Subsections (1), (2) and (3) above, reduced by all of the following items (even if includable in gross income): reimbursements or other expense allowances, fringe benefits (cash and noncash), moving expenses, deferred compensation and welfare benefits;

(5) Any of the definitions of Section 414(s) Compensation set forth in Subsections (1), (2), (3) and (4) above, modified to include the following:

(a) any elective contributions made by a member of the Affiliated Group on behalf of the Employee that are not includable in gross income under Section 125, 132(f)(4), 402(e)(3), 402(h) or 403(b) of the Code; (b) compensation deferred under an eligible deferred compensation plan within the meaning of Section 457(b) of the Code; and (c) employee contributions described in Section 414(h)(2) of the Code that are picked up by the employing unit and thus are treated as employer contributions; or

(6) Any reasonable definition of compensation that does not by design favor Highly Compensated Employees and that satisfies the nondiscrimination requirement set forth in Treasury Regulation Section 1.414(s)-1T(d)(2) or the successor thereto.

Any definition of Section 414(s) Compensation shall be used consistently to define the compensation of all Employees taken into account in satisfying the requirements of an applicable provision of Articles 13, 14 and 15 for the relevant determination period. For purposes of applying the limitations set forth in Articles 13 and 14 for a Plan Year, Section 414(s) Compensation shall not exceed the Compensation Limitation.

ARTICLE 14. CONTRIBUTION LIMITATIONS: AVERAGE CONTRIBUTION PERCENTAGE LIMITATIONS.

14.1 Average Contribution Percentage Limitation. The Plan shall satisfy the actual contribution percentage test, as provided in Section 401(m)(2) of the Code and Section 1.401(m)-1 of the regulations issued thereunder. Subject to the special rules described in Section 14.6, the Aggregate 401(m) Contributions of Highly Compensated Employees shall not exceed the limits described below:

(a) An Actual Contribution Percentage shall be determined for each individual who, at any time during the Plan Year, is a Participant (including a suspended Participant) or is eligible to participate in the Plan, which Actual Contribution Percentage shall be the ratio, computed to the nearest one-hundredth of one percent, of the individual's Aggregate 401(m) Contributions for the Plan Year to the individual's Section 414(s) Compensation for the Plan Year;

(b) The Actual Contribution Percentages (including zero percentages) of Highly Compensated Employees and Nonhighly Compensated Employees shall be separately averaged to determine each group's Average Contribution Percentage; and

(c) The Aggregate 401(m) Contributions of Highly Compensated Employees shall constitute Excess Aggregate Contributions and shall be reduced, pursuant to Sections 14.2 and 14.3, to the extent that the Average Contribution Percentage of Highly Compensated Employees exceeds the greater of (1) 125 percent of the

Average Contribution Percentage of Nonhighly Compensated Employees for the preceding Plan Year or (2) the lesser of (A) 200 percent of the Average Contribution Percentage of Nonhighly Compensated Employees for the preceding Plan Year or (B) the Average Contribution Percentage of Nonhighly Compensated Employees for the preceding Plan Year plus two percentage points.

14.2 Allocation of Excess Aggregate contributions to Highly Compensated Employees. Any Excess Aggregate Contributions for a Plan Year shall be allocated to Highly Compensated Employees by use of a leveling process, whereby the Aggregate 401(m) Contributions of the Highly Compensated Employee with the highest amount of Aggregate 401(m) Contributions is reduced to the extent required to (a) eliminate all Excess Aggregate Contributions or (b) cause the amount of such Highly Compensated Employee's Aggregate 401(m) Contributions to equal the amount of Aggregate 401(m) Contributions of the Highly Compensated Employee with the next-highest amount of Aggregate 401(m) Contributions. The leveling process shall be repeated until all Excess Aggregate Contributions for the Plan Year are allocated to Highly Compensated Employees. Notwithstanding the foregoing, for Plan Years beginning after December 31, 1996, any determination of Excess Aggregate Contributions of a Highly Compensated Employee shall be made on the basis of the Highly Compensated Employee's actual contribution ratio in accordance with Code Section 401(m)(6)(C) and the Regulations promulgated thereunder.

14.3 Distribution of Excess Aggregate Contributions. Excess Aggregate Contributions allocated to Highly Compensated Employees for the Plan Year pursuant to Section 14.2, together with any income or loss allocable to such Excess Aggregate Contributions (calculated to include income and loss for the period between the end of the Plan Year and the date on which the Excess Aggregate Contributions are distributed), shall be distributed to such Highly Compensated Employees not later than two-and-one-half months following the close of such Plan Year, if possible, and in any event no later than 12 months following the close of such Plan Year, but only to the extent the Highly Compensated Employee has a nonforfeitable interest in the Excess Aggregate Contributions. Excess Aggregate Contributions (for Participants who are Highly Compensated Employees), to the extent not vested, may be forfeited and allocated, after all other Forfeitures under the Plan, to other Participants (but in no event to any Highly Compensated Employee) in the proportion that such Participant's Elected Contributions, if any, for that Plan Year bears to the total Elected Contributions of all such Participants for the Plan Year. Any such amounts shall be included in the calculation of the Actual Contribution Percentage and in the calculation of the limits set forth in Article 15. The income and loss allocable to the Excess Aggregate Contributions shall bear the same proportion to the total income and loss allocable to a Participant's Accounts as the Excess Aggregate Contributions bear to the Participant's Accounts. Notwithstanding the foregoing, for Plan Years beginning after December 31, 1996, any distribution of Excess Aggregate Contributions for a Plan Year to Highly Compensated Eligible Employees shall be made on the basis of the dollar amount of Aggregate 401(m) Contributions made

by, or on behalf of, each such Highly Compensated Eligible Employee in accordance with Code Section 401(m)(6)(C).

14.4 Use of Participant Elected Contributions. The Company, in its sole discretion, may include all or a portion of the Participant Elected Contributions for a Plan Year in Aggregate 401(m) Contributions taken into account in applying the Average Contribution Percentage limitation described in Section 14.1 for the Plan Year, provided that all Participant Elected Contributions satisfy the average deferral percentage test, as described in Section 13.2, and that the additional requirements of Treasury Regulation Section 1.401(m)-1(b)(5) are satisfied.

14.5 Corrective Qualified Nonelective Contributions. The Company, in its sole discretion, may include all or a portion of the Qualified Nonelective Contributions made pursuant to Section 13.6 for a Plan Year in Aggregate 401(m) Contributions taken into account in applying the Average Contribution Percentage limitation described in Section 14.1 for the Plan Year, provided that the requirements of Treasury Regulation Section 1.401(m)-1(b)(5) are satisfied.

14.6 Special Rules. The following special rules shall apply for purposes of this Article 14:

(a) For purposes of applying the limitation described in Section 14.1, the Actual Contribution Percentage of any Highly Compensated Employee who is eligible to participate in the Plan and to make employee contributions or receive an allocation of matching contributions (within the meaning of Section 401(m)(4)(A) of the Code) under any other plans, contracts or arrangements of the Affiliated Group shall be determined as if Matching Contributions and Qualified Matching Contributions allocated to the Highly Compensated Employee's Accounts and all such employee contributions and matching contributions were made under a single arrangement;

(b) In the event that this Plan is aggregated with one or more other plans in order to satisfy the requirements of Code Section 401(a)(4), 401(m) or 410(b), then all such aggregated plans, including the Plan, shall be treated as a single plan for all purposes under all such Code sections (except for purposes of the average benefit percentage provisions of Code Section 410(b)(2)(A)(ii));

(c) In the event that the mandatory disaggregation rules of Treasury Regulation Section 1.401(m)-1(b)(3)(ii) apply to the Plan, or to the Plan and other plans with which it is aggregated as described in Subsection (b) above, then the limitation described in Section 14.1 shall be applied as if each mandatorily disaggregated portion of the Plan (or aggregated plans) were a single arrangement; and

(d) Income (and loss) allocable to Excess Aggregate Contributions for the Plan Year shall be determined pursuant to the provisions for allocating income (and loss) to a Participant's Accounts under Section 6.10.

14.7 Special Definitions Used in Article 14. The following definitions shall apply for purposes of this Article 14:

(a) "Aggregate 401(m) Contributions" means, for any Plan Year, the sum of the following: (a) the Matching Contributions and Qualified Matching Contributions allocated to the Participant's Accounts as of a date within the Plan Year; (b) the Participant's Participant Elected Contributions for the Plan Year, but only to the extent that such Participant Elected Contributions are aggregated with Matching Contributions and Qualified Matching Contributions pursuant to Section 14.4; and (c) the Qualified Nonelective Contributions allocated to the Participant's Accounts as of a date within the Plan Year, but only to the extent that such Qualified Nonelective Contributions are aggregated with Matching Contributions and Qualified Matching Contributions pursuant to Section 14.5.

(b) "Excess Aggregate Contributions" means the amount by which the Aggregate 401(m) Contributions of Highly Compensated Employees are reduced pursuant to Section 14.2.

ARTICLE 15. CONTRIBUTION LIMITATIONS: SECTION 415 "ANNUAL ADDITIONS" LIMITATIONS.

15.1 Limitation on Contributions. Except to the extent permitted under Section 4.6 of the Plan and Section 414(v) of the Code, if applicable, the Annual Additions that may be contributed or allocated to a Participant for any Plan Year shall not exceed the lesser of:

(a) $40,000, as adjusted for increases in the cost-of-living under Section 415(d) of the Code, or

(b) 100% of the Participant's Section 415 Compensation for such year.

15.2 If a Participant's Annual Additions would exceed the foregoing limitation, then such Annual Additions shall be reduced by reducing the components thereof as necessary in the order in which they are listed in Section 15.5(a). Any amounts so reduced shall not be included in a Participant's Aggregate 401(k) Contributions or Aggregate 401(m) Contributions. The limitation in Section 15.1(b) shall not apply to any amount that otherwise is an Annual Addition under Section 415(l)(1) or 419A(d)(2) of the Code.

15.3 Return of Employee Contributions. If the amount of any Participant's Participant Elected Contributions is determined to be an excess Annual Addition under this Article, then the amount of such excess (adjusted to reflect any earnings, appreciation or losses attributable to such excess) shall be refunded by the Trustee in cash to the Participant.

15.4 Excess Company Contributions. If the amount of the Company Contributions allocated to a Participant for any Plan Year must be reduced to meet the limitation described in Section 15.1, then the amount of the reduction shall be applied to reduce the total amount that the Participating Companies otherwise would contribute for such year pursuant to

Article 5 of the Plan. If the amount that the Participating Companies may contribute is thereby reduced to zero and if there are Company Contributions that still cannot be allocated to any Participant because of the limitation described in Section 15.1, then the excess shall be transferred to a suspense account. Any gains, income or losses attributable to the suspense account shall be allocated to such account. All amounts credited to the suspense account shall be applied to reduce the total amount that the Participating Companies otherwise would contribute to the Plan for the next Plan Year, and for succeeding Plan Years if necessary. Such amounts shall be allocated among Participants pursuant to Article 5 of the Plan until the suspense account is exhausted (subject to this Article). No Participant Elected Contributions or Company Contributions shall be made as long as any amount remains in the suspense account. However, this method of addressing Excess Company Contributions will only be permitted in the event the excess Annual Additions result from the allocation of forfeitures or result from a reasonable error in determining the amount of elective deferrals under section 401(g)(3).

15.5 Special Definitions Used in this Article 15. The following definitions shall apply for purposes of this Article 15.

(a) "Annual Additions" means, for any Plan Year, the sum of the following:

(1) The amount of after-tax contributions that the Participant contributes during such year to all qualified retirement plans, other than this Plan, maintained by the Section 415 Employer Group;

(2) The amount of elective contributions that the Participant contributes during such year to all qualified retirement plans, other than this Plan, maintained by the Section 415 Employer Group;

(3) The amount of Participant Elected Contributions that the Participant contributes during such year;

(4) The amount of employer contributions and forfeitures allocated to the Participant under any qualified defined contribution plan that may be maintained by the Section 415 Employer Group, other than this Plan, as of any date within such year; and

(5) The amount of Company Contributions and Forfeitures allocated to the Participant as of any date within such year.

(b) "Section 415 Compensation" means any one of the definitions of Section 414(s) Compensation described in Paragraphs (1), (2), (3) or (4) of Section 13.9(e) received by an Employee from members of the Section 415 Employer Group, including amounts deferred but not refunded under Section 403(b) of the Code, under a cafeteria plan, as such term is defined in Section 125(c) of the Code, under a simplified employee pension, as such term is defined in Section 408(k) of the Code, under a plan, including this Plan, qualified under Section 401(k) of the

Code, and under a qualified transportation fringe program under Section 132(f)(4) of the Code. Any definition of Section 415 Compensation shall be used consistently to define the compensation of all Employees taken into account in satisfying the requirements of an applicable provision of the Plan for the relevant determination period.

(c) "Section 415 Employer Group" means the Affiliated Group, except that "more than 50 percent" shall be substituted for "at least 80 percent" wherever the phrase occurs in Section 1563(a) of the Code (as incorporated by reference in Sections 414(b) and (c) of the Code).

ARTICLE 16. THE TRUST FUND AND PLAN INVESTMENTS.

16.1 Control and Management of Plan Assets. The Company shall have the control over and management of the assets of the Plan, but only to the extent of having the authority (a) to appoint one or more trustees to hold assets of the Plan in trust and to enter into a trust agreement with each trustee it appoints, (b) to appoint one or more insurance companies that are qualified to do business in at least one state to hold assets of the Plan and to enter into a contract with each insurance company it appoints (or to direct the Trustee to enter into such contract), (c) to appoint one or more Investment Managers for any assets of the Plan and to enter into an investment management agreement with each Investment Manager it appoints, and (d) to direct the investment of any Plan assets not assigned to an Investment Manager.

16.2 Trustee Duties. The Trustee shall have the exclusive authority and discretion to control and manage assets of the Plan it holds in trust, except to the extent that (a) the Plan prescribes how such assets shall be invested, (b) the Company directs how such assets shall be invested or (c) the Company allocates the authority to manage such assets to one or more Investment Managers. Each Investment Manager shall have the exclusive authority to manage, including the authority to acquire and dispose of, the assets of the Plan assigned to it by the Company, except to the extent that the Plan prescribes or the Company directs how such assets shall be invested. Each Trustee and Investment Manager shall be solely responsible for diversifying, in accordance with Section 404(a)(1)(C) of ERISA, the investment of the assets of the Plan assigned to it by the Committee, except to the extent that the Plan prescribes or the Committee directs how such assets shall be invested.

16.3 Independent Qualified Public Accountant. The Company shall engage an independent qualified public accountant to conduct such examinations and to express such opinions as may be required by Section 103(a)(3) of ERISA. The Company in its discretion may remove and discharge the person so engaged, in which event it shall appoint a successor independent qualified public accountant to perform such examinations and express such opinions.

16.4 Administrative Expenses. All expenses of the Plan and the Trust Fund shall be paid by the Participating Companies or the Trust Fund. Except as otherwise explicitly stated in

the Plan (including Sections 9.6, 10.6 and 11.6 hereof) and the Trust Agreement, the Participating Companies shall pay the administrative expenses of the Plan and Trust Fund.

16.5 Benefit Payments. All benefits payable pursuant to the Plan shall be paid by the Trustee out of the Trust Fund pursuant to the directions of the Company and the terms of the Trust Agreement.

ARTICLE 17. ADMINISTRATION AND OPERATION OF THE PLAN.

17.1 Plan Administration. The Company is the "named fiduciary," "administrator" and "plan sponsor" of the Plan (as such terms are used in ERISA). Except as otherwise specified in the Plan, the following parties shall have the following rights, powers and authority with respect to the administration of the Plan. To the extent that the Plan requires an action under the Plan to be taken by the Company, the party specified in this Section 17.1 shall be authorized to act on behalf of the Company.

(a) Rights, Powers and Duties of Global Benefits Committee. The Global Benefits Committee (as defined below) shall have the following rights, powers and authority under the Plan:

(1) to amend the Plan, to the extent that such amendment is either (i) required under applicable law, or (ii) does not materially increase the benefits provided under the Plan;

(2) to appoint and remove Trustees and Investment Managers and otherwise control and manage the Plan's assets in accordance with Section 16.1;

(3) to appoint and remove members of the Fiduciary Committee;

(4) to maintain and keep adequate records concerning the Plan and its proceedings and acts in such form and detail as the Global Benefits Committee may decide

(5) to adopt such rules, regulations and procedures as it may deem reasonably necessary for the proper and efficient administration of the Plan and consistent with its purpose; and

(6) to make such rules, interpretations, computations and take such other actions to carry out the foregoing responsibilities under the Plan as it may deem appropriate, in its sole discretion. Such rules, interpretations, computations and actions shall be conclusive and binding on all persons

(b) Rights, Powers and Duties of Fiduciary Committee. The Fiduciary Committee (as defined below) shall have the following rights, powers and authority under the Plan:

(1) to conclusively determine all questions arising under the Plan (other than those specifically reserved to the Global Benefits Committee), including questions relating to eligibility, amount of benefits and other Plan rights of Participants and other persons entitled to benefits under the Plan;

(2) to review the performance of the Investment Funds on a periodic basis and to report and make recommendations with respect to such Investment Funds to the Global Benefits Committee; provided, however, if at any time the Board or one of its duly appoint delegates has not appointed a Global Benefits Committee, the Fiduciary Committee shall have the right to appoint and remove Trustees and Investment Managers and otherwise control and manage the Plan's assets in accordance with Section 16.1;

(3) to direct all benefit payments under the Plan;

(4) to maintain and keep adequate records concerning the Plan and its proceedings and acts in such form and detail as the Fiduciary Committee may decide

(5) to adopt such rules, regulations and procedures as it may deem reasonably necessary for the proper and efficient administration of the Plan and consistent with its purpose; and

(6) to make such rules, interpretations, computations and take such other actions to carry out the foregoing responsibilities under the Plan as it may deem appropriate, in its sole discretion. Such rules, interpretations, computations and actions shall be conclusive and binding on all persons.

(c) In administering the Plan, the Global Benefits Committee and Fiduciary Committee (a) shall act in a nondiscriminatory manner to the extent required by Section 401(a) and related sections of the Code and (b) shall at all times discharge their duties in accordance with the standards set forth in Section 404(a)(1) of ERISA.

(d) Definitions. The following terms shall have the meanings set forth below:

(1) "Fiduciary Committee" means the committee appointed by the Global Benefits Committee (or the Board or one of its duly appointed delegates, for periods prior to January 1, 2004) for purposes of performing certain administrative functions with respect to the Plan, as specified herein. If at any time the Global Benefits Committee has not appointed a Fiduciary Committee, the Global Benefits Committee (or the Board or one of its duly appointed delegates if no Global Benefits Committee then exists) shall act as the Fiduciary Committee.

(2) "Global Benefits Committee" means the committee appointed by the Board or one of its duly appointed delegates for purposes of performing certain investment and administrative functions with respect to the Plan, as specified herein. For periods prior to January 1, 2004, and at any time thereafter that the Board or one of its duly appointed delegates has not appointed a Global Benefits Committee, the Board or one of its duly appointed delegates shall act as the Global Benefits Committee.

17.2 Employment of Advisers. The Company, Global Benefits Committee and Fiduciary Committee may retain such attorneys, accountants, consultants or other persons to render advice or to perform services with regard to their responsibilities under the Plan as they shall determine to be necessary or desirable. The Company, Global Benefits Committee and Fiduciary Committee may designate by written instrument (signed by both parties) one or more persons to carry out, where appropriate, their respective fiduciary responsibilities under the Plan. Duties and responsibilities under the Plan that have not been delegated to other fiduciaries pursuant to the preceding sentence shall be carried out by its directors, officers and employees, acting on behalf and in the name of the Company or applicable Committee in their capacities as directors, officers and employees, and not as individual fiduciaries.

17.3 Service in Several Fiduciary Capacities. Nothing herein shall prohibit any person or group of persons from serving in more than one fiduciary capacity with respect to the Plan.

ARTICLE 18. CLAIMS AND REVIEW PROCEDURES.

18.1 Applications for Benefits. Any application for benefits under the Plan shall be submitted to the Company at its principal office. Such application shall be in writing on the prescribed form and shall be signed by the applicant.

18.2 Denial of Applications. In the event that any application for benefits is denied in whole or in part, the Company shall notify the applicant in writing or electronically of the right to a review of the denial. Such written notice shall set forth, in a manner calculated to be understood by the applicant, specific reasons for the denial, specific references to the Plan provisions on which the denial was based, a description of any information or material necessary to perfect the application, an explanation of why such material is necessary, an explanation of the Plan's review procedure, and a statement of the applicant's right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on review. Such notice shall be given to the applicant within 90 days after the Company receives the application, unless special circumstances require an extension of time for processing the application. In no event shall such an extension exceed a period of 90 days from the end of the initial 90-day period. If such an extension is required, written notice thereof shall be furnished to the applicant before the end of the initial 90-day period. Such notice shall indicate the special circumstances requiring an extension of time and the date by which the Company expects to render a decision. If notice is not given to the applicant within the period prescribed by this

Section 18.2, the application shall be deemed to have been denied for purposes of Section 18.3 upon the expiration of such period.

18.3 Requests for Review. Any person whose application for benefits is denied in whole or in part (or such person's duly authorized representative) may appeal the denial by submitting to the Fiduciary Committee a request for a review of such application within 90 days after receiving written notice of the denial. The Fiduciary Committee shall give the applicant or such representative an opportunity to review pertinent documents (except legally privileged materials) in preparing such request for review and to submit issues and comments in writing. The request for review shall be in writing and shall be addressed to the Company's principal office. The request for review shall set forth all of the grounds on which it is based, all facts in support of the request, and any other matters which the applicant deems pertinent. The Fiduciary Committee may require the applicant to submit such additional facts, documents or other material as it may deem necessary or appropriate in making its review.

18.4 Decisions on Review. The Fiduciary Committee shall act upon each request for review within 60 days after receipt thereof, unless special circumstances require an extension of time for processing, but in no event shall the decision on review be rendered more than 120 days after the Fiduciary Committee receives the request for review. If such an extension is required, written notice thereof shall be furnished to the applicant before the end of the initial 90-day period. The Fiduciary Committee shall give prompt, written or electronic notice of its decision to the applicant and to the Company. In the event that the Fiduciary Committee confirms the denial of the application for benefits in whole or in part, such notice shall set forth, in a manner calculated to be understood by the applicant, the specific reasons for such denial, specific references to the Plan provisions on which the decision is based, and a statement of the applicant's right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on review. To the extent that the Fiduciary Committee overrules the denial of the application for benefits, such benefits shall be paid to the applicant.

18.5 Rules and Procedures. The Fiduciary Committee shall adopt such rules and procedures, consistent with ERISA and the Plan, as it deems necessary or appropriate in carrying out its responsibilities under this Article 18.

18.6 Exhaustion of Administrative Remedies. No legal or equitable action for benefits under the Plan shall be brought unless and until the claimant (a) has submitted a written application for benefits in accordance with Section 18.1, (b) has been notified that the application is denied, (c) has filed a written request for a review of the application in accordance with Section 18.3, and (d) has been notified in writing or electronically that the Fiduciary Committee has affirmed the denial of the application; provided, however, that an action may be brought after the Company or the Fiduciary Committee has failed to act on the claim within the time prescribed in Section 18.2 and Section 18.4, respectively.

ARTICLE 19. AMENDMENT AND TERMINATION.

19.1 Right To Amend or Terminate. The Company expects to continue the Plan indefinitely. However, future conditions cannot be foreseen, and the Company reserves the right at any time and for any reason, by action of the Board or by a person or persons acting pursuant to a valid delegation of authority, (a) to amend the Plan, (b) to reduce or discontinue Employee Contributions, Company Contributions or all Contributions or (c) to terminate the Plan and the Trust Fund.

19.2 Protection of Participants. No amendment of the Plan shall reduce the benefit of any Participant that accrued under the Plan prior to the date when such amendment is adopted, except to the extent that a reduction in accrued benefits may be permitted by the Code and ERISA. No Plan amendment or other action by the Company shall divert any part of the Plan's assets to purposes other than the exclusive purpose of providing benefits to the Participants and Beneficiaries who have an interest in the Plan and of defraying the reasonable expenses of administering the Plan.

19.3 Effect of Termination. Upon termination of the Plan, no assets of the Plan shall revert to any Participating Company or be used for, or diverted to, purposes other than the exclusive purpose of providing benefits to Participants and Beneficiaries and of defraying the reasonable expenses of termination. If the Plan is terminated or partially terminated, or if all contributions to the Plan are completely discontinued, then each Participant who then is an Employee and who is directly affected by such event shall have a 100 percent vested interest in each of his or her Accounts, without regard to the number of Years of Service he or she has completed.

19.4 Allocation of Trust Fund Upon Termination. Upon termination of the Plan, the Trust Fund shall continue in existence until the Accounts of each Participant have been distributed to such Participant (or to his or her Beneficiary) pursuant to Article 8; provided, however, that the assets of the Plan shall be allocated in accordance with any applicable requirements under Section 403(d)(1) of ERISA.

19.5 Partial Termination. Upon a partial termination of the Plan, Sections 19.3 and 19.4 shall apply with respect to such Participants and Beneficiaries as are affected by such partial termination.

ARTICLE 20. MISCELLANEOUS PROVISIONS.

20.1 Plan Mergers. The Plan shall not merge or consolidate with, or transfer assets or liabilities to, any other plan unless each Participant would receive a benefit immediately after such merger, consolidation or transfer (if the Plan then terminated) that is equal to or greater than the benefit that such Participant would have been entitled to receive immediately before the merger, consolidation or transfer (if the Plan had then terminated).

20.2 No Assignment of Property Rights. Except as otherwise provided in Article 9 with respect to QDROs or as provided in the following sentence, the interest or property rights of any Participant or Beneficiary in the Plan, in the Trust Fund or in any distribution to be made under the Plan shall not be subject to option nor be assignable, either by voluntary or involuntary assignment or by operation of law, including (without limitation) bankruptcy, garnishment, attachment or other creditor's process, and any act in violation of this Section 20.2 shall be void. Notwithstanding any Plan provision to the contrary, a Participant's Plan benefits shall be reduced by any amount such Participant is ordered or required to pay to the Plan if the order or requirement to pay arises (i) under a judgement or conviction for a crime involving the Plan (ii) under a civil judgment (including a consent order or decree) entered by a court in an action brought in connection with a breach (or alleged breach) of fiduciary duty under ERISA, or (iii) pursuant to a settlement agreement entered into by the Participant and the Secretary of Labor in connection with a breach of fiduciary duty under ERISA by a fiduciary or any other person; provided, however, that the judgment, order, decree, or settlement agreement expressly provides for the offset of all or part of the amount ordered or required to be paid to the Plan against the Participant's benefits under the Plan.

20.3 No Employment Rights. Nothing in the Plan shall be deemed to give any individual a right to remain in the employ of an Affiliate or affect the right of an Affiliate to terminate an individual's employment at will with or without cause, at any time with or without notice, for any reason or no reason, which right is hereby reserved.

20.4 Choice of Law. The Plan and all rights thereunder shall be interpreted and construed in accordance with ERISA and, to the extent that state law is not preempted by ERISA, the law of the State of California.

20.5 Voting of Company Stock. Before each annual or special meeting of the Company's shareholders, the Company shall cause to be sent to each Participant who has invested any part of his or her Account in the Company Stock Fund the proxy statement and any related materials that are sent to the Company's registered shareholders. Each Participant shall have the right to instruct the Trustee confidentially (in writing on the prescribed form) with respect to the voting at such meeting of the number of shares of Company Stock that were allocated to the Participant's Account as of the Valuation Date immediately preceding the record date for such meeting or such later date, up to and including the record date for such meeting, as the Plan Administrator may deem practicable. Such instructions shall be submitted to the Trustee by the date specified by the Company and, once received by the Trustee, shall be irrevocable. Under no circumstances shall the Trustee permit any Participating Company or any officer, employee or representative thereof to see any voting instructions given by a Participant to the Trustee. The Trustee shall vote any Company Stock for which it has not received timely written instructions in the same proportion as the Trustee votes the shares for which timely voting instructions have been received from Participants.

20.6 Tender Offers. In the event that any person or group makes an offer subject to Section 14(d) of the Exchange Act to acquire all or part of the outstanding Company

Stock, including Company Stock held in the Plan ("Acquisition Offer"), each Participant shall be entitled to direct the Trustee confidentially (on a form prescribed by the Company) to tender all or part of those shares of Company Stock that would then be subject to such Participant's voting instructions under Section 20.5 above. If the Trustee receives such an instruction by a date determined by the Trustee and communicated to Participants, the Trustee shall tender such Company Stock in accordance with such instruction. Any Company Stock as to which the Trustee does not receive instructions within such period shall not be tendered by the Trustee. The Trustee shall obtain and distribute to each Participant all appropriate materials pertaining to the Acquisition Offer, including the statement of the position of the Company with respect to such offer issued pursuant to Regulation 14(e)-2 of the Exchange Act, as soon as practicable after such materials are issued, provided, however, that if the Company fails to issue such statement within five (5) business days after the commencement of such offer, the Trustee shall distribute such materials to each Participant without such statement by the Company and shall separately distribute such statement by the Company as soon as practicable after it is issued. The Trustee shall follow the procedures regarding confidentiality and verification of compliance with voting instructions described in Section 20.5 above.

ARTICLE 21. SPECIAL TOP-HEAVY PROVISIONS.

21.1 Determination of Top-Heavy Status. Any other provision of the Plan notwithstanding, this Article shall apply to any Plan Year in which the Plan is a Top-Heavy Plan. The Plan shall be considered a "Top-Heavy Plan" for a Plan Year if, as of the Determination Date for such Plan Year, the Top-Heavy Ratio for the Aggregation Group exceeds 60 percent. The top-heavy requirements of Section 416 of the Code and this Article 21 of the Plan shall not apply in any year in which the Plan consists solely of a cash or deferred arrangement which meets the requirements of Section 401(k)(12) of the Code and matching contributions with respect to which the requirements of Section 401(m)(11) of the Code are met.

21.2 Minimum Allocations. For any Plan Year during which the Plan is a Top-Heavy Plan, the Company Contributions (exclusive of Qualified Nonelective Contributions and Qualified Matching Contributions) allocated to the Account of each Participant who is not a Key Employee, but who is an Employee on the last day of such Plan Year, shall not be less than the lesser of the following amounts:

(a) Three percent of his or her Top-Heavy Compensation; or

(b) A percentage of his or her Top-Heavy Compensation equal to the greatest allocation of Company Contributions and Participant Elected Contributions, expressed as a percentage of Top-Heavy Compensation, made on behalf of any Participant who is a Key Employee.

21.3 Special Definitions. For purposes of this Article 21, the following definitions shall apply:

(a) "Aggregation Group" means either the Required Aggregation Group or any Permissive Aggregation Group, as the Company may elect.

(b) "Determination Date" means the December 31 next preceding the applicable Plan Year.

(c) "Key Employee" means a "key employee" (within the meaning of Section 416(i) of the Code). In applying Section 416(i) of the Code, "annual compensation" shall mean Top-Heavy Compensation

(d) "Permissive Aggregation Group" means a group of qualified plans that includes (1) the Required Aggregation Group and (2) one or more plans of the Affiliated Group that are not part of the Required Aggregation Group. A Permissive Aggregation Group, when viewed as a single plan, must satisfy the requirements of Sections 401(a)(4) and 410 of the Code.

(e) "Required Aggregation Group" means a group of qualified plans that includes (1) each plan of the Affiliated Group in which a Key Employee is a participant and (2) each other plan of the Affiliated Group that enables any plan in which a Key Employee participates to meet the requirements to Section 401(a)(4) or 410 of the Code.

(f) "Top-Heavy Compensation" means Section 415 Compensation, as defined in Section 15.5(b); provided, however, that Top-Heavy Compensation shall not include any amount paid to a Participant for the Plan Year in excess of the Compensation Limitation.

(g) "Top-Heavy Ratio" means a percentage determined pursuant to Section 416(g) of the Code.

21.4 Top-Heavy Vesting Rules. For periods after December 31, 2001, the minimum vesting required under Code Section 416(b) for any Plan Year in which the Plan is a Top-Heavy Plan is automatically satisfied pursuant to Section 7.1 of the Plan, which provides that all Accounts are fully vested at all times.

ARTICLE 22. EXECUTION.

To record the amendment and restatement of the Plan as set forth herein, effective as of January 1, 2003, the Company has caused its authorized officer to execute the same this 5th day of January , 2004.

AMGEN INC.

By /s/ Brian McNamee

Brian McNamee
Senior Vice President,
Human Resources

APPENDIX A

Amgen (Bermuda) Clinical Development, Limited
Amgen (Bermuda) Clinical Development 2, Limited
Amgen (Bermuda) Clinical Development 3, Limited
Amgen (Bermuda) Clinical Development 4, Limited
Amgen (Bermuda) Clinical Development 5, Limited
Amgen (Bermuda) Clinical Development 6, Limited
Amgen (Bermuda) Clinical Development 7, Limited
Amgen (Bermuda) Clinical Development 8, Limited
Amgen USA Inc.
Immunex Corporation
Immunex Manufacturing Corporation
Immunex Rhode Island Corporation

EXHIBIT 10.14

FIRST AMENDMENT TO THE AMGEN NONQUALIFIED DEFERRED COMPENSATION PLAN

The Amgen Nonqualified Deferred Compensation Plan ("Plan") is hereby clarified, in part, and amended, in part, as follows. Each particular is effective as of January 1, 2002 unless otherwise noted.

1. The Plan's title page is amended by adding "Amgen" before "Nonqualified Deferred Compensation Plan Effective January 1, 2002".

2. The Plan is amended in its entirety by deleting the "," between "Amgen" and "Inc.", wherever it is found.

3. Section 1.2 is amended and clarified to read as follows:

> "Annual Base Salary" shall mean the wages, salaries, fees for professional services, and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with any Employer to the extent that the amounts are includable in gross income (including, but not limited to, compensation for services on the basis of a percentage of profits, commissions on reimbursements or other expense allowances under a nonaccountable plan (as described in Treasury Regulation Section 1.62-2(c)), but excluding any "goods and services allowance" provided to certain expatriate staff members. Notwithstanding anything else in the Plan to the contrary, Annual Base Salary shall not include the Annual Bonus. Annual Base Salary shall be computed without regard to any election to reduce or defer salary under the Amgen Retirement and Savings Plan or any cafeteria plan under Section 125 of the Code. Annual Base Salary shall not include: (a) any Company contributions to the Amgen Retirement and Savings Plan or any other employee benefit plan for or on account of the Employee, except as otherwise provided in the preceding sentence or (b) the items described in Treasury Regulation Section 1.415-2(d)(3), which, among other items, would exclude from compensation amounts realized from the exercise of a nonqualified stock option) or when restricted stock (or property) held by an Employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture under Section 83 of the Code) and amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option.

4. Section 1.3 is clarified to read as follows:

> "Annual Bonus" shall mean the wages, salaries, fees for professional services, and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with any Employer to the extent that the amounts are commissions paid to salespeople or are paid pursuant to the Amgen Performance Based Management Incentive

Plan (MIP), the Amgen Inc. Executive Incentive Plan (EIP) or an equivalent bonus program.

5. Section 1.35 is amended to read as follows:

"Trust" shall mean one or more trusts established pursuant to that certain Trust Agreement, dated as of January 1, 2002 between the Company and the trustee named therein, as amended from time to time.

6. Section 2.1 is clarified to read as follows:

SELECTION BY COMMITTEE. Participation in the Plan shall be limited to a select group of Employees of the Employers, each of whom is a member of management or is highly compensated and to the members of the Board. From the group of Employees who are management or highly compensated, the Committee shall select, in its sole discretion, Employees to participate in the Plan.

7. Subsection 3.2(a) is clarified to read as follows:

(a) ANNUAL BASE SALARY AND ANNUAL BONUS. For each Plan Year, a Participant may elect to defer, as his or her Annual Deferral Amount, Annual Base Salary or Annual Bonus up to the following maximum percentages for each deferral elected as determined by the Committee for each Plan Year:

DEFERRAL	MAXIMUM PERCENTAGE
Annual Base Salary	50%
Annual Bonus	100%

8. Subsection 3.7(c) is amended, effective as of January 1, 2003, to read as follows:

MEASUREMENT FUNDS. From time to time, the Committee in its sole discretion shall select and announce to Participants its selection of mutual funds, insurance company separate accounts, indexed rates or other methods (each, a "Measurement Fund"), for the purpose of providing the basis on which gains and losses shall be attributed to Account Balances under the Plan. The Committee may, in its sole discretion, discontinue, substitute or add a Measurement Fund at any time. Each such action shall take effect after a reasonable period of time following the day on which Participants are given written notice of such change.

9. Section 4.1 is clarified to read as follows:

> SHORT-TERM PAYOUT. In connection with each election to defer an Annual Deferral Amount, a Participant may irrevocably elect to receive a future "Short-Term Payout" from the Plan with respect to such Annual Deferral Amount. Subject to the Deduction Limitation, the Short-Term Payout shall be a lump sum payment in an amount that is equal to the Annual Deferral plus amounts credited or debited in the manner provided in Section 3.7 above on that amount, determined at the time that the Short-Term Payout becomes payable (rather than the date of a Termination of Employment). Subject to the Deduction Limitation and the other terms and conditions of the Plan, each Short-Term Payout elected shall be paid out during a 60-day period commencing immediately after the last day of any Plan Year designated by the Participant that is at least three Plan Years after the Plan Year in which the Annual Deferral Amount is actually deferred.

To record this First Amendment to the Plan as set forth herein, the Company has caused its authorized officer to execute this document on this 5th day of January, 2004.

AMGEN INC.

By: /s/ Brian McNamee

Title: Senior Vice President, Human Resources

EXHIBIT 10.53

* CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY THE BRACKETS, HAS BEEN OMITTED AND FILED WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24b-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

AMENDMENT NO. 1 TO ENBREL SUPPLY AGREEMENT

This AMENDMENT NO. 1 TO ENBREL SUPPLY AGREEMENT (this "Amendment") is entered into effective as of the 20th day of September 2002 by and between Genentech Inc., a Delaware corporation ("Genentech") and Immunex Corporation, a Washington corporation and a wholly-owned subsidiary of Amgen Inc. ("Immunex"), and amends that certain Enbrel Supply Agreement entered into by Genentech and Immunex on April 12, 2002 (the "Agreement").

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Genentech and Immunex (the "Parties") agree as follows:

1. Section 5.2(b) of the Agreement is amended to read in its entirety as follows:

   "5.2 (b) Completion of Milestone II: Final Release of Third Successful Qualification Batch of Bulk Drug: Immunex shall pay Genentech [*] Dollars ($[*]) upon the completion of Milestone II, provided that [*]; and, in addition, Genentech shall also be entitled to receive additional payments of [*], which such additional payment amounts shall be payable upon [*]. [*]."

2. All capitalized terms not defined herein shall have the meaning set forth in the Agreement.

3. Except as set forth herein, all other terms of the Agreement remain in full force and effect.

4. This Amendment may be executed in counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute one and the same instrument. This Amendment shall be effective upon full execution by facsimile or original, and a facsimile signature shall be deemed to be and shall be as effective as an original signature. This Amendment may not be amended except by a written instrument duly executed and delivered by both Parties.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment effective as of the date set forth above.

GENENTECH, INC.	IMMUNEX CORPORATION
By: /s/ David Eberman	By: /s/ Douglas Williams
David Eberman	Douglas Williams
Senior Vice President of Product Operations	Senior Vice President, Operations
Date: 9/24/2002	Date: 9/20/2002

* Confidential Treatment Requested.

EXHIBIT 10.63

AMENDMENT NO. 2 TO ENBREL SUPPLY AGREEMENT

THIS AMENDMENT NO. 2 TO ENBREL SUPPLY AGREEMENT (this "Amendment") is entered into effective as of the 16th day of July, 2002, between and among Genentech Inc., a Delaware corporation ("Genentech"), Immunex Corporation, a Washington corporation and a wholly-owned subsidiary of Amgen Inc. ("Immunex"), and Amgen Inc., a Delaware corporation ("Amgen").

Genentech and Immunex are parties to that certain ENBREL Supply Agreement dated April 12, 2002, as amended by that certain Amendment No. 1 to ENBREL Supply Agreement dated September 20, 2002 (as amended, the "Agreement"). On July 16, 2002, Amgen acquired Immunex, making Immunex a wholly-owned subsidiary of Amgen, and Genentech, Immunex and Amgen (collectively, the "Parties") wish to amend the Agreement accordingly.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Amendments to Defined Terms.

1.1 Section 1.33 (Genentech Confidential Information). Section 1.33 (Genentech Confidential Information) of the Agreement is amended to read in its entirety as follows:

"1.33 Genentech Confidential Information" means all technical and other information, whether patented or unpatented, relating to the Genentech Facility, and/or Genentech processes, methods, operations, technologies, forecasts and business information that are disclosed or supplied to, or used on behalf of, Immunex or its Affiliates (including without limitation Amgen Inc.) by Genentech pursuant to, or by any of Genentech's agents or contractors pursuant to, this Agreement, the Tech Transfer Agreement and/or the Quality Agreement, or of which Immunex or its Affiliates (including without limitation Amgen Inc.) may become aware of through the presence of their employees or agents at Genentech offices or at the Genentech Facility, including, without limitation, trade secrets, know-how, processes, concepts, experimental methods and results and business and scientific plans and information and facility layout and schematics."

1.2 Section 1.38 (Immunex Confidential Information). Section 1.38 (Immunex Confidential Information) of the Agreement is amended to read in its entirety as follows:

"1.38 Immunex Confidential Information" means the Cell Line, Master Cell Bank, Working Cell Bank, Manufacturing Documentation, Manufacturing Process, and Product, and all technical and other information, whether patented or unpatented, relating thereto and/or to Immunex's or any of its Affiliates' (including without limitation Amgen Inc.) processes, methods, operations, technologies, forecasts and business information that are disclosed or supplied to Genentech by or on behalf of Immunex or its Affiliates (including without limitation Amgen Inc.) pursuant to this Agreement, the Tech Transfer Agreement and/or the Quality Agreement, or of which Genentech may become aware of through the presence of its employees or agents at Immunex offices or facilities or at

offices or facilities of Immunex Affiliates (including without limitation Amgen Inc.) or at other facilities that manufacture the Product, including, without limitation, trade secrets, know-how, processes, concepts, experimental methods and results and business and scientific plans and information and facility layout and schematics. All portions of documents and records describing or to the extent relating to the Manufacturing Process at the Genentech Facility, including, without limitation, process trend and variability data related to the Product, shall be deemed to be Immunex Confidential Information."

2. Confidentiality Obligations.

2.1 Amendments to Article 17, Confidentiality. Article 17 of the Agreement, Confidentiality, is amended as follows:

A. Section 17.1 (a) (Genentech Confidentiality Obligations). Section 17.1(a)(2) is amended to read in its entirety as follows: "(2) contractors who are bound by similar obligations of confidentiality and nonuse and who have a need to know such information in order to provide direction to Genentech or Immunex or Immunex's Affiliates (including without limitation Amgen Inc.) regarding the respective obligations of Genentech, Immunex and Immunex's Affiliates (including without limitation Amgen, Inc.), under this Agreement, the Tech Transfer Agreement and/or the Quality Agreement, or."

B. Section 17.1(b) (Immunex Confidentiality Obligations). Section 17.1(b)(1) is amended to read in its entirety as follows: "(1) employees, consultants, agents or contractors of Immunex or Immunex's Affiliates (including without limitation Amgen Inc.) who are bound by similar obligations of confidentiality and nonuse and who have a need to know such information in order to perform their duties in carrying out Immunex's obligations under this Agreement, the Tech Transfer Agreement and/or the Quality Agreement, or in order to provide direction to Immunex regarding production, testing, storage or quality of the Product or regulatory or compliance issues related to the Product, or."

2.2 Genentech Reaffirmation of Confidentiality Obligations. Genentech hereby restates and reaffirms, for the benefit of Immunex and Amgen, (i) Genentech's confidentiality obligations under Article 17 of the Agreement (as amended by this Amendment), including without limitation the obligations contained in Section 17.1(a), and (ii) Genentech's confidentiality obligations under the Tech Transfer Agreement; and the Parties agree that Amgen is an intended third party beneficiary of all such obligations of confidentiality, to the same extent and with the same effect as if Amgen were the party named therein, and Amgen shall have the right to enforce such obligations of confidentiality against Genentech as if Amgen were a party to the Agreement and the Tech Transfer Agreement.

2.3 Immunex Reaffirmation of Confidentiality Obligations. Immunex hereby restates and reaffirms (i) Immunex's confidentiality obligations under Article 17 of the Agreement (as amended by this Amendment), including without limitation the obligations contained in Section 17.1(b), and (ii) Immunex's confidentiality obligations under the Tech Transfer Agreement.

2.4 Amgen Confidentiality Obligations. Amgen agrees to be bound by the confidentiality obligations imposed on Immunex under Article 17 of the Agreement (as amended by this Amendment), including without limitation the obligations contained in Section 17.1(b), and the confidentiality obligations imposed on Immunex under the Tech Transfer Agreement, in each case to the same extent and with the same effect as if Amgen were the party named therein and Genentech shall have the right to enforce such obligations of confidentiality against Amgen as if Amgen were a party to the Agreement and the Tech Transfer Agreement.

3. Immunity from Suit; Non-assertion.

3.1 Genentech Reaffirmation. Genentech hereby restates and reaffirms, for the benefit of Immunex and Amgen, all of Genentech's obligations under Section 13.2 of the Agreement, including without limitation the non-assertion obligations contained in Sections 13.2(b)(2), 13.2(c)(1), and 13.2(c)(2); and the Parties agree that Amgen is an intended third party beneficiary of all such obligations to the same extent and with the same effect as if Amgen were the party named therein, and Amgen shall have the right to enforce such obligations against Genentech as if Amgen were a party to the Agreement.

3.2 Immunex Reaffirmation. Immunex hereby restates and reaffirms all of Immunex's obligations under Section 13.2 of the Agreement, including without limitation the nonassertion obligations contained in Sections 13.2(b)(2), 13.2(c)(1) and 13.2(c)(2).

3.3 Amgen Obligations. Amgen agrees to be bound by all of the obligations imposed on Immunex under Section 13.2 of the Agreement, including without limitation the nonassertion obligations contained in Sections 13.2(b)(2), 13.2(c)(1), and 13.2(c)(2), to the same extent and with the same effect as if Amgen were the party named therein, and Genentech shall have the right to enforce such obligations against Amgen as if Amgen were a party to the Agreement.

4. Capitalized Terms. All capitalized terms used but not defined herein shall have the meaning set forth in the Agreement.

5. Full Force and Effect. Except as set forth herein, all other terms of the Agreement remain in full force and effect.

6. Counterparts; Facsimile; Further Amendment. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute one and the same instrument. This Amendment shall be effective upon full execution by facsimile or original, and a facsimile signature shall be deemed to be

and shall be as effective as an original signature. This Amendment may not be amended except by a written instrument duly executed and delivered by all Parties.

IN WITNESS WHEREOF, the Parties have executed this Amendment effective as of the date set forth above.

GENENTECH, INC.

By: /s/ David Ebersman

David Ebersman
Senior Vice President of Product Operations
Date: 2/3/03

IMMUNEX CORPORATION

By: /s/ Efi Cohen-Arazi

Name: Efi Cohen-Arazi
Its: VP Manufacturing
Date: 2/9/03

AMGEN INC.

By: /s/ Dennis Fenton

Name: Dennis Fenton
Its: Executive Vice President
Date: 2/12/03

EXHIBIT 10.92

* CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY THE BRACKETS, HAS BEEN OMITTED AND FILED WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24b-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

AMENDMENT NO. 3 TO ENBREL SUPPLY AGREEMENT

THIS AMENDMENT NO. 3 TO ENBREL SUPPLY AGREEMENT (this "Amendment") is effective as of the 26th day of March, 2003 between and among Genentech Inc., a Delaware corporation ("Genentech"), Immunex Corporation, a Washington corporation and a wholly owned subsidiary of Amgen Inc. ("Immunex").

Genentech and Immunex are parties to that certain Enbrel Supply Agreement dated April 12, 2002, as amended by that certain Amendment No. 1 to Enbrel Supply Agreement dated September 20, 2002 and that certain Amendment No. 2 dated July 16, 2002 (as amended, the "Agreement").

WHEREAS Genentech and Immunex desire to [*] which was not previously contemplated by the Parties;

WHEREAS the Agreement provides an adjustment mechanism to the Purchase Price and the Parties desire to adjust the Purchase Price using such mechanism.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Section 1.17 is deleted in its entirety and replaced with the following:

"Commercial Run" means a Run that [*].

2. Section 1.58 is deleted in its entirety and replaced with the following:

"Qualification Run" means a Run used to document the operability and reproducibility of the Manufacturing Process at the Genentech Facility, and is described in Section 3.7. [*].

3. The first sentence of Section 6.3 is deleted in its entirety and replaced with the following three sentences:

"Immunex shall pay the Purchase Price for Bulk Drug from a Commercial Run that is accepted or deemed accepted in accordance with Section 4.3(e). Notwithstanding anything to the contrary herein, Genentech may invoice for a

* Confidential Treatment Requested.

Commercial Run only after three successful Qualification Runs. Commercial Production commences upon Genentech's ability to invoice for a Commercial Run."

4. The Purchase Price of Bulk Drug is adjusted, pursuant to Section 5.3(d), to $[*] per gram. Notwithstanding the foregoing, the Parties agree that the Purchase Price shall be further adjusted in accordance with Section 5.3(d) as follows. [*]. Immunex also agrees, upon Genentech's request, to provide reasonable amounts of advice and counsel with respect to increasing Genentech's yields to levels comparable to other Enbrel manufacturing sites operating with a similar process and at a similar scale.

5. All capitalized terms not defined herein shall have the meaning set forth in the Agreement.

6. Except as set forth herein, all other terms of the Agreement remain in full force and effect.

7. This Amendment may be executed in counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute one and the same instrument. This Amendment shall be effective upon full execution by facsimile or original, and a facsimile signature shall be deemed to be and shall be as effective as an original signature. This Amendment may not be amended except by a written instrument duly executed and delivered by both Parties.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment effective as of the date set forth above.

GENENTECH, INC.	IMMUNEX CORPORATION
By: /s/ David Ebersman	By: /s/ Steven J. Schoch
Name: David Ebersman	Name: Steven J. Schoch
Title: Sr. Vice President of Product Operations	Title: Treasurer
Date: 4/3/03	Date: 4/01/03

* Confidential Treatment Requested.

EXHIBIT 10.93

* CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY THE BRACKETS, HAS BEEN OMITTED AND FILED WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24b-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

AMENDMENT NO. 4 TO ENBREL SUPPLY AGREEMENT

THIS AMENDMENT NO. 4 TO ENBREL SUPPLY AGREEMENT (this "Amendment") is effective as of October 31, 2003 between and among Genentech Inc., a Delaware corporation ("Genentech"), and Immunex Corporation, a Washington corporation and a wholly owned subsidiary of Amgen Inc. ("Immunex") (collectively the "Parties").

Genentech and Immunex are parties to that certain Enbrel Supply Agreement dated April 12, 2002, as amended by that certain Amendment No. 1 to Enbrel Supply Agreement dated September 20, 2002, that certain Amendment No. 2 dated July 16, 2002 and that certain Amendment No. 3 to Enbrel Supply Agreement dated March 26, 2003 (as amended, the "Agreement").

WHEREAS Genentech had initially provided Immunex with a forecast which provided that [*];

WHEREAS Immunex requested that [*];

WHEREAS Genentech has agreed to [*];

WHEREAS in order to accommodate Immunex's request for [*], Genentech has had to [*];

WHEREAS the Parties are agreeable to [*];

WHEREAS the Parties are agreeable to [*].

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Exhibit A to the Enbrel Supply Agreement is deleted in its entirety and replaced with the following:

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Calendar Year	Minimum Runs*	Maximum Runs*
[*]	[*]	[*]
[*]	[*]	[*]
[*]	[*]	[*]

* When used in this Exhibit, the term "Runs" is a defined term, and it shall have the meaning given in the Agreement.

** The foregoing is not intended to relieve Amgen from payment obligations for Runs commenced prior to November 1, 2003 provided that all applicable conditions for payment set forth in the Agreement have been satisfied.

***[*].

2. Immunex represents and warrants that it has the corporate power and authority and consents and the legal right to enter into this Amendment and has taken all necessary corporate action on its part to authorize execution of this Amendment.

3. All capitalized terms not defined herein shall have the meaning set forth in the Agreement.

4. Except as set forth herein, all other terms of the Agreement remain in full force and effect.

5. This Amendment may be executed in counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute one and the same instrument. This Amendment shall be effective upon full execution by facsimile or original, and a facsimile signature shall be deemed to be and shall be as effective as an original signature. This Amendment may not be amended except by a written instrument duly executed and delivered by the Parties.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment effective as of the date set forth above.

GENENTECH INC.	IMMUNEX CORPORATION
By: /s/ David Ebersman	By: /s/ Efi Cohen-Arazi
Name: David Ebersman	Name: Efi Cohen-Arazi
Title: Sr. Vice President of Product Operations	Title: VP Corporate Manufacturing
Date: 12/24/03	Date: 12/19/03

* Confidential Treatment Requested.

* CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY THE BRACKETS, HAS BEEN OMITTED AND FILED WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

EXHIBIT 10.94

DESCRIPTION OF

AMENDMENT NO. 1 TO

AMENDED AND RESTATED PROMOTION AGREEMENT

The following is a description of Amendment No. 1 to the Amended and Restated Promotion Agreement, dated as of December 16, 2001, by and among Wyeth, a Delaware corporation (formerly American Home Products Corporation, "Wyeth"), Amgen Inc., a Delaware corporation ("Amgen"), and Immunex Corporation, a Washington corporation and wholly-owned subsidiary of Amgen ("Immunex") (the "Promotion Agreement"). For purposes of the Amendment, all capitalized terms used but not otherwise defined in the Amendment shall have the meanings assigned to them in the Promotion Agreement. The Amendment is effective as of July 8, 2003. The Amendment is limited and does not constitute a modification, acceptance or waiver of any other provision of the Promotion Agreement.

Wyeth, Amgen, and Immunex amended the Promotion Agreement by inserting the following provision as a new Section 6.1(e):

"6.1(e) Additional Spending. Notwithstanding anything to the contrary in this Agreement, the Parties approve $[*] (U.S. Dollars) in spending in 2003 for promotion, sales and marketing activities and for the medical affairs studies specified in Section 3.06A of the TNFR Agreement, which spending shall be in addition to any expenses for promotion, marketing, selling and/or medical affairs studies already agreed to by the Parties for 2003 prior to July 8, 2003. The EMC shall be responsible for determining the activities to be funded with the additional $[*], subject to Section 3.06A of the TNFR Agreement which earmarks a portion of the additional $[*] for certain [*]. If the [*] of Released Drug Product (as defined in the Collaboration and Global Supply Agreement effective as of November 6, 2001 between Immunex and Wyeth, as amended by Amendment No. 1 thereto dated July 8, 2003 (the "CGSA")) [*] to [*] in [*] pursuant to Sections 5.1B(a) and 5.1B(b) of the CGSA (including Product [*] the [*] (each as defined in the CGSA) [*] in [*] pursuant to Section 5.1B(a) and 5.1B(b) of the CGSA, as set forth in Section 5.1B(d) of the CGSA) does not equal or exceed [*] in the [*], all of the [*] for such additional [*] shall be borne by [*]. If the [*] of Released Drug Product [*] to [*] in [*] pursuant to Section 5.1B(a) and 5.1B(b) of the CGSA (including Product [*] the [*] (each as defined in the CGSA) [*] in [*] pursuant to Sections 5.1B(a) and 5.1B(b) of the CGSA, as set forth in Section 5.1B(d) of the CGSA) equals or exceeds [*] in the [*], all of the [*] for such additional [*] shall be [*] between [*]."

The Amendment was executed by the following duly authorized parties.

WYETH

/s/ Robert Repella
- ----------------------------------
By: Robert Repella
Title: VP, Global Business Manager

* CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY THE BRACKETS, HAS BEEN OMITTED AND FILED WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO RULE 24B-2 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED.

IMMUNEX CORPORATION

/s/ Richard Nanula
- ----------
By: Richard D. Nanula
Title: Chief Financial Officer

WYETH

/s/ Richard Nanula
- ----------
By: Richard D. Nanula
Title: Executive Vice President, Finance,
Strategy and Communications, and
Chief Financial Officer

EXHIBIT 10.95

February 11, 2004

David Scott
Elk Horn Lodge #310
51 Offerson Road
Beaver Creek, CO 81620

Dear David:

AMENDMENT AND RESTATEMENT OF DECEMBER 22, 2003 LETTER

The following is our letter agreement dated December 22, 2003 (the "Original Letter"), which has been amended and restated to clarify and reflect our subsequent discussions and correspondence on certain points that were not reflected in the Original Letter. As so amended and restated, this letter supersedes the Original Letter and shall be effective as of December 26, 2003, the date that you signed the Original Letter. There is no need for you to re-sign your Proprietary Information and Inventions Agreement and your Mutual Agreement to Arbitrate Claims that were attached as Attachment 1 to the Original Letter, which agreements you signed on December 26, 2003 because we have made no changes to those agreements. Accordingly, those agreements continue to be in full force and effect. In addition, there is no need for you to resign the employment application that was enclosed with your original letter.

On behalf of Kevin Sharer (the "CEO"), I am pleased to convey to you the offer of the position of Senior Vice President, General Counsel, and Corporate Secretary, based at our Thousand Oaks headquarters. This position reports directly to the CEO. This offer has been reviewed and approved through unanimous written consent by Amgen's Compensation and Management Development Committee.

Your monthly salary will be $45,833.33 (~ $550,000 annually), and you will first be eligible to be considered for an annual merit increase in March 2005 as part of the annual performance review process.

As a Senior Vice President and member of Amgen's Executive Committee, you will be eligible to participate in Amgen's Executive Incentive Plan (the "EIP") pursuant to the terms of the EIP. Your annual target incentive opportunity will be 65% of your base salary earnings during the year. Your actual EIP bonus for any performance year may be more or less than this target amount and may vary based on Corporate and Functional Unit performance as well as management's assessment of your individual performance and contribution. However, in order to ease your transition to a new company, Amgen

will guarantee a minimum incentive payment of $500,000 (payable in March 2005) for the 2004 performance year, or the actual results from the EIP, whichever is higher. You must be actively employed by Amgen on December 31, 2004 to receive the guaranteed payment for 2004.

In addition, you will be entitled to a $500,000 bonus, which (less federal, state and local tax deductions and other applicable withholdings) will be paid within 30 days of your start date. If you are not still employed by Amgen as of the date the bonus is paid, the bonus will not be considered earned or vested and will not be prorated.

You will be granted an option to purchase 100,000 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 ("ISO") to the extent permitted by regulation and the remaining option shares of the grant shall be non-qualified stock options. 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.

Provided you begin employment at Amgen prior to March 1, 2004, you will be eligible to participate in the 2004 Amgen Long-Term Performance Incentive Program; should you begin employment with Amgen after February 29, 2004, you will be eligible to participate in the Amgen Long-Term Performance Incentive Program beginning in 2005. Grants under this program are discretionary and are subject to approval by Amgen's Compensation and Management Development Committee (the "Committee"). Subject to the approval of the Committee and your start date, your 2004 grant under this program will be the equivalent of 100,000 stock options. It is anticipated that the grant will be delivered as a combination of stock options (50,000) and performance units (25,000), during March 2004.

Amgen will award you 25,000 shares of restricted stock under Amgen's Amended and Restated 1991 Equity Incentive Plan on your start date, 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 $2.50. This grant is being made for retention purposes and to tie your financial success to the financial success of our shareholders.

This grant of restricted stock will vest as follows, contingent upon your being actively employed with Amgen through each vesting date:

The first anniversary of your start date	6,250 shares
The second anniversary of your start date	6,250 shares
The third anniversary of your start date	6,250 shares
The fourth anniversary of your start date	6,250 shares

Upon the termination of your active employment with Amgen, any unvested shares of restricted stock will be forfeited, 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, 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. Upon the forfeiture of any of the restricted shares, Amgen will pay you an amount equal to the par value price for each forfeited share.

As an Executive Incentive Plan participant, you are also eligible to participate in the Amgen Nonqualified Deferred Compensation Plan (the "DCP") to voluntarily defer, on a pre-tax basis, a portion of your annual earnings, including base salary and EIP payments. Upon receipt of your acceptance of employment at Amgen, you will be contacted directly by a member of the Amgen Executive Compensation Group to provide you with further details of the DCP and, if you wish, to arrange for your enrollment in the plan. For this enrollment, which must be completed within 30 days of the first date of your employment with Amgen, you may elect to defer up to 50% of your 2004 base salary and up to 80% of your 2004 EIP bonus to be paid in 2005.

If, within the first two 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 EIP, then you will be entitled to three years of base salary and target incentive paid monthly plus continued health care coverage that will run concurrent with coverage mandated under the Consolidated Omnibus Budget Reconciliation Act of 1985 for three years following the date of termination 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.

As a Senior Vice President at Amgen, you will also be a participant in the Amgen Inc. Change of Control Plan. If upon termination 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.

For the purpose of the above two provisions, "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 given by me 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.

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 majority of the costs associated with these programs while staff members share through payroll deductions. Please be advised that in order for you and your dependents to be eligible to participate in Amgen's health care plan 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 elect to defer eligible earnings up to the federal annual contribution limit 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 offered are summarized in the enclosed brochure called "Welcome to Amgen - Total Compensation and Benefits at Amgen."

You are eligible to participate in Amgen's relocation program. A summary of the program is attached as part of this offer (Attachment 2). As stated in the summary, Amgen will cover up to 180 days of temporary executive housing at your new location should you require such support.

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.

Also enclosed is an application for employment, which is a required document for the successful completion of our staffing process. If you have not completed this document

as part of the search process, please do so at this time and return it with all other required documents.

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 CEO 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.

Congratulations! Kevin has asked me to convey that he is very excited about the contribution that you will make to Amgen's success through your leadership of our Legal function as well as the corporate leadership you will provide as a member of the Executive Committee. He also believes that Amgen will provide you with attractive opportunities for personal achievement and growth. If you accept our offer, please sign and date the copy and return it in the enclosed envelope. Please retain the original offer letter for your records. If you have any questions regarding this offer, please contact me at (805) 447-8912 or Steven Wecker at (805) 447-7093.

Sincerely,

Chip Bell
Senior Director
Compensation and Benefits

CB/sw

Enclosures

_____

Signature of Acceptance Date

Anticipated Start Date: February 23, 2004

ATTACHMENT 1

In order to accept our offer you will be required to:

A) Complete, date and sign the Amgen Proprietary Information and Inventions Agreement and return it with your signed offer letter.

B) Date and sign the enclosed Mutual Agreement to Arbitrate Claims and return it with your signed offer letter.

C) You will be required to provide Amgen with proof of your identity and eligibility for employment per requirements of the Immigration Reform and Control Act of 1986 within 3 (three) days of hire. Information pertaining to this Act and required proof are enclosed.

ATTACHMENT 2

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. Relocation benefits are limited to one benefits package per household.

PLEASE NOTE:
Amgen has engaged the services of Primacy Relocation ("Primacy") to provide relocation services to our relocating staff members. Once we have received your signed acceptance of this offer, we will authorize a Primacy Relocation Consultant to contact you to initiate your relocation benefits.

The following relocation benefits will be coordinated and/or delivered by Primacy Relocation:

HOUSE HUNTING TRIP

To assist you with your house hunting efforts, Amgen will provide a 5-day trip for you and your household members. Coordinated through World Travel and according to Corporate Travel Policy, Amgen will cover the cost of round-trip airfare, ground transportation and hotel (room & tax only). Please contact World Travel (866) 613-2205 to make your reservations at least 7 days prior to your planned trip. In addition, Amgen will provide a per diem allowance for up to 5 days, to help offset the cost of food and miscellaneous items during the house-hunting trip. The per diem allowance should be requested and will be paid at the same time as the incidental lump sum allowance.

MARKETING ASSISTANCE AND HOME SALE 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. Amgen will pay the seller's normal, non-recurring closing costs associated with the sale of your home (i.e., real estate commission, title expense, etc.). YOU MUST SPEAK TO A PRIMACY RELOCATION CONSULTANT BEFORE TAKING ANY ACTION TO SELL YOUR HOME.

Additionally, if you have your home listed, are actively participating in the Home Marketing Assistance program and are closing escrow on the purchase of a home in the new "local 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.).

Homes excluded from eligibility may include but are not limited to: cooperative apartments, mobile homes, homes with more than two units, vacation or second homes, homes with excessive acreage, investment properties, homes with unmarketable titles, homes with E.I.F.S. (synthetic stucco) siding, homes with a history of water related or structural problems, or homes where environmental problems (i.e. underground fuel storage tanks, radon, asbestos) exist.

TEMPORARY LIVING EXPENSES

Temporary living expenses will be covered for a period of up to 180 days in Amgen leased executive lodging units. If you need to stay in the temporary lodging unit more than 180 days, you will be responsible for the cost of the unit at the daily rate negotiated by Amgen. Since Amgen has contracted for these temporary lodging accommodations, there is no need to make arrangements on your own.

ONE-WAY TRAVEL EXPENSES

Amgen will reimburse one-way travel expenses for you and your household members to take residence in the "local area." Amgen will provide a rental car for your use for a maximum of 14 days. This car may only be operated by you and your spouse, and may only be operated in the local area. Local area shall be defined as no more than 75 miles from your place of work. Amgen will not be responsible for, and will not cover, any damage or injuries resulting from the operation of the vehicle outside of these parameters. Additionally, if you are not yet an employee of Amgen when you operate the vehicle, you must accept the insurance provided through the rental agency. You should contact World Travel (866) 613-2205 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 180 days storage of household goods, if necessary. Amgen will assist you with expenses relating to the transport of small pets such as cats and dogs. However, Amgen will not transport, and does not recommend transporting, large animals such as horses. Reimbursement of expenses (transporting pets to new location) is not to exceed $500 per household. Please note that pets are shipped at your own risk; Amgen will not be responsible for your pet's health while in transit.

LUMP SUM ALLOWANCE

Amgen will provide you with a $3,000.00 lump sum to be used at your discretion, to cover incidental expenses associated with your move that are not covered in other sections of relocation coverage. Receipts or other accounting for the use of this allowance are not required.

RENTAL ASSISTANCE - SECURITY DEPOSIT NEW RESIDENCE

Amgen will reimburse you for the deposit on a rental property in the new "local area" in an amount not to exceed the equivalent of one month's rent.

OR

NON-RECURRING HOME PURCHASE CLOSING COSTS

Amgen will reimburse loan origination fees of up to 1% of the mortgage amount and loan discount points according to the sliding scale below, which is governed by current mortgage market conditions.

The sliding scale for loan discount points is based upon the prevailing 30/year 60/day Yield as set by the Federal National Mortgage Association (the "FNMA"), and as published in the "Money Rates" section of the Wall Street Journal on the day you lock-in your mortgage interest rate. The following sliding scale applies:

- If the FNMA index is 8% or less, 0 discount points will be reimbursed;

- If the FNMA index is at least 8.01% but not more than 8.49%, up to 0.5 points will be reimbursed;

- If the FNMA index is at least 8.5% but not more than 8.99%, up to 1.0 point will be reimbursed;

- If the FNMA index is at least 9% but not more than 9.99%, up to 1.5 points will be reimbursed; and

- If the FNMA index is 10% or higher, up to 2 points will be reimbursed.

(the up to 1% loan origination fee reimbursement occurs regardless of the FNMA index; scale applies only to loan discount point reimbursement)

In addition, you will be reimbursed for other Lender's fees, including but 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, in an amount not to exceed Six Hundred Fifty and No/Dollars ($650.00). You will also be reimbursed for the customary non-recurring buyer's closing costs for Escrow and/or Title fees.

TAX GROSS-UP ASSISTANCE

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

LOCAL AREA

References to the "local area" generally means the new work site is a minimum of 50 miles from the staff member's current residence, and the move to the new residence reduces commuting time by at least 50%.

DURATION OF RELOCATION

This relocation expense coverage is intended to assist in getting you established in your new residence in the "local 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.

EXHIBIT 10.96

RESOLUTIONS OF THE BOARD OF DIRECTORS REGARDING DIRECTOR COMPENSATION

Amendment of Amended and Restated 1991 Equity Incentive Plan

WHEREAS, the Company maintains the Amended and Restated 1991 Equity Incentive Plan (the "1991 Plan") for the benefit of employees, directors and consultants of the Company and its Affiliates (as defined in the 1991 Plan);

WHEREAS, the Company has consulted with its officers and employees, including those in the Company's Compensation and Benefits department, and an outside independent compensation consultant (the "Compensation Consultant") with respect to structuring the Company's various compensation programs and determining appropriate levels of equity compensation to the Company's Eligible Directors (as defined in the 1991 Plan);

WHEREAS, the Governance and Nominating Committee (the "Committee") of the Board of Directors of the Company (the "Board") has recommended to the Board, based upon consultation and discussions with the Compensation Consultant, that Sections 6(a) and 6(b) of the 1991 Plan be amended to provide that after December 9, 2003, Eligible Directors (as defined in the 1991 Plan) will no longer be entitled to receive non-discretionary grants of Nonqualified Stock Options (as defined in the 1991 Plan) in the amounts specified in the 1991 Plan and that the equity compensation program for Eligible Directors be restructured; and

WHEREAS, the Company has reserved the right to amend the 1991 Plan.

NOW, THEREFORE, BE IT, RESOLVED, that the Board deems it desirable and in the best interests of the Company that Sections 6(a) and 6(b) of the 1991 Plan be amended to provide that after December 9, 2003, Eligible Directors will no longer be entitled to receive non-discretionary grants of Nonqualified Stock Options in the amounts specified in the 1991 Plan, and that such plan be amended and restated as set forth on Annex A hereto, and that any future option grants to Eligible Directors after that date shall be made pursuant to a new equity compensation program.

Director Equity Incentive Program

WHEREAS, pursuant to Section 4(b) of the 1991 Plan, a director shall not be eligible for the benefits under the 1991 Plan (other than from a Director NQSO (as defined in the 1991 Plan) under Section 6 of the 1991 Plan) unless and until such director is expressly declared eligible to participate in the 1991 Plan by the Board or the Committee (as defined in the 1991 Plan);

WHEREAS, pursuant to the recommendations of the Compensation Consultant, the Governance and Nominating Committee of the Board has recommended to the Board that the

Board adopt the Amgen Inc. Director Equity Incentive Program (the "Program"), substantially in the form attached hereto as Annex B, which provides Eligible Directors with the opportunity to receive equity compensation pursuant to Sections 4(b), 5 and 7 of the 1991 Plan; and

WHEREAS, the Board deems it advisable and in the best interests of the Company to approve the Program and to set aside a sufficient number of shares of the Company's Common Stock under Section 8(a) of the 1991 Plan to satisfy awards granted under the Program for each fiscal year, commencing with the 2004 fiscal year.

NOW, THEREFORE, BE IT, RESOLVED, that the Board deems it desirable and in the best interests of the Company that the Eligible Directors be eligible to participate in the 1991 Plan;

FURTHER RESOLVED, that the Board deems it desirable and in the best interests of the Company that the Program, substantially in the form attached hereto as Annex B, which implements Sections 4(b), 5 and 7 of the 1991 Plan be, and it hereby is, approved; and

FURTHER RESOLVED, that pursuant to Section 8(a) of the 1991 Plan, a sufficient number of shares of the Company's Common Stock shall be set aside from the 1991 Plan to satisfy awards granted under the Program (including awards of dividend equivalents, if any, with respect to any deferred restricted stock units) for each fiscal year, commencing with the 2004 fiscal year, and that the number of shares of the Company's Common Stock set aside to satisfy awards of restricted stock units granted under the Program shall be equal to the product of (i) the number of Eligible Directors on March 15 of such year and (ii) the quotient (rounded down to the nearest whole number) obtained by dividing $100,000 by the closing market price of a share of Common Stock on the business day immediately preceding the date of grant (rounded to two decimal places).

Award Agreements

FURTHER RESOLVED, that the forms of stock option grant agreement and restricted stock unit agreement (the "Agreements") attached hereto as Annexes C and D, respectively, be approved and that stock options and restricted stock units granted pursuant to the Program shall be evidenced by the execution and delivery by the Company and each participant of the Agreements, with such changes thereto as the officers shall approve, such approval to be conclusively evidenced by the execution and delivery thereof.

General

FURTHER RESOLVED, that the Chief Executive Officer and President, the Executive Vice President, Finance, Strategy and Communications, and Chief Financial Officer, and the Senior Vice President, General Counsel and Secretary of the Company, and the Assistant Secretaries of the Company acting in conjunction with any such officers be, and each is hereby authorized to take all such further actions as they, or any of them, deem necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing resolutions and the actions authorized thereby and that any and all actions taken by said officers or their designees

prior to the adoption of the foregoing resolutions that are within the authority conferred thereby are hereby ratified, confirmed and approved in all respects.

AMGEN INC.

AMENDED AND RESTATED 1991 EQUITY INCENTIVE PLAN

1. PURPOSE.

(a) The purpose of the Amended and Restated 1991 Equity Incentive Plan as amended and restated in March 2003 (the "Plan") is to provide a means by which employees or directors of and consultants to Amgen Inc., a Delaware corporation (the "Company"), and its Affiliates, as defined in paragraph 1(b), directly, or indirectly through Trusts, may be given an opportunity to benefit from increases in value of the stock of the Company through the granting of (i) incentive stock options, (ii) nonqualified stock options, (iii) stock bonuses, and (iv) rights to purchase restricted stock, all as defined below. For purposes of the incentive stock option rules of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), the Plan is a new plan.

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

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

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

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

employee, director or consultant for whose benefit the option is granted to a Trust, as the context shall require.

2. ADMINISTRATION.

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

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

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

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

(3) To amend the Plan as provided in Section 14.

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

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

(d) Notwithstanding anything else in the Plan to the contrary, at any time the Board or the Committee may authorize by duly adopted resolution one or more Officers (as defined below) (each a "Delegated Officer") to take the actions described in paragraph 2(b)(1) of the Plan with respect to Options only, subject to, and within the limitations of, the express provisions of the Plan; provided, however, that a Delegated Officer shall not have the power to (1) grant any Options to himself, any non-employee director, consultant, Trust, other Delegated Officer or Officer, (2) determine the time or times when a person shall be permitted to purchase stock pursuant to the exercise of an Option (i.e., vesting), (3) determine the exercise price of an Option, or (4) grant any Option to a parent corporation of the Company, as defined in Section 424(e) of the Code. The resolution authorizing a Delegated Officer to act as such shall specify the total number of shares of Common Stock that a Delegated Officer may grant with respect to Options. The exercise price (including any formula by which such price or prices may be determined) and the time or times when a person shall be permitted to purchase stock pursuant to the exercise of an Option shall, however, be set by the Board or the Committee and not by a Delegated Officer to the extent required by Delaware General Corporation Law Section 157 or any other applicable law. The term "Officer" shall include any natural person who is elected as a corporate officer of the Company by the Board.

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

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

(g) Any requirement that an administrator of the Plan be a "non-employee

director" or "outside director" shall not apply if the Board or the Committee expressly declares that such requirement shall not apply.

3. SHARES SUBJECT TO THE PLAN.

(a) Subject to the provisions of Section 11 relating to adjustments upon changes in stock, the stock that may be issued pursuant to Stock Awards granted under the Plan shall not exceed in the aggregate One Hundred Ninety-Two Million (192,000,000) shares of the Company's $.0001 par value common stock (the "Common Stock"). If any Stock Award granted under the Plan shall for any reason expire or otherwise terminate without having been exercised in full, the Common Stock not purchased under such Stock Award shall again become available for the Plan. Shares repurchased by the Company pursuant to any repurchase rights reserved by the Company pursuant to the Plan shall not be available for subsequent issuance under the Plan.

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

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

4. ELIGIBILITY.

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

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

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

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

(d) Stock Awards shall be limited to a maximum of 2,000,000 shares of Common Stock per person per calendar year.

5. TERMS OF DISCRETIONARY STOCK OPTIONS.

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

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

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

(c) The purchase price of Common Stock acquired pursuant to an Option shall be paid, to the extent permitted by applicable statutes and regulations, either: (i) in cash at the time the Option is exercised; or (ii) at the discretion of the Board or the Committee, either at the time of grant or exercise of the Option (A) by delivery to the Company of shares of Common Stock that have been held for the period required to avoid a charge to the Company's reported earnings and valued at the fair market value on the date of exercise, (B) according to a deferred payment or other arrangement with the person to whom the Option is granted or to whom the Option is transferred pursuant to paragraph 5(d), or (C) in any other form of legal consideration that may be acceptable to the Board or the Committee in their discretion; including but not

limited to payment of the purchase price pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board which results in the receipt of cash (or a check) by the Company before Common Stock is issued or the receipt of irrevocable instruction to pay the aggregate exercise price to the Company from the sales proceeds before Common Stock is issued.

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

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

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

(f) The Company may require any optionee, or any person to whom an Option is transferred under paragraph 5(d), as a condition of exercising any such Option: (i) to give written assurances satisfactory to the Company as to such person's knowledge and experience in financial and business matters and/or to employ a purchaser representative who has such knowledge and experience in financial and business matters, and that such person is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Option; and (ii) to give written assurances satisfactory to the Company stating that such person is acquiring the Common Stock subject to the Option for such person's own account and

not with any present intention of selling or otherwise distributing the Common Stock. These requirements, and any assurances given pursuant to such requirements, shall be inoperative if: (x) the issuance of the shares upon the exercise of the Option has been registered under a then currently effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"); or (y) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities law.

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

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

(i) To the extent provided by the terms of an Option, each optionee may

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

(j) Without in any way limiting the authority of the Board or Committee to make or not to make grants of Discretionary Stock Options under this Section 5, the Board or Committee shall have the authority (but not an obligation) to include as part of any Option agreement a provision entitling the optionee to a further Option (a "Re-Load Option") in the event the optionee exercises the Option evidenced by the Option agreement, in whole or in part, by surrendering other shares of Common Stock in accordance with this Plan and the terms and conditions of the Option agreement. Any such Re-Load Option (i) shall be for a number of shares equal to the number of shares surrendered as part or all of the exercise price of such Option; (ii) shall have an expiration date which is the same as the expiration date of the Option the exercise of which gave rise to such Re-Load Option; and (iii) shall have an exercise price which is equal to one hundred percent (100%) of the fair market value of the Common Stock subject to the Re-Load Option on the date of exercise of the original Option or, in the case of a Re-Load Option which is an Incentive Stock Option and which is granted to a 10% stockholder (as defined in paragraph 4(c)), shall have an exercise price which is equal to one hundred and ten percent (110%) of the fair market value of the Common Stock subject to the Re-Load Option on the date of exercise of the original Option.

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

6. TERMS OF NON-DISCRETIONARY OPTIONS

(a) Prior to December 9, 2003, on January 27 of each year, each person who is at that time an Eligible Director of the Company, (as defined in paragraph 6(k)), shall automatically be granted under the Plan, without further action by the Company, the Board, or the Company's stockholders, a Nonqualified Stock Option (a "Director NQSO") to purchase sixteen thousand (16,000) shares of Common Stock on the terms and conditions set forth herein. An Eligible Director may designate that such Director NQSO be granted in the name of a Trust instead of in the name of such Eligible Director. The Director NQSO shall be on the terms and conditions set forth herein and should the date of grant set forth above be a Saturday, Sunday or legal holiday, such grant shall be made on the next business day. Notwithstanding anything else in the Plan to the contrary, this paragraph 6(a) shall be of no force and effect from and after December 9, 2003.

(b) Prior to December 9, 2003, each person who becomes an Eligible Director, shall, upon the date such person first becomes an Eligible Director, automatically be granted under the Plan, without further action by the Company, the Board, or the Company's stockholders, a Director NQSO to purchase sixty thousand (60,000) shares of Common Stock on the terms and conditions set forth herein. An Eligible Director may designate that such Director NQSO be granted in the name of a Trust instead of in the name of such Eligible Director. The Director NQSO shall be on the terms and conditions set forth herein and should the date of grant set forth above be a Saturday, Sunday or legal holiday, such grant shall be made on the next business day. Notwithstanding anything else in the Plan to the contrary, this paragraph 6(b) shall be of no force and effect from and after December 9, 2003.

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

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

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

(f) The purchase price of Common Stock acquired pursuant to a Director NQSO shall be paid, to the extent permitted by applicable statutes and regulations, either (i) in cash at the time the Director NQSO is exercised; (ii) by delivery to the Company of shares of

Common Stock that have been held for the period required to avoid a charge to the Company's reported earnings and valued at their fair market value on the date of exercise; or (iii) pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board which results in the receipt of cash (or a check) by the Company before Common Stock is issued or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds before Common Stock is issued.

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

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

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

requirement need not be met in the circumstances under the then applicable securities laws.

(j) Subject to the last sentence of this paragraph 6(j), each Director NQSO shall include a provision entitling the optionee to a further Nonqualified Stock Option (a "Director Re-Load Option") in the event the optionee exercises the Director NQSO evidenced by the Director NQSO grant, in whole or in part, by surrendering other shares of Common Stock in accordance with the Plan and the terms of the Director NQSO grant. Any such Director Re-Load Option (i) shall be for a number of shares equal to the number of shares surrendered as part or all of the exercise price of the original Director NQSO; (ii) shall have an expiration date which is the same as the expiration date of the original Director NQSO; and (iii) shall have an exercise price which is equal to one hundred percent (100%) of the fair market value of the Common Stock subject to the Director Re-Load Option on the date of exercise of the original Director NQSO. Any such Director Re-Load Option shall be subject to the availability of sufficient shares under paragraph 3(a). There shall be no Director Re-Load Option on a Director Re-Load Option. Notwithstanding anything else in the Plan to the contrary, this paragraph 6(j) shall be of no force and effect from and after June 23, 1998.

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

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

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

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

(b) No rights under a stock bonus or restricted stock purchase agreement shall be assignable by any participant under the Plan, either voluntarily or by operation of law, except

where such assignment is required by law or expressly authorized by the terms of the applicable stock bonus or restricted stock purchase agreement.

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

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

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

(f) To the extent provided by the terms of stock bonus or restricted stock purchase agreement, a participant may satisfy any federal, state or local tax withholding obligation relating to the lapsing of a repurchase option in favor of the Company or vesting of a stock bonus or a restricted stock award by any of the following means or by a combination of such means: (i) tendering a cash payment; (ii) authorizing the Company to withhold from the shares of the Common Stock otherwise deliverable to a participant as a result of the lapsing of a repurchase option in favor of the Company or the vesting of a stock bonus or a restricted stock award a number of shares having a fair market value less than or equal to the amount of the Company's required minimum statutory withholding; or (iii) delivering to the Company owned and unencumbered shares of the Common Stock having a fair market value less than or equal to the amount of the Company's required minimum statutory withholding.

8. COVENANTS OF THE COMPANY.

(a) During the terms of the Stock Awards granted under the Plan, the

Company shall keep available at all times the number of shares of Common Stock required to satisfy such Stock Awards up to the number of shares of Common Stock authorized under the Plan.

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

9. USE OF PROCEEDS FROM COMMON STOCK.

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

10. MISCELLANEOUS.

(a) The Board or Committee shall have the power to accelerate the time during which a Stock Award may be exercised or the time during which a Stock Award or any part thereof will vest, notwithstanding the provisions in the Stock Award stating the time during which it may be exercised or the time during which it will vest. Each Discretionary Stock Option providing for vesting pursuant to paragraph 5(e) shall also provide that if the employee's employment or a director's or consultant's affiliation with the Company or an Affiliate of the Company is terminated by reason of death or disability (within the meaning of Title II or XVI of the Social Security Act or comparable statute applicable to an Affiliate and with such permanent and total disability certified by (i) the Social Security Administration, (ii) the comparable governmental authority applicable to an Affiliate, (iii) such other body having the relevant decision-making power applicable to an Affiliate or (iv) an independent medical advisor appointed by the Company, as applicable, prior to such termination), then the vesting schedule of Discretionary Stock Options granted to such employee, director or consultant or to the Trusts of such employee, director or consultant shall be accelerated by twelve months for each full year the employee has been employed by or the director or consultant has been affiliated with the Company and/or an Affiliate of the Company.

(b) Neither an optionee nor any person to whom an Option is transferred under

the provisions of the Plan shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares subject to such Option unless and until such person has satisfied all requirements for exercise of the Option pursuant to its terms.

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

(d) Notwithstanding any provision of the Plan to the contrary, the Board or the Committee shall have the power to condition the grant or vesting of stock bonuses and rights to purchase restricted stock under the Plan upon the attainment of performance goals, determined by the Board or the Committee in their respective sole discretion, with respect to any one or more of the following business criteria with respect to the Company, any Affiliate, any division, any operating unit or any product line: (i) return on capital, assets or equity, (ii) sales or revenue, (iii) net income, (iv) cash flow, (v) earnings per share, (vi) adjusted earnings or adjusted net income as defined below, (vii) working capital, (vii) total shareholder return, (ix) economic value or (x) product development, research, in-licensing, out-licensing, litigation, human resources, information services, manufacturing, manufacturing capacity, production, inventory, site development, plant, building or facility development, government relations, product market share, mergers, acquisitions or sales of assets or subsidiaries. "Adjusted net income" and "adjusted earnings" shall mean net income or earnings, as the case may be, for the relevant performance period computed in accordance with accounting principles generally accepted in the U.S. which may be adjusted by the Committee, as specified in writing, for such performance period, at the time a performance goal is established for the performance period, for the following: (a) any item of significant gain or loss for the performance period determined to be related to a change in accounting principle as reflected in the Company's audited consolidated financial statements, (b) amortization expenses associated with acquired intangible assets, (c) expenses associated with acquired in-process research and development and (d) any other items

of significant income or expense which are determined to be appropriate adjustments and are specified in writing by the Committee at the time the goal is established for the performance period. With respect to any stock bonuses or rights to purchase restricted stock granted to persons who are or who may be "covered employees" within the meaning of Section 162(m) of the Code, the Board or the Committee shall have the power to grant such awards upon terms and conditions that qualify such awards as "qualified performance-based compensation" within the meaning of Section 162(m) of the Code. Stock bonuses and rights to purchase restricted stock made in accordance with this paragraph 10(d) shall contain the terms and conditions of Section 7 above.

11. ADJUSTMENTS UPON CHANGES IN COMMON STOCK.

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

12. CHANGE OF CONTROL.

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

shall be terminated.

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

(i) upon the acquisition (other than from the Company) by any person, entity or "group," within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act (excluding, for this purpose, the Company or its affiliates, or any employee benefit plan of the Company or its affiliates which acquires beneficial ownership of voting securities of the Company), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of fifty percent (50%) or more of either the then outstanding shares of Common Stock or the combined voting power of the Company's then outstanding voting securities entitled to vote generally in the election of directors; or

(ii) at the time individuals who, as of April 2, 1991, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to April 2, 1991, whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the Directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) shall be, for purposes of the Plan, considered as though such person were a member of the Incumbent Board; or

(iii) immediately prior to the consummation by the Company of a reorganization, merger, consolidation, (in each case, with respect to which persons who were the stockholders of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than fifty percent (50%) of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated company's then outstanding voting securities) or a liquidation or dissolution of the Company or of the sale of all or substantially all of the assets of the Company; or

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

13. QUALIFIED DOMESTIC RELATIONS ORDERS

(a) Anything in the Plan to the contrary notwithstanding, rights under Stock Awards may be assigned to an Alternate Payee to the extent that a QDRO so provides. (The terms "Alternate Payee" and "QDRO" are defined in paragraph 13(c) below.) The assignment of a Stock Award to an Alternate Payee pursuant to a QDRO shall not be treated as having caused a

new grant. The transfer of an Incentive Stock Option to an Alternate Payee may, however, cause it to fail to qualify as an Incentive Stock Option. If a Stock Award is assigned to an Alternate Payee, the Alternate Payee generally has the same rights as the grantee under the terms of the Plan; provided however, that (i) the Stock Award shall be subject to the same vesting terms and exercise period as if the Stock Award were still held by the grantee, (ii) an Alternate Payee may not transfer a Stock Award and (iii) an Alternate Payee is ineligible for Re-Load Options described at paragraph 5(j) or Director Re-Load Options described at paragraph 6(j).

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

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

14. AMENDMENT OF THE PLAN.

(a) The Board at any time, and from time to time, may amend the Plan. However, except as provided in Section 10 relating to adjustments upon changes in the Common Stock, no amendment shall be effective unless approved by the stockholders of the Company within twelve (12) months before or after the adoption of the amendment, where the amendment will:

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

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

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

(b) The Board may in its sole discretion submit any other amendment to the Plan for stockholder approval, including, but not limited to, amendments to the Plan intended to

satisfy the requirements of Section 162(m) of the Code and the regulations promulgated thereunder regarding the exclusion of performance-based compensation from the limit on corporate deductibility of compensation to certain executive officers.

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

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

15. TERMINATION OR SUSPENSION OF THE PLAN.

(a) The Board may suspend or terminate the Plan at any time. No Stock Awards may be granted under the Plan while the Plan is suspended or after it is terminated. No Incentive Stock Options may be granted under the Plan after February 22, 2009.

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

16. EFFECTIVE DATE OF PLAN.

The Plan shall become effective as determined by the Board.

AMGEN INC.
DIRECTOR EQUITY INCENTIVE PROGRAM

ARTICLE I

PURPOSE

The purpose of this document is to set forth the general terms and conditions applicable to the Director Equity Incentive Program (the "Program") established by the Board of Directors of Amgen Inc. (the "Company") pursuant to, and in implementation of, Section 4(b) of the Company's Amended and Restated 1991 Equity Incentive Plan, as amended (the "1991 Plan"). The Program is intended to carry out the purposes of the 1991 Plan and provide a means to reinforce objectives for sustained long-term performance and value creation by awarding each non-employee director of the Company with stock awards, subject to the restrictions and other provisions of the Program and the 1991 Plan. The Program shall be effective as of December 9, 2003 (the "Effective Date").

ARTICLE II

DEFINITIONS

Unless otherwise defined herein, capitalized terms used herein shall have the same definitions as such terms are defined in the 1991 Plan.

"Award" shall mean a Nonqualified Stock Option or a Restricted Stock Unit granted to an Eligible Director pursuant to the Program.

"Board" shall mean the Board of Directors of the Company.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Common Stock" shall mean the common stock, par value $0.0001 per share, of the Company.

"Eligible Director" shall mean a member of the Board who is not an employee of the Company or any Affiliate.

"Nonqualified Stock Option" or "NQSO" shall mean a stock option which does not qualify as an incentive stock option as that term is used in Section 422 of the Code.

"QDRO" shall mean a court order (i) that creates or recognizes the right of the spouse, former spouse or child (an "Alternate Payee") of an individual who is granted an Award to an interest in such Award relating to marital property rights or support obligations and (ii) that the Board determines would be a "qualified domestic relations order," as that term is defined in

Section 414(p) of the Code and Section 206(d) of the Employee Retirement Income Security Act ("ERISA"), but for the fact that the Program is not a plan described in Section 3(3) of ERISA.

"Restricted Stock Unit" shall mean a restricted right to receive a share of Common Stock granted pursuant to Article IV.

ARTICLE III

STOCK OPTIONS

3.1 Inaugural Grants. Each person who becomes an Eligible Director after the Effective Date shall, upon the date such person first becomes an Eligible Director, automatically be granted, without further action by the Company, the Board, or the Company's stockholders, a Nonqualified Stock Option to purchase twenty thousand (20,000) shares of Common Stock on the terms and conditions set forth herein. Should the date of grant set forth above be a Saturday, Sunday or legal holiday, such grant shall be made on the next business day.

3.2 Annual Grants. On March 15 of each year after the Effective Date, each person who is at that time an Eligible Director shall automatically be granted, without further action by the Company, the Board, or the Company's stockholders, a Nonqualified Stock Option to purchase five thousand (5,000) shares of Common Stock on the terms and conditions set forth herein. Should the date of grant set forth above be a Saturday, Sunday or legal holiday, such grant shall be made on the next business day.

3.3 Terms of Options.

(a) Each Nonqualified Stock Option granted pursuant to the Program shall constitute a Discretionary Stock Option under Section 5 of the 1991 Plan. The provisions of separate Nonqualified Stock Options need not be identical, but each Nonqualified Stock Option shall include (through incorporation of provisions hereof by reference in the Nonqualified Stock Option or otherwise) the substance of each of the following provisions as set forth in this Section 3.3 and Section 5 of the 1991 Plan.

(b) No Option shall be exercisable after the expiration of seven (7) years from the date it was granted.

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

(d) The purchase price of Common Stock acquired pursuant to a Nonqualified Stock Option shall be paid, to the extent permitted by applicable statutes and regulations, either: (i) in cash at the time the Nonqualified Stock Option is exercised; or (ii) at the discretion of the Board, either at the time of grant or exercise of the Nonqualified Stock Option (A) by delivery to the Company of shares of Common Stock that have been held for the period required to avoid a charge to the Company's reported earnings and valued at the fair market value on the date of exercise, or (B) in any other form of legal consideration that may be acceptable to the Board in

its discretion; including but not limited to payment of the purchase price pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board which results in the receipt of cash (or a check) by the Company before Common Stock is issued or the receipt of irrevocable instruction to pay the aggregate exercise price to the Company from the sales proceeds before Common Stock is issued.

(e) A Nonqualified Stock Option shall be exercisable during the lifetime of the Eligible Director only by the Eligible Director, and after the death of the Eligible Director, the Nonqualified Stock Option shall be exercisable by the person or persons to whom the Eligible Director's rights under such option pass by will or by the laws of descent and distribution.

(f) Each Nonqualified Stock Option that is granted to an Eligible Director who has as of the date of grant provided three (3) years of prior continuous service on the Board as an Eligible Director shall be fully vested as of the date of grant. Each Nonqualified Stock Option that is granted to an Eligible Director who has not as of the date of grant provided three (3) years of prior continuous service as an Eligible Director shall be fully vested as of the date upon which such Eligible Director has provided one year of continuous service on the Board as an Eligible Director following the date of grant of such Nonqualified Stock Option. If the Eligible Director's relationship as a director of the Company or an Affiliate is terminated by reason of the Eligible Director's death or disability (within the meaning of Title II or XVI of the Social Security Act or comparable statute applicable to an Affiliate and with such permanent and total disability certified by (i) the Social Security Administration, (ii) the comparable governmental authority applicable to an Affiliate, (iii) such other body having the relevant decision-making power applicable to an Affiliate, or (iv) an independent medical advisor appointed by the Company, as applicable, prior to such termination), then the vesting schedule of each Nonqualified Stock Option granted to such Eligible Director shall be accelerated by twelve months for each full year the Eligible Director has been affiliated with the Company and/or an Affiliate.

(g) The Company may require any holder under this Article III, or any person to whom a Nonqualified Stock Option is transferred under Section 3.3(e), as a condition of exercising any such option: (i) to give written assurances satisfactory to the Company as to such person's knowledge and experience in financial and business matters and/or to employ a purchaser representative who has such knowledge and experience in financial and business matters, and that such person is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Nonqualified Stock Option; and (ii) to give written assurances satisfactory to the Company stating that such person is acquiring the Common Stock subject to the Nonqualified Stock Option for such person's own account and not with any present intention of selling or otherwise distributing the Common Stock. These requirements, and any assurances given pursuant to such requirements, shall be inoperative if: (x) the issuance of the shares upon the exercise of the Nonqualified Stock Option has been registered under a then currently effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"); or (y) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities law.

ARTICLE IV

RESTRICTED STOCK UNITS

4.1 Annual Grants. On March 15 of each year after the Effective Date, each person who is at that time an Eligible Director shall automatically be granted, without further action by the Company, the Board, or the Company's stockholders, Restricted Stock Units to acquire a number of shares of Common Stock (rounded down to the nearest whole number) equal to the quotient obtained by dividing (x) $100,000, by (y) the closing market price of a share of Common Stock on the business day immediately preceding the date of grant (rounded to two decimal places). Should the date of grant set forth above be a Saturday, Sunday or legal holiday, such grant shall be made on the next business day. Restricted Stock Units shall constitute stock bonuses under Section 7 of the 1991 Plan.

4.2 Terms of Restricted Stock Units.

(a) Each Restricted Stock Unit granted pursuant to this Program shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. The provisions of separate Restricted Stock Units need not be identical, but each Restricted Stock Unit shall include (through incorporation of provisions hereof by reference in the Restricted Stock Unit agreement or otherwise) the substance of each of the following provisions as set forth this Section 4.2 and Section 7 of the 1991 Plan.

(b) Each grant of Restricted Stock Units made to an Eligible Director who has as of the date of grant provided three (3) years of prior continuous service on the Board as an Eligible Director shall be fully vested as of the date of grant and each grant of Restricted Stock Units that is made to an Eligible Director who has not as of the date of grant provided three (3) years of prior continuous service as an Eligible Director shall be fully vested as of the date upon which such Eligible Director has provided one year of continuous service on the Board as an Eligible Director following the date of grant of such Restricted Stock Units (in each case, such date of vesting the "Vesting Date"). If the Eligible Director's relationship as a director of the Company or an Affiliate is terminated by reason of the Eligible Director's death or total and permanent disability (as certified by an independent medical advisor appointed by the Company prior to such termination), then a prorated number (rounded down to the nearest whole number) of unvested Restricted Stock Units, if any, shall vest immediately upon such death or disability, determined by multiplying the number of unvested Restricted Stock Units, if any, by a fraction (rounded to two decimal places), the numerator of which is the number of complete months of continuous service during the one year period following the date of grant and the denominator of which is 12.

(c) A holder's vested Restricted Stock Units shall be paid by the Company in shares of Common Stock (on a one-to-one basis) on, or as soon as practicable after, the Vesting Date (the "Payment Date") unless the Eligible Director has irrevocably elected in writing prior to the date of the grant of such Restricted Stock Units to defer the payment of such Restricted Stock Units to another date under one of the following options (the "Deferred Payment Date"): (i) full payment of the Restricted Stock Units in January of a year specified by the Eligible Director which shall be no earlier than the third calendar year following the calendar year in which the date of grant occurs and no later than the tenth calendar year following such year, (ii) payment of the Restricted Stock Units in five substantially equal annual installments, commencing in January of the calendar year following the year in which the Eligible Director with respect to

whom the Restricted Stock Units were granted ceases to be an Eligible Director for any reason, or (iii) payment of the Restricted Stock Units in ten substantially equal annual installments, commencing in January of the calendar year following the year in which the Eligible Director with respect to whom the Restricted Stock Units were granted ceases to be an Eligible Director for any reason; provided, however, that no shares of Common Stock shall be issued hereunder unless the Board determines prior to such issuance that the consideration received by the Company in exchange for the issuance of Common Stock has a value not less than the par value thereof.

4.3 Dividend Equivalents. If an Eligible Director has elected to defer payment of his or her vested Restricted Stock Units as provided in Section 4.2(c) above and the Company pays any dividends with respect to the Common Stock at any time during the period between the Payment Date and the Deferred Payment Date, the holder of such vested Restricted Stock Units shall be credited, as of the dividend payment date, with dividend equivalents equal to the amount of the dividends which would have been payable to such holder if the holder held a number of shares of Common Stock equal to the number of vested Restricted Stock Units so deferred. Such dividend equivalents shall be deemed reinvested in the Common Stock on the dividend payment date and shall be paid by the Company in shares of Common Stock on the Deferred Payment Date. Such dividend equivalents shall constitute stock bonuses under Section 7 of the 1991 Plan.

ARTICLE V

MISCELLANEOUS

5.1 Administration of the Program. The Program shall be administered by the Board.

5.2 Application of 1991 Plan. The Program is subject to all the provisions of the 1991 Plan, including Section 11 thereof (relating to adjustments upon changes in the Common Stock) and Section 12 thereof (relating to Change of Control), and its provisions are hereby made a part of the Program, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the 1991 Plan. In the event of any conflict between the provisions of this Program and those of the 1991 Plan, the provisions of the 1991 Plan shall control.

5.3 Amendment and Termination. Notwithstanding anything herein to the contrary, the Board may, at any time, terminate, modify or suspend the Program; provided, however, that, without the prior consent of the Eligible Directors affected, no such action may adversely affect any rights or obligations with respect to any Awards theretofore earned but unpaid, whether or not the amounts of such Awards have been computed and whether or not such Awards are then payable.

5.4 No Contract for Employment. Nothing contained in the Program or in any document related to the Program or to any Award shall confer upon any Eligible Director any right to continue as a director or in the service or employment of the Company or an Affiliate or constitute any contract or agreement of service or employment for a specific term or interfere in any way with the right of the Company or an Affiliate to reduce such person's compensation, to

change the position held by such person or to terminate the service of such person, with or without cause.

5.5 Nontransferability. No benefit payable under, or interest in, this Program shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge and any such attempted action shall be void and no such benefit or interest shall be, in any manner, liable for, or subject to, debts, contracts, liabilities or torts of any Eligible Director or beneficiary; provided, however, that, nothing in this Section 5.5 shall prevent transfer (i) by will, (ii) by applicable laws of descent and distribution, or (iii) to an Alternate Payee to the extent that a QDRO so provides. The assignment of an Award to an Alternate Payee pursuant to a QDRO shall not be treated as having caused a new grant. If an Award is assigned to an Alternate Payee, the Alternate Payee generally has the same rights as the Eligible Director under the terms of the Program; provided however, that (i) the Award shall be subject to the same vesting terms and exercise period as if the Award were still held by the Eligible Director, and (ii) an Alternate Payee may not transfer an Award. In the event of the 1991 Plan administrator's receipt of a domestic relations order or other notice of adverse claim by an Alternate Payee of an Eligible Director of an Award, transfer of the proceeds of the exercise of such Award, whether in the form of cash, stock or other property, may be suspended. Such proceeds shall thereafter be transferred pursuant to the terms of a QDRO or other agreement between the Eligible Director and Alternate Payee. An Eligible Director's ability to exercise an Award may be barred if the 1991 Plan administrator receives a court order directing the 1991 Plan administrator not to permit exercise.

5.6 Nature of Program. No Eligible Director, beneficiary or other person shall have any right, title or interest in any fund or in any specific asset of the Company or any Affiliate by reason of any award hereunder. There shall be no funding of any benefits which may become payable hereunder. Nothing contained in this Program (or in any document related thereto), nor the creation or adoption of this Program, nor any action taken pursuant to the provisions of this Program shall create, or be construed to create, a trust of any kind or a fiduciary relationship between the Company or an Affiliate and any Eligible Director, beneficiary or other person. To the extent that an Eligible Director, beneficiary or other person acquires a right to receive payment with respect to an award hereunder, such right shall be no greater than the right of any unsecured general creditor of the Company or other employing entity, as applicable. All amounts payable under this Program shall be paid from the general assets of the Company or employing entity, as applicable, and no special or separate fund or deposit shall be established and no segregation of assets shall be made to assure payment of such amounts. Nothing in this Program shall be deemed to give any employee any right to participate in this Program except in accordance herewith.

5.7 Governing Law. This Program shall be construed in accordance with the laws of the State of Delaware, without giving effect to the principles of conflicts of law thereof.

GRANT OF NONQUALIFIED STOCK OPTION
(Under the Amended and Restated 1991 Equity Incentive Plan)

_____, Amgen Inc. Stock Optionee:

AMGEN INC., a Delaware corporation (the "Company"), pursuant to its Amended and Restated 1991 Equity Incentive Plan (the "Plan"), has this day granted to you, the optionee named above, an option to purchase _____ shares of the $.0001 par value common stock of the Company ("Common Stock") pursuant to the terms hereof. This option is not intended to qualify and will not be treated as an "incentive stock option" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended.

The provisions of your option are as follows:

1. [select vesting schedule based on director's length of service] [Subject to the limitations contained herein, this option shall vest on [grant date]. [Subject to the provisions contained herein, this option shall vest on [one year from grant date], provided that from the date of grant of this option through the vesting date, you have continuously served as a non-employee director of the Company (as that term is defined in the Plan).]

2. (a) The per share exercise price of this option is $____, being not less than the fair market value of the Common Stock on the date of grant of this option.

(b) To the extent permitted by applicable statutes and regulations, payment of the exercise price per share is due in full in cash or check upon exercise of all or any part of this option which has become exercisable by you. However, if at the time of exercise, the Company's Common Stock is publicly traded and quoted regularly in the Wall Street Journal, payment of the exercise price may be made by delivery of already-owned shares of Common Stock of a value equal to the exercise price of the shares of Common Stock for which this option is being exercised. The already-owned shares must have been owned by you for the period required to avoid a charge to the Company's reported earnings and owned free and clear of any liens, claims, encumbrances or security interests. Payment may also be made by a combination of cash and already-owned Common Stock.

3. Notwithstanding anything to the contrary contained herein, this option may not be exercised unless the shares issuable upon exercise of this option are then registered under the Securities Act of 1933, as amended (the "Act"), or, if such shares are not then so registered, the Company has determined that such exercise and issuance would be exempt from the registration requirements of the Act.

[select section 4 with acceleration provisions if option not fully vested at date of grant]
[4. The term of this option commences on the date hereof and, unless sooner terminated pursuant to the Plan, terminates on _____ (which date shall be no more than seven (7) years from the date this option is granted).]

[4. The term of this option commences on the date hereof and, unless sooner terminated pursuant to the Plan, terminates on _____ (which date shall be no more than seven (7) years from the date this option is granted). If termination of your relationship as a director of the Company is due to (a) your permanent and total disability (within the meaning of Title II or XVI of the Social Security Act or comparable statute applicable to an Affiliate and with such permanent and total disability certified by the Social Security Administration, prior to such termination), or (b) your death, then the vesting schedule of unvested portions of the option will be accelerated by twelve (12) months for each full year that you have been affiliated as a director with the Company.

However, in any and all circumstances and except to the extent the vesting schedule has been accelerated by the Company in its sole discretion during the term of this option or as a result of your permanent and total disability or death as provided above, this option may be exercised following termination of your relationship as a director of the Company only as to that number of shares as to which it was exercisable on the date of such termination provisions of paragraph 1 of this option. For purposes of this option, "termination of your relationship as a director of the Company" shall mean the last date you are a director of the Company.

5. To the extent specified above, this option may be exercised by delivering a Notice of Exercise of Stock Option form, together with the exercise price to the Secretary of the Company, or to such other person as the Company may designate, during regular business hours, together with such additional documents as the Company may then require pursuant to section 5 of the Plan.

6. This option is not transferable, except by will or the laws of descent and distribution, and is exercisable during your life only by you except as set forth below:

(a) If you have named a Trust (as defined in the Plan) as beneficiary of this option, this option may be exercised by the Trust after your death; and

(b) All or a portion of your option may be transferred to an Alternate Payee (as defined in the Plan) if required by the terms of a QDRO (as defined in the Plan), as further described in the Plan.

7. This option is not an employment or consulting contract and nothing in this option shall be deemed to create in any way whatsoever any obligation on the part of the non-employee director on whose behalf the option right was created, to continue to serve as a director of the Company, or of the Company to continue such non-employee director's service as a director of the Company.

8. Any notices provided for in this option or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at the

address specified below or at such other address as you hereafter designate by written notice to the Company.

9. This option is subject to all the provisions of the Plan, the provisions of which are hereby made a part of this option, including without limitation the provisions of section 5 of the Plan relating to option provisions, and is further subject to all interpretations, amendments, rules, and regulations which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the provisions of this option and those of the Plan, the provisions of the Plan shall control.

10. The terms of this option shall be governed by the laws of the State of Delaware without giving effect to principles of conflicts of laws.

Dated the ___ day of _____.

Very truly yours,

AMGEN INC.

By:_____
Duly authorized on behalf
of the Board of Directors

Agreed and accepted as of the date written above:

_____
[name]
Address:

EXHIBIT 10.97

Annex D

RESTRICTED STOCK UNIT AGREEMENT

_____, Amgen Inc. Grantee:

On this __ day of _____ (the "Grant Date"), Amgen Inc., a Delaware corporation (the "Company"), pursuant to its Director Equity Incentive Program (the "Program") which implements the Amended and Restated 1991 Equity Incentive Plan, as amended (the "Plan"), has granted to you, the grantee named above, _____ restricted stock units (the "Units") with respect to _____ shares of Common Stock on the terms and conditions set forth in this Restricted Stock Unit Agreement (this "Agreement") and the Plan. Capitalized terms not defined herein shall have the meanings assigned to such terms in the Program.

I. Vesting Schedule. Subject to the terms and conditions of this Agreement and in consideration for services previously rendered by you, one hundred percent (100%) of the Units shall vest upon [select a vesting date based on director's years of service, per program:] [the date hereof (the "Vesting Date")] the date (the "Vesting Date") upon which you have provided one year of continuous service following the Grant Date; provided, however, that in the event you cease to be an Eligible Director by reason of your death or total and permanent disability (as certified by an independent medical advisor appointed by the Company prior to such termination), a prorated number of Units shall vest immediately upon such death or disability, determined by multiplying the number of unvested Units by a fraction (rounded to two decimal places), the numerator of which is the number of complete months of continuous service during the one year period following the Grant Date and the denominator of which is 12.

II. Form and Timing of Payment. Any vested Units shall be paid by the Company in shares of Common Stock (on a one-to-one basis) on, or as soon as practicable after, the Vesting Date unless you have irrevocably elected in writing prior to the Grant Date to defer the payment of such Units under one of the following options: (i) full payment of the vested Units in January of a year specified by you which shall be no earlier than the third calendar year following the calendar year in which the date of grant occurs and no later than the tenth calendar year following such year, (ii) payment of the vested Units in five substantially equal annual installments, commencing in January of the calendar year following the year in which you cease to be an Eligible Director for any reason, or (iii) payment of the vested Units in ten substantially equal annual installments, commencing in January of the calendar year following the year in which you cease to be an Eligible Director for any reason; provided, however, that no shares of Common Stock shall be issued hereunder unless the Board determines that the consideration received by the Company in exchange for the issuance of Common Stock has a value not less than the par value thereof.

III. Transferability. No benefit payable under, or interest in, this Agreement shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge and any such attempted action shall be void and no such benefit or interest shall be, in any manner, liable for, or subject to, your or your beneficiary's debts, contracts, liabilities or torts; provided, however, nothing in this Section III shall prevent transfer

(i) by will, (ii) by applicable laws of descent and distribution or (iii) to an Alternate Payee to the extent that a QDRO so provides, as further described in the Program.

IV. No Contract for Employment. This Agreement is not an employment or service contract and nothing in this Agreement shall be deemed to create in any way whatsoever any obligation on your part to continue in the employ or service of the Company, or of the Company to continue your employment or service with the Company.

V. Notices. Any notices provided for in this Agreement or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at such address as is currently maintained in the Company's records or at such other address as you hereafter designate by written notice to the Company.

VI. Plan and Program. This Agreement is subject to all the provisions of the Plan and Program and their provisions are hereby made a part of this Agreement, including without limitation the provisions of paragraph 7 of the Plan relating to stock bonuses, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the provisions of this Agreement and those of the Plan and the Program, the provisions of the Plan shall control.

VII. Governing Law. This Agreement shall be construed and interpreted, and the rights of the parties shall be determined, in accordance with the laws of the State of Delaware, without regard to conflicts of law provisions thereof.

Very truly yours,

AMGEN INC.

By:_____
Name:
Title:

Accepted and Agreed,
this ___ day of _____, 2004.

By:_____
Name:

EXHIBIT 10.98

RESOLUTIONS OF THE BOARD OF DIRECTORS REGARDING THE PERFORMANCE AWARD PROGRAM

WHEREAS, the Compensation and Management Development Committee (the "Committee") of the Board of Directors (the "Board") of the Company has recommended to the Board that the composition of equity compensation to certain of the Company's key employees be altered;

WHEREAS, the Company maintains the Amgen Inc. Amended and Restated 1991 Equity Incentive Plan, as amended (the "1991 Plan"), pursuant to which the Committee may grant equity compensation payable to participants upon the attainment of performance goals;

WHEREAS, the Committee has adopted that certain Performance Award Program (the "Program"), substantially in the form attached hereto as Annex A, which implements the 1991 Plan by providing for performance-based equity awards and has established the performance goals for the 2004-2006 Performance Cycle (as defined in the Program);

WHEREAS, the Committee has adopted that certain performance unit agreement, substantially in the form attached hereto as Annex B, to be executed by the Company and each participant pursuant to the Program; and

WHEREAS, the Committee has deemed it desirable to present the Program and the performance unit agreement to the Board for approval and has recommended that the Board approve the Program and the performance unit agreement.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves the Program and the performance unit agreement in substantially the forms set forth in Annexes A and B, respectively, attached hereto; and

FURTHER RESOLVED, that the Chief Executive Officer, President, Chief Financial Officer, Senior Vice President, General Counsel and Secretary of the Company, each of them acting individually and the Assistant Secretaries of the Company, acting in conjunction with any of such officers of the Company, are hereby authorized and directed in the name of the Company and on its behalf, to do or to cause to be done any and all other acts and to execute and deliver any and all agreements, instruments and other documents as they shall deem necessary, appropriate or in furtherance of the full effectuation of the purposes of the foregoing resolutions and the consummation of the transactions contemplated by the preceding resolutions, the execution and delivery of such agreements, instruments and documents and the taking of such actions to be conclusive evidence of such officer's or officers' authority to do so in accordance with this resolution; and that any and all actions taken by said officers or their designees prior to the adoption of the foregoing resolutions that are within the authority conferred thereby are hereby ratified, confirmed and approved in all respects.

AMGEN INC.
PERFORMANCE AWARD PROGRAM

ARTICLE I

PURPOSE

The purpose of this document is to set forth the general terms and conditions applicable to the Performance Award Program (the "Program") established by the Compensation and Management Development Committee of the Board of Directors of Amgen Inc. (the "Company") pursuant to, and in implementation of, Section 10(d) of the Company's Amended and Restated 1991 Equity Incentive Plan, as amended (the "1991 Plan"). The Program is intended to carry out the purposes of the 1991 Plan and provide a means to reinforce objectives for sustained long-term performance and value creation by awarding selected key employees of the Company with payments in Company stock based on the level of achievement of pre-established performance goals during three-year performance cycles, subject to the restrictions and other provisions of the Program and the 1991 Plan. The Program shall be effective as of December 9, 2003.

ARTICLE II

DEFINITIONS

Unless otherwise defined herein, capitalized terms used herein shall have the same definitions as such terms are defined in the 1991 Plan.

"Award" shall mean the earned Performance Units payable in Common Stock under the Program for a Performance Cycle.

"Board" shall mean the Board of Directors of the Company.

"Committee" shall mean the Compensation and Management Development Committee of the Board, appointed by the Board from among its members to administer the 1991 Plan in accordance with Section 2 thereof.

"Common Stock" shall mean the common stock, par value $0.0001 per share, of the Company.

"Determination Date" shall have the meaning ascribed to it in Section 4.1.

"Participant" shall mean a key employee of the Company or an Affiliate who participates in this Program pursuant to the provisions of Article III hereof.

"Peer Group" shall mean a list of companies selected by the Committee.

"Performance Cycle" shall mean each period of three consecutive fiscal years commencing on the first day of the first fiscal year and ending on the last day of the third fiscal year. Performance Cycles may overlap.

"Performance Goal" shall have the meaning ascribed to it in Section 5.2.

"Performance Unit" shall mean a right granted to a Participant pursuant to the Program to receive Common Stock, the payment of which is contingent upon achieving the Performance Goals.

"QDRO" shall mean a court order (i) that creates or recognizes the right of the spouse, former spouse or child (an "Alternate Payee") of an individual who is granted an Award to an interest in such Award relating to marital property rights or support obligations and (ii) that the 1991 Plan administrator determines would be a "qualified domestic relations order," as that term is defined in Section 414(p) of the Code and Section 206(d) of the Employee Retirement Income Security Act ("ERISA"), but for the fact that the 1991 Plan is not a plan described in Section 3(3) of ERISA.

"Retirement-Eligible" shall mean a Participant who is at least 60 years of age and has completed a minimum of fifteen (15) years of service with the Company or an Affiliate.

"Section 162(m) Participant" shall mean any Participant designated by the Committee as a "covered employee" within the meaning of Section 162(m) of the Code whose compensation for the fiscal year in which the Participant is so designated or a future fiscal year may be subject to the limit on deductible compensation imposed by Section 162(m) of the Code.

ARTICLE III

PARTICIPATION

3.1 Participants. Participants for any Performance Cycle shall be those active key employees of the Company or an Affiliate who are designated in writing as eligible for participation by the Committee within the first ninety (90) days of such Performance Cycle.

3.2 No Right to Participate. No Participant or other employee of the Company or an Affiliate shall, at any time, have a right to participate in this Program for any Performance Cycle, notwithstanding having previously participated in this Program.

ARTICLE IV

ADMINISTRATION

4.1 Generally. Within the first ninety (90) days of each Performance Cycle, the Committee shall establish the basis for payments under this Program in relation to specified Performance Goals, as more fully described in Article V hereof. Following the end of each Performance Cycle, once all of the information necessary for the Committee to determine the Company's performance and comparative performance with the Peer Group is made available to

the Committee, the Committee shall determine the amount of the Award payable to each Participant; provided, however, that any such determination shall be made no later than six months following the end of such Performance Cycle (the date of such determination shall hereinafter be called the "Determination Date"). The Committee shall have the power and authority granted it under Section 2 of the 1991 Plan, including, without limitation, the authority to construe and interpret this Program, to prescribe, amend and rescind rules, regulations and procedures relating to its administration and to make all other determinations necessary or advisable for administration of this Program. Decisions of the Committee in accordance with the authority granted hereby shall be conclusive and binding. Subject only to compliance with the express provisions hereof, the Committee may act in its sole and absolute discretion with respect to matters within its authority under this Program.

4.2 Provisions Applicable to Section 162(m) Participants. Any Awards paid hereunder to a Section 162(m) Participant shall satisfy and shall be interpreted in a manner that satisfies any applicable requirements as "qualified performance-based compensation" within the meaning of Section 162(m) of the Code and any provisions, application or interpretation of the Program or the 1991 Plan that is inconsistent with this intent shall be disregarded.

4.3 Provisions Applicable to Participants in Foreign Jurisdictions. Notwithstanding any provision of the Program to the contrary, in order to comply with the laws in other countries in which the Company and its Affiliates operate or have employees, the Committee, in its sole discretion, shall have the power and authority to:

(i) modify the terms and conditions of any award of Performance Units granted to employees outside the United States to comply with applicable foreign laws;

(ii) condition the effectiveness of any award of Performance Units upon approval or compliance with any necessary local governmental regulatory exemption or approvals;

(iii) provide for payment of any Award in cash or Common Stock, at the Company's election, to the extent necessary to comply with applicable foreign laws; and

(iv) take any other action, before or after an award of Performance Units is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals.

Notwithstanding the foregoing, the Committee may not take any actions hereunder, and no award of Performance Units shall be granted, that would violate the Exchange Act, the Code, any securities law or governing statute or any other applicable law.

ARTICLE V

AWARD DETERMINATIONS

5.1 Award of Performance Units. Within the first ninety (90) days of each Performance Cycle, the Committee shall determine the number of Performance Units (rounded

down to the nearest whole number) to be awarded under this Program to each Participant with respect to such Performance Cycle and a date upon which the Performance Units shall be assigned a unit value based on the fair market value of a share of Common Stock on such specified date. Performance Units granted under the Program shall constitute stock bonuses under Sections 7 and 10(d) of the 1991 Plan.

5.2 Performance Requirements. Within the first ninety (90) days of each Performance Cycle, the Committee shall approve the performance goals (collectively, the "Performance Goals") with respect to any of the business criteria permitted under Section 10(d) of the 1991 Plan), each subject to such adjustments as the Committee may specify in writing at such time, and shall establish a formula, standard or schedule which aligns the level of achievement of the Performance Goals with the earned Performance Units. The Performance Goals may not be changed during the Performance Cycle, but the thresholds and targets of the Performance Goals shall be subject to such adjustments as the Committee may specify in writing within the first ninety (90) days of the Performance Cycle.

ARTICLE VI

PAYMENT OF AWARDS

6.1 Form and Timing of Payment. Except as set forth in Section 8.1 below, any Award payable pursuant to this Program shall be paid as soon as practicable following the Determination Date in shares of Common Stock based on the average of the daily closing prices of a share of Common Stock on the Nasdaq National Market for the thirty (30) trading days ending seven trading days immediately preceding the Determination Date; provided, however, that no Award shall be paid unless and until the Committee certifies, in writing, the extent to which the Performance Goals have been achieved and the corresponding number of Performance Units earned; and provided, further, that to the extent required by Delaware law, no shares of Common Stock shall be issued hereunder unless the Committee determines that the consideration received by the Company in exchange for the issuance of Common Stock has a value not less than the par value thereof.

6.2 Tax Withholding. The Participant shall satisfy any federal, state and local tax withholding obligation relating to the payment of the Award by authorizing the Company to withhold from the shares of the Common Stock otherwise issuable to the Participant as a result of the vesting or the payment of the Award a number of shares having a fair market value less than or equal to the amount of the Company's required minimum statutory withholding. Any shares of Common Stock withheld by the Company hereunder shall not be deemed to have been issued by the Company for any purpose under the 1991 Plan. In addition, the Participant shall take any further actions and execute any additional documents as may be necessary to effectuate the provisions of this Section 6.2. Notwithstanding Section 6.1, no certificates representing the shares of Common Stock shall be delivered to a Participant unless and until he or she shall have paid to the Company the full amount of all federal, state and local tax withholding or other employment taxes applicable to him or her resulting from the payment of the Award.

ARTICLE VII

TERMINATION OF EMPLOYMENT

7.1 Termination of Employment During Performance Cycle.

(a) In the event that a Participant's employment with the Company or an Affiliate is terminated within six months following the commencement of a Performance Cycle for any reason, all of such Participant's rights to an Award for such Performance Cycle shall be forfeited.

(b) Subject to Section 7.1(a) above, in the event that a Participant's employment with the Company or an Affiliate is terminated prior to the last business day of a Performance Cycle by reason of such Participant's voluntary retirement and such Participant is Retirement-Eligible on the date of such termination, the prorated amount of such Participant's Award, if any, applicable to such Performance Cycle shall be paid in accordance with the provisions of Article VI above. For purposes of the foregoing, the amount of the Participant's Award (rounded down to the nearest whole number) shall be determined based on the Company's performance as compared to the Performance Goals for such Performance Cycle and the Award otherwise payable is multiplied by a fraction (rounded to two decimal places), the numerator of which is the number of complete months of employment during the Performance Cycle, and the denominator of which is 36.

(c) Subject to Section 7.1(a) above, in the event that a Participant's employment with the Company or an Affiliate is terminated prior to the last business day of a Performance Cycle by reason of such Participant's death or disability (within the meaning of Title II or XVI of the Social Security Act or comparable statute applicable to an Affiliate and such disability is certified by (i) the Social Security Administration, (ii) the comparable governmental authority applicable to an Affiliate, (iii) such other body having the relevant decision-making power applicable to an Affiliate, or (iv) an independent medical advisor appointed by the Company, as applicable, prior to such termination), the prorated amount of such Participant's Award, if any, applicable to such Performance Cycle shall be paid in accordance with the provisions of Article VI above. For purposes of the foregoing, the amount of the Participant's Award (rounded down to the nearest whole number) shall be determined based on the Company's performance as compared to the Performance Goals for such Performance Cycle and the Award otherwise payable is multiplied by a fraction (rounded to two decimal places), the numerator of which is the number of complete months of employment during the Performance Cycle, and the denominator of which is 36.

(d) In the event that a Participant's employment with the Company or an Affiliate is terminated prior to the last business day of a Performance Cycle for any reason other than as specified in Sections 7.1(a), (b) and (c) above, all of such Participant's rights to an Award for such Performance Cycle shall be forfeited, unless the Committee approves, based upon the recommendation of the Company's Chief Executive Officer which are based on valid business reasons, the payment of a prorated amount of the Participant's Award, if any, applicable to such Performance Cycle shall be paid in accordance with the provisions of Article VI above. For purposes of the foregoing, the amount of the Participant's Award (rounded down to the nearest whole number) shall be determined based on the Company's performance as compared to the Performance Goals for such Performance Cycle and the Award otherwise payable is multiplied

by a fraction (rounded to two decimal places), the numerator of which is the number of complete months of employment during the Performance Cycle, and the denominator of which is 36.

7.2 Termination of Employment After End of Performance Cycle. In the event that a Participant's employment with the Company or an Affiliate is terminated after the end of the applicable Performance Cycle but prior to the Determination Date for any reason, the amount of any Award applicable to such Performance Cycle shall be paid to the Participant in accordance with the provisions of Article VI above.

ARTICLE VIII

CHANGE IN CONTROL

8.1 Change in Control During Performance Cycle.

(a) Notwithstanding anything to the contrary in the Program, in the event of a Change in Control that occurs during the first fiscal year of a Performance Cycle, such Performance Cycle shall be shortened and shall terminate as of the last business day of the last completed fiscal quarter preceding the date of such Change in Control and each Participant employed by the Company immediately prior to such Change in Control shall be entitled to a payment equal to the amount of the Participant's Award (rounded down to the nearest whole number) he or she would have received for such Performance Cycle assuming that the targets of the Performance Goals are satisfied. Any such payment shall be made as soon as practicable following such Change in Control and, in the Committee's sole discretion, may be paid in cash.

(b) Notwithstanding anything to the contrary in the Program, in the event of a Change in Control that occurs during the second or third fiscal year of a Performance Cycle, such Performance Cycle shall be shortened and shall terminate as of the last business day of the last completed fiscal quarter preceding the date of such Change in Control and each Participant employed by the Company immediately prior to such Change in Control shall be entitled to a payment equal to the greater of (i) the amount of the Participant's Award (rounded down to the nearest whole number) he or she would have received for such Performance Cycle assuming that the targets of the Performance Goals are satisfied, or (ii) the amount of the Participant's Award (rounded down to the nearest whole number) he or she would have been entitled to receive for such Performance Cycle, determined based on the Company's performance and comparative performance for such shortened Performance Cycle. Any such payment shall be made as soon as practicable following such Change in Control and, in the Committee's sole discretion, may be paid in cash.

8.2 Change in Control After End of Performance Cycle. Notwithstanding anything to the contrary in the Program, in the event of a Change in Control that occurs after the end of the applicable Performance Cycle but prior to the Determination Date, the amount of any Award applicable to such Performance Cycle shall be paid to the Participant in accordance with the provisions of Article VI above.

ARTICLE IX

MISCELLANEOUS

9.1 Plan. The Program is subject to all the provisions of the 1991 Plan and its provisions are hereby made a part of the Program, including without limitation the provisions of Sections 7 and 10(d) thereof (relating to stock bonuses) and Section 11 thereof (relating to adjustments upon changes in the Common Stock), and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the 1991 Plan. In the event of any conflict between the provisions of the Program and those of the 1991 Plan, the provisions of the 1991 Plan shall control. Notwithstanding any provision of the Program to the contrary, any earned Performance Units paid in cash rather than shares of Common Stock shall not be deemed to have been issued by the Company for any purpose under the 1991 Plan.

9.2 Amendment and Termination. Notwithstanding anything herein to the contrary, the Committee may, at any time, terminate, modify or suspend this Program; provided, however, that, without the prior consent of the Participants affected, no such action may adversely affect any rights or obligations with respect to any Awards theretofore earned but unpaid for a completed Performance Cycle, whether or not the amounts of such Awards have been computed and whether or not such Awards are then payable.

9.3 No Contract for Employment. Nothing contained in this Program or in any document related to this Program or to any Award shall confer upon any Participant any right to continue as an employee or in the employ of the Company or an Affiliate or constitute any contract or agreement of employment for a specific term or interfere in any way with the right of the Company or an Affiliate to reduce such person's compensation, to change the position held by such person or to terminate the employment of such person, with or without cause.

9.4 Nontransferability. No benefit payable under, or interest in, this Program shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge and any such attempted action shall be void and no such benefit or interest shall be, in any manner, liable for, or subject to, debts, contracts, liabilities or torts of any Participant or beneficiary; provided, however, that, nothing in this Section 9.4 shall prevent transfer (i) by will, (ii) by applicable laws of descent and distribution or (iii) to an Alternate Payee to the extent that a QDRO so provides. The assignment of an Award to an Alternate Payee pursuant to a QDRO shall not be treated as having caused a new grant. If an Award is assigned to an Alternate Payee, the Alternate Payee generally has the same rights as the Participant under the terms of the Program; provided however, that (i) the Award shall be subject to the same vesting terms as if the Award were still held by the Participant, and (ii) an Alternate Payee may not transfer an Award. In the event of the 1991 Plan administrator's receipt of a domestic relations order or other notice of adverse claim by an Alternate Payee of a Participant, transfer of the proceeds of such Award may be suspended. Such proceeds shall thereafter be transferred pursuant to the terms of a QDRO or other agreement between the Participant and Alternate Payee. A Participant's ability to receive payment of an Award may be barred if the 1991 Plan administrator receives a court order directing the 1991 Plan administrator not to make such payment.

9.5 Nature of Program. No Participant, beneficiary or other person shall have any right, title or interest in any fund or in any specific asset of the Company or any Affiliate by reason of any award hereunder. There shall be no funding of any benefits which may become payable hereunder. Nothing contained in this Program (or in any document related thereto), nor the creation or adoption of this Program, nor any action taken pursuant to the provisions of this Program shall create, or be construed to create, a trust of any kind or a fiduciary relationship between the Company or an Affiliate and any Participant, beneficiary or other person. To the extent that a Participant, beneficiary or other person acquires a right to receive payment with respect to an Award hereunder, such right shall be no greater than the right of any unsecured general creditor of the Company or other employing entity, as applicable. All amounts payable under this Program shall be paid from the general assets of the Company or employing entity, as applicable, and no special or separate fund or deposit shall be established and no segregation of assets shall be made to assure payment of such amounts. Nothing in this Program shall be deemed to give any employee any right to participate in this Program except in accordance herewith.

9.6 Governing Law. This Program shall be construed in accordance with the laws of the State of Delaware, without giving effect to the principles of conflicts of law thereof.

EXHIBIT 10.99

Annex B

PERFORMANCE UNIT AGREEMENT

_____, Amgen Inc. Grantee:

On this __ day of _____ (the "Grant Date"), Amgen Inc., a Delaware corporation (the "Company"), pursuant to its Performance Award Program (the "Program") which implements the Amended and Restated 1991 Equity Incentive Plan (the "Plan"), has granted to you, the grantee named above, _____ performance units (the "Units") on the terms and conditions set forth in this Performance Unit Agreement (this "Agreement"), the Plan, the Program and the Resolutions (as defined below). Capitalized terms not defined herein shall have the meanings assigned to such terms in the Program.

I. Performance Cycle. The Performance Cycle shall begin on January 1, 200__ and end on December 31, 200__.

II. Value of Units. The value of each Unit is equal to the closing price of a share of Common Stock on the Grant Date.

III. Performance Goals. Up to 225% of the Units shall be earned, depending on the extent to which the Company achieves objectively determinable performance goals established by the Compensation and Management Development Committee (the "Committee") pursuant to those certain Resolutions of the Compensation and Management Development Committee of the Board of Directors of Amgen Inc., adopted on March 8, 2004, regarding the Performance Award Program (the "Resolutions"). The Units earned shall be calculated in accordance with the Resolutions and the Program.

IV. Form and Timing of Payment. Subject to Section X and except as set forth in the Program, any Units earned pursuant to Section III above shall be paid as soon as practicable following the Determination Date in shares of Common Stock based on a 30-day average trading price of the Common Stock ending seven trading days immediately preceding the Determination Date; provided, however, that no shares of Common Stock shall be issued hereunder unless the Board determines prior to such issuance that the consideration received by the Company in exchange for the issuance of Common Stock has a value not less than the par value thereof.

V. Issuance of Certificates; Tax Withholding. You shall satisfy any federal, state and local tax withholding obligation relating to the payment of the Units earned by hereby authorizing the Company to withhold from the shares of the Common Stock otherwise issuable to you as a result of the vesting or the payment of the Units earned a number of shares having a fair market value less than or equal to the amount of the Company's required minimum statutory withholding. Any shares of Common Stock withheld by the Company hereunder shall not be deemed to have been issued by the Company for any purpose under the Plan. In addition, you

shall take any further actions and execute any additional documents as may be necessary to effectuate the provisions of this Section V. Notwithstanding Section IV above, no certificates representing the shares of Common Stock shall be delivered to you unless and until you have paid to the Company the full amount of all federal, state and local tax withholding or other employment taxes applicable to you resulting from the payment of the Units earned.

VI. Nontransferability. No benefit payable under, or interest in, this Agreement shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge and any such attempted action shall be void and no such benefit or interest shall be, in any manner, liable for, or subject to, your or your beneficiary's debts, contracts, liabilities or torts; provided, however, nothing in this Section VI shall prevent transfer (i) by will, (ii) by applicable laws of descent and distribution or (iii) to an Alternate Payee to the extent that a QDRO so provides, as further described in the Program.

VII. No Contract for Employment. This Agreement is not an employment or service contract and nothing in this Agreement shall be deemed to create in any way whatsoever any obligation on your part to continue in the employ or service of the Company, or of the Company to continue your employment or service with the Company.

VIII. Notices. Any notices provided for in this Agreement or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at such address as is currently maintained in the Company's records or at such other address as you hereafter designate by written notice to the Company.

IX. Resolutions, Plan and Program. This Agreement is subject to all the provisions of the Resolutions, the Plan and the Program and their provisions are hereby made a part of this Agreement, including without limitation the provisions of Sections 7 and 10(d) of the Plan (relating to stock bonuses) and Section 11 of the Plan (relating to adjustments upon changes in the Common Stock), and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the provisions of this Agreement and those of the Resolutions, the Plan and the Program, the provisions of the Plan shall control. Notwithstanding any provision of this Agreement or the Program to the contrary, any earned Units paid in cash rather than shares of Common Stock shall not be deemed to have been issued by the Company for any purpose under the Plan.

X. Provisions Applicable to Participants in Foreign Jurisdictions. Notwithstanding any provision of this Agreement or the Program to the contrary, if you are employed by the Company or its Affiliates outside the United States or are subject to the laws of any foreign jurisdiction, your award of Units shall be subject to the following additional terms and conditions:

(a) the terms and conditions of your award of Units are deemed modified to the extent necessary to comply with applicable foreign laws;

(b) if applicable, the effectiveness of your award of Units is conditioned upon approval or compliance with any necessary local governmental regulatory exemption or approvals;

(c) to the extent necessary to comply with applicable foreign laws, the payment of any earned Units shall be made in cash or Common Stock, at the Company's election; and

(d) the Committee may take any other action, before or after an award of Units is made, that it deems advisable to obtain approval or comply with any necessary local governmental regulatory exemptions or approvals.

Notwithstanding the foregoing, the Committee may not take any actions hereunder, and no award of Units shall be granted, that would violate the Exchange Act, the Code, any securities law or governing statute or any other applicable law.

XI. Governing Law. This Agreement shall be construed and interpreted, and the rights of the parties shall be determined, in accordance with the laws of the State of Delaware, without regard to conflicts of law provisions thereof.

Very truly yours,
AMGEN INC.

By:_____
Name:
Title:

Accepted and Agreed,
this ___ day of _____, 2004.

By:_____
Name:

EXHIBIT 21

AMGEN INC.

SUBSIDIARY (Name under which subsidiary does business)	STATE OF INCORPORATION OR ORGANIZATION
Immunex Corporation	Washington
Amgen Manufacturing, Limited	Bermuda

EXHIBIT 31

CERTIFICATIONS

I, Kevin W. Sharer, Chairman of the Board, Chief Executive Officer and President of Amgen Inc., certify that:

1. I have reviewed this annual report on Form 10-K for the fiscal year ended December 31, 2003 of Amgen Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the periods covered by this annual report based on such evaluation; and

   (c) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: 3/11/04

/s/ KEVIN W. SHARER
- --------------------

Kevin W. Sharer
Chairman of the Board, Chief Executive

Officer and President

CERTIFICATIONS

I, Richard D. Nanula, Executive Vice President, Finance, Strategy and Communications, and Chief Financial Officer, certify that:

1. I have reviewed this annual report on Form 10-K for the fiscal year ended December 31, 2003 of Amgen Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the periods covered by this annual report based on such evaluation; and

   (c) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: 3/11/04

/s/ RICHARD D. NANULA
- ----------------------

Richard D. Nanula
Executive Vice President, Finance,
Strategy and Communications,

and Chief Financial Officer

EXHIBIT 32

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Amgen Inc. (the "Company") hereby certifies that:

(i) the accompanying Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2003 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: 3/11/04

/s/ KEVIN W. SHARER

Kevin W. Sharer
Chairman of the Board, Chief Executive Officer and President

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Amgen Inc. and will be retained by Amgen Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Amgen Inc. (the "Company") hereby certifies that:

(i) the accompanying Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2003 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: 3/11/04

/s/ RICHARD D. NANULA

Richard D. Nanula
Executive Vice President, Finance,
Strategy and Communications,
and Chief Financial Officer

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Amgen Inc. and will be retained by Amgen Inc. and furnished to the Securities and Exchange Commission or its staff upon request.