SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF THE

SECURITIES EXCHANGE ACT OF 1934

May 16, 2002
Date of Report (Date of earliest event reported)

AMGEN INC.

(Exact name of registrant as specified in its charter)

Delaware	000-12477	95-3540776
(State or other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification Number)

Amgen Inc. One Amgen Center Drive Thousand Oaks, CA (Address of principal executive offices)	91320-1799 (Zip Code)

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

N/A
(Former Name or Former Address, if Changed Since Last Report)

Item 5. Other Events.

This Current Report on Form 8-K relates to the proposed acquisition of Immunex Corporation, a Washington corporation ("Immunex"), by Amgen Inc., a Delaware corporation ("Amgen"), pursuant to an Agreement and Plan of Merger dated as of December 16, 2001 (the "Merger Agreement") by and among Amgen, AMS Acquisition Inc., a Washington corporation and wholly-owned subsidiary of Amgen, and Immunex. If the acquisition is completed, each share of Immunex common stock, other than shares as to which dissenters' rights have been validly exercised, will be converted into 0.44 of a share of Amgen common stock and $4.50 in cash. In addition, at the closing of the acquisition, each outstanding option to purchase shares of Immunex common stock will be assumed by Amgen and converted into, or cancelled and exchanged for, an option to purchase Amgen common stock based on the terms of the merger agreement. Based on the number of shares of Amgen common stock and Immunex common stock outstanding on May 16, 2002, Immunex shareholders would own approximately 19% of the outstanding shares of Amgen common stock and receive approximately $2.49 billion in cash upon completion of the acquisition.

The completion of the acquisition is subject to several conditions, including the expiration or termination of the applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act"). Immunex and Amgen have received a request for additional information from the Federal Trade Commission ("FTC") in connection with the acquisition. This "second request" extends the waiting period under the HSR Act during which the FTC is permitted to review the transaction.

On May 16, 2002, Amgen and Immunex stockholders approved their respective acquisition related proposals.

Attached to this Current Report as Exhibit 12.1 is Amgen's computation of pro forma ratio of earnings to fixed charges for the year ended December 31, 2001 and the three months ended March 31, 2002.

Attached to this Current Report as Exhibit 99.1 is Amgen's unaudited pro forma condensed combining balance sheet as of March 31, 2002 and unaudited pro forma condensed combining statements of operations for the year ended December 31, 2001 and the three months ended March 31, 2002 and notes thereto.

Attached to this Current Report as Exhibit 99.2 is Amgen's pro forma ratio of earnings to fixed charges for the year ended December 31, 2001 and the three months ended March 31, 2002.

Attached to this Current Report as Exhibit 99.3 is (i) Immunex's audited consolidated balance sheets at December 31, 2001 and 2000 and audited consolidated statements of income, cash flows, and stockholders' equity for each of the three years in the period ended December 31, 2001 and notes thereto and report of Independent Auditors, and (ii) Immunex's unaudited consolidated condensed balance sheets at March 31 2002 and December 31, 2001 and unaudited consolidated condensed statements of income and cash flows for the three month period ended March 31, 2002 and 2001 and notes thereto.

The assumptions, estimates and adjustments Amgen has made in preparing the pro forma financial statements attached as Exhibit 99.1 are preliminary and have been made solely for purposes of developing such pro forma information. All interim financial data used to develop the unaudited pro forma condensed combining balance sheet and statements of operations are unaudited, but in the opinion of Amgen management and Immunex management, respectively, reflect all adjustments necessary (consisting only of normal recurring accruals) for a fair presentation thereof. However, results for interim periods may not be indicative of results that may be achieved in a full fiscal year.

In preparing its consolidated financial statements, Immunex has made certain estimates and assumptions that affect its reported amounts and disclosures. Amgen takes no responsibility for the assumptions, estimates and adjustments made by Immunex in preparing its financial statements attached as Exhibit 99.3.

Item 7(c). Exhibits.

See Exhibit Index.

SIGNATURES

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

AMGEN INC.

Date: May 22, 2002

By: /s/ Steven M. Odre

Name: Steven M. Odre
Title: Senior Vice President, General Counsel and Secretary

EXHIBIT INDEX

Exhibit Number	Document Description
12.1	Computation of Amgen's pro forma ratio of earnings to fixed charges for the year ended December 31, 2001 and the three months ended March 31, 2002.
23.1	Consent of Ernst & Young LLP, Independent Auditors.
99.1	Amgen's unaudited pro forma condensed combining balance sheet as of March 31, 2002 and unaudited pro forma condensed combining statements of operations for the year ended December 31, 2001 and the three months ended March 31, 2002.
99.2	Amgen's pro forma ratio of earnings to fixed charges for the year ended December 31, 2001 and the three months ended March 31, 2002.
99.3	Immunex's audited consolidated balance sheets at December 31, 2001 and 2000 and audited consolidated statements of income, cash flows, and stockholders' equity for each of the three years in the period ended December 31, 2001 and notes thereto and report of Independent Auditors, and Immunex's unaudited consolidated condensed balance sheets at March 31, 2002 and December 31, 2001 and unaudited consolidated condensed statements of income and cash flows for the three month period ended March 31, 2002 and 2001 and notes thereto.

EXHIBIT 12.1

COMPUTATION OF PRO FORMA RATIO OF EARNINGS TO FIXED CHARGES
(Dollars in Millions)

	Year Ended December 31, 2001	Three Months Ended March 31, 2002
Computation of Pro Forma Earnings:		
Income before taxes	$ 1,348.5	$ 405.5
Net interest expense	43.8	12.0
Interest portion of operating lease expense	15.5	4.0
Equity in (earnings) losses of 50%-or-less owned companies accounted for under the equity method	(16.1)	(8.7)
Pro Forma Earnings	$ 1,391.7	$ 412.8
Computation of Pro Forma Fixed Charges:		
Net interest expense	$ 43.8	$ 12.0
Capitalized interest	12.7	1.6
Interest portion of operating lease expense	15.5	4.0
Pro Forma Fixed Charges	$ 72.0	$ 17.6
Pro Forma Ratio of Earnings to Fixed Charges	19.3	23.5

Exhibit 23.1

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 Share Save 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, and in the Registration Statement (Form S-8 No. 333-83824) pertaining to the Amended and Restated 1997 Special Non-Officer Equity Incentive Plan, and in the related Prospectuses of our report dated January 22, 2002 (except for Note 16 as to which the date is March 8, 2002), with respect to the consolidated financial statements of Immunex Corporation included in this Current Report (Form 8-K) of Amgen Inc. dated May 16, 2002.

/s/ ERNST & YOUNG LLP

Seattle, Washington
May 21, 2002

EXHIBIT 99.1

UNAUDITED PRO FORMA CONDENSED COMBINING FINANCIAL STATEMENTS

The following unaudited pro forma condensed combining balance sheet as of March 31, 2002 and the unaudited pro forma condensed combining statements of operations for the year ended December 31, 2001 and the three months ended March 31, 2002 have been prepared to illustrate the effect of the merger as though the merger had occurred on March 31, 2002 in the pro forma balance sheet and as of January 1, 2001 in the pro forma statement of operations for the year ended December 31, 2001 and as of January 1, 2002 in the pro forma statement of operations for the three months ended March 31, 2002. The pro forma information is based upon the historical consolidated financial statements of Amgen and the historical consolidated financial statements of Immunex, giving effect to the merger under the purchase method of accounting and the assumptions, estimates and adjustments described in the notes to the unaudited pro forma condensed combining financial statements. The assumptions, estimates and adjustments are preliminary and have been made solely for purposes of developing such pro forma information. All interim financial data used to develop the unaudited pro forma condensed combining balance sheet and statements of operations are unaudited, but in the opinion of Amgen management and Immunex management, respectively, reflect all adjustments necessary (consisting only of normal recurring accruals) for a fair presentation thereof. However, results for interim periods may not be indicative of results that may be achieved in a full fiscal year.

The unaudited pro forma condensed combining financial statements are presented for illustrative purposes only and are not necessarily indicative of the consolidated financial position or consolidated results of operations that would have been reported had the merger occurred on the dates indicated, nor do they represent a forecast of the consolidated financial position at any future date or the consolidated results of operations for any future period. Furthermore, no effect has been given in the unaudited pro forma condensed combining statement of operations for synergistic benefits that may be realized through the combination of the two companies or costs that may be incurred in integrating their operations. The unaudited pro forma condensed combining financial statements should be read in conjunction with the historical consolidated financial statements, including the notes thereto, and management's discussion and analysis of financial condition and results of operations of Amgen included in Amgen's Annual Report on Form 10-K for the year ended December 31, 2001 and in Amgen's Form 10-Q for the three months ended March 31, 2002, both filed with the Securities and Exchange Commission ("SEC"). The unaudited pro forma condensed combining financial statements should also be read in conjunction with the historical consolidated financial statements, including the notes thereto, of Immunex, included as exhibit 99.3 to this Current Report on Form 8-K, as well as Immunex's management's discussion and analysis of financial condition and results of operations included in their Annual Report on Form 10-K for the year ended December 31, 2001 and their Form 10-Q for the three months ended March 31, 2002, both filed with the SEC.

Pro Forma Condensed Combining Statement of Operations
for the Year Ended December 31, 2001

(In millions, except per share data)

(Unaudited)

	Amgen	Immunex	Pro forma Adjustments	Pro forma Combined
Revenues:				
Product sales	$3,511.0	$959.6	$ --	$4,470.6
Corporate partner revenues	252.0	0.7	--	252.7
Royalty income	252.7	26.5	--	279.2
Total revenues	4,015.7	986.8	--	5,002.5
Operating expenses:				
Cost of sales	443.0	256.2	25.2 (3)	724.4
Research and development	865.0	204.6	31.5 (3)	1,101.1
Selling, general and administrative	970.7	423.0	25.4 (3)	1,419.1
Amortization of acquired identifiable intangible assets	--	--	438.0 (1)	438.0
Loss of affiliates, net	2.7	--	--	2.7
Other items, net	203.1	5.6	--	208.7
Total operating expenses	2,484.5	889.4	520.1	3,894.0
Operating income	1,531.2	97.4	(520.1)	1,108.5
Other income (expense):				
Interest and other income, net	168.7	115.1	--	283.8
Interest expense, net	(13.6)	--	(30.2)(2a)	(43.8)
Total other income	155.1	115.1	(30.2)	240.0
Income before income taxes	1,686.3	212.5	(550.3)	1,348.5
Provision for income taxes	566.6	42.5	(175.9)(4)	433.2
Net income	$1,119.7	$170.0	$(374.4)	$ 915.3
Earnings per share:				
Basic	$ 1.07	$ 0.31		$ 0.71
Diluted	$ 1.03	$ 0.30		$ 0.68
Shares used in calculation of earnings per share (5):				
Basic	1,045.5	542.9		1,287.9
Diluted	1,084.4	569.1		1,371.3

Pro Forma Condensed Combining Statement of Operations
for the Three Months Ended March 31, 2002

(In millions, except per share data)

(Unaudited)

	Amgen	Immunex	Pro forma Adjustments	Pro forma Combined
Revenues:				
Product sales	$ 908.6	$265.4	$ --	$1,174.0
Corporate partner revenues	31.5	2.1	--	33.6
Royalty income	68.4	4.5	--	72.9
Total revenues	1,008.5	272.0	--	1,280.5
Operating expenses:				
Cost of sales	103.6	70.3	6.3 (3)	180.2
Research and development	203.4	53.7	7.9 (3)	265.0
Selling, general and administrative	245.8	120.9	6.3 (3)	373.0
Amortization of acquired identifiable intangible assets	--	--	109.5 (1)	109.5
Earnings of affiliates, net	(1.7)	--	--	(1.7)
Total operating expenses	551.1	244.9	130.0	926.0
Operating income	457.4	27.1	(130.0)	354.5
Other income (expense):				
Interest and other income, net	43.7	23.5	(4.2)(2b)	63.0
Interest expense, net	(7.0)	--	(5.0)(2a)	(12.0)
Total other income	36.7	23.5	(9.2)	51.0
Income before income taxes	494.1	50.6	(139.2)	405.5
Provision for income taxes	153.2	15.7	(50.7)(4)	118.2
Net income	$ 340.9	$ 34.9	$ (88.5)	$ 287.3
Earnings per share:				
Basic	$ 0.33	$ 0.06		$ 0.22
Diluted	$ 0.32	$ 0.06		$ 0.21
Shares used in calculation of earnings per share (5):				
Basic	1,043.6	547.7		1,286.0
Diluted	1,085.6	568.2		1,360.2

Pro Forma Condensed Combining Balance Sheet as of March 31, 2002

(In millions)

(Unaudited)

	Amgen	Immunex	Pro forma Adjustments	Pro forma Combined
Assets				
Current assets:				
Cash and cash equivalents	$2,981.2	$ 85.9	$(2,504.6)(3)	$ 562.5
Marketable securities	2,193.3	429.3	--	2,622.6
Trade receivables, net	525.1	91.9	--	617.0
Inventories	371.6	53.5	--	425.1
Other current assets	334.8	38.3	--	373.1
Total current assets	6,406.0	698.9	(2,504.6)	4,600.3
Property, plant and equipment at cost, net	1,967.9	755.9	--	2,723.8
Acquired identifiable intangible assets	--	--	6,570.7 (1)	6,570.7
Acquired in-process research and development	--	--	2,389.2 (2)	--
			(2,389.2)(2)	
Goodwill	--	--	9,427.4 (1)	9,427.4
Restricted cash and investments	--	765.0	--	765.0
Other assets	691.0	96.6	--	787.6
	$9,064.9	$2,316.4	$13,493.5	$24,874.8
Liabilities and Stockholders' Equity				
Current liabilities:				
Accounts payable	$ 106.1	$ 92.9	$ --	$ 199.0
Accounts payable--Wyeth	--	75.4	--	75.4
Commercial paper	99.9	--	--	99.9
Accrued liabilities	862.2	25.1	195.0 (5)	1,082.3
Total current liabilities	1,068.2	193.4	195.0	1,456.6
Deferred tax liability	--	--	2,595.4 (4)	2,595.4
Long-term debt	3,046.9	0.8	--	3,047.7
Stockholders' equity:				
Common stock and additional paid-in capital	3,606.1	2,198.2	(2,198.2)(6)	18,820.6
			15,214.5 (6)	
Retained earnings/(accumulated deficit)	1,312.4	(80.0)	80.0 (6)	(1,076.8)
			(2,389.2)(2)	
Accumulated other comprehensive income	31.3	4.0	(4.0)(6)	31.3
Total stockholders' equity	4,949.8	2,122.2	10,703.1	17,775.1
	$9,064.9	$2,316.4	$13,493.5	$24,874.8
Pro forma common shares outstanding (7)				1,281.4

NOTES TO UNAUDITED PRO FORMA CONDENSED

COMBINING FINANCIAL STATEMENTS

Note 1--Basis of Presentation

Amgen executed a definitive agreement, dated as of December 16, 2001, to acquire Immunex in a transaction to be accounted for as a purchase under accounting principles generally accepted in the United States. The transaction is expected to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. Under the terms of the merger agreement, each share of Immunex common stock outstanding at the closing of the merger, other than shares as to which dissenters' rights have been validly exercised, will be converted into 0.44 of a share of Amgen common stock and $4.50 cash. In addition, except for "converted options" described below, at the closing of the merger each option outstanding to purchase a share of Immunex common stock will be assumed by Amgen and will thereafter constitute an option to acquire the number of shares of Amgen common stock determined by multiplying the number of shares of Immunex common stock subject to the option immediately prior to the merger by 0.52, with an exercise price equal to the exercise price of the assumed Immunex option divided by 0.52. Each of these options will be subject to the same terms and conditions that were in effect for the related Immunex options, except that each option that was outstanding on December 16, 2001, will fully vest and become immediately exercisable for shares of Amgen common stock. Options granted subsequent to December 16, 2001 will retain their original vesting provisions. Each option outstanding at the close with an exercise price greater than the higher of $40 or the closing price of a share of Immunex common stock on the last trading day prior to the merger (the "converted options") will be cancelled and converted into an option to purchase that number of shares of Amgen common stock equal to 40% of the number of shares subject to the related converted option at an exercise price per share equal to the fair market value of a share of Amgen common stock on the date on which the new option is granted (which shall be as of the close of market on the date of the effective time of the merger) and otherwise subject to the terms and conditions, including the vesting schedule, that were applicable to the related converted option.

As of March 31, 2002, there were approximately 551,000,000 shares of Immunex common stock outstanding and approximately 48,900,000 Immunex shares issuable upon exercise of outstanding options. Based upon these amounts and the terms outlined above, if the merger had been consummated on March 31, 2002, Immunex shareholders would have received a total of approximately 242,400,000 shares of Amgen common stock, and holders of Immunex options would have received options to purchase approximately 25,300,000 shares of Amgen common stock, under which the right to purchase approximately 21,500,000 shares of Amgen common stock would have been fully vested and immediately exercisable. The exact number of shares to be issued and options assumed will depend upon the number of related Immunex shares and options, respectively, outstanding at the closing of the merger. In addition, Amgen will pay Wyeth a payment specified in the agreement regarding governance and commercial matters, at the closing of the merger, for the termination of certain Immunex product rights in favor of Wyeth.

The purchase price of the acquisition is approximately $17.7 billion estimated as follows (in millions):

Value of Amgen shares issued	$ 14,189.6
Cash consideration (including payment to Wyeth)	2,504.6
Value of Amgen options issued	1,024.9
Transaction costs	30.0
Total	$ 17,749.1

The value of the Amgen shares used in determining the purchase price was $58.525 per share based on the average of the closing prices of Amgen common stock for a range of four trading days, two days prior to and two days subsequent to the announcement of the merger. The fair values of the options issued were also determined based on the $58.525 stock price using the Black-Scholes method assuming an expected weighted average life of 2.6 years, weighted average risk-free rate of 3.3%, volatility of 50%, and no expected dividends.

The allocation of the purchase price as of March 31, 2002 is summarized below (in millions):

Current assets	$ 698.9
Property, plant, and equipment	755.9
In-process research and development	2,389.2
Identifiable intangible assets (including developed technology and core technology of $4,778.2 and $1,598.3, respectively)	6,570.7
Goodwill	9,427.4
Other assets	861.6
Current liabilities	(358.4)
Deferred tax liability	(2,595.4)
Other long-term liabilities	(0.8)
Net assets	$17,749.1

The allocation of the purchase price is preliminary. The final determination of the purchase price allocation will be based on the fair values of assets acquired, including the fair values of in-process research and development and other identifiable intangibles, and the fair values of liabilities assumed as of the date that the acquisition is consummated. The excess of the purchase price over the fair values of assets and liabilities acquired is allocated to goodwill. The purchase price allocation will remain preliminary until Amgen completes a third party valuation of significant identifiable intangible assets acquired (including in-process research and development), evaluates restructuring plans to be undertaken following the consummation of the merger, and determines the fair values of other assets and liabilities acquired. The final determination of the purchase price allocation is expected to be completed as soon as practicable after the consummation of the merger. The final amounts allocated to assets and liabilities acquired could differ significantly from the amounts presented in the unaudited pro forma condensed combining financial statements.

The amount allocated to in-process research and development represents an estimate of the fair value of purchased in-process technology for research projects that, as of the date of the expected closing date of the merger, will not have reached technological feasibility and have no alternative future use. The values of these research projects will be determined based on analyses using cash flows to be generated by the products that result from the in-process projects. These cash flows will be estimated by forecasting total revenues expected from these products and then deducting appropriate operating expenses, cash flow adjustments and contributory asset returns to establish a forecast of net cash flows arising from the in-process technology. These cash flows will be substantially reduced to take into account the time value of money and the risks associated with the inherent difficulties and uncertainties given the projected stage of development of these projects at closing. For purposes of the pro forma balance sheet as of March 31, 2002, $2,389,200,000 of the total purchase price has been allocated to in-process research and development--including the estimated value of projected new indications of ENBREL ($985,100,000) and approximately 10 additional research and development programs that are in various stages of development, but are not expected to have reached technological feasibility as of the closing date and have no alternative future use. The amounts allocated to in-process research and development will be charged to the statement of operations in the period the acquisition is consummated.

The total estimated amounts of goodwill and identifiable intangible assets are approximately $9,427,400,000 and $6,570,700,000, respectively. The useful life of identifiable intangible assets, primarily ENBREL, is approximately 15 years. The values of identifiable intangible assets will be determined using a discounted cash flow model with appropriate discount rates. The amount of identifiable intangible assets, the estimated useful lives and acquired in-process research and development will be determined upon completion of a third party valuation, and therefore, may differ significantly from the amounts presented in these unaudited pro forma condensed combining financial statements. To the extent the amounts and estimated useful lives are different than those presented above, the unaudited pro forma condensed combining financial statements could change significantly.

In May 2002, Immunex entered into an agreement to sell certain assets used in connection with its LEUKINE business to Schering Aktiengesellschaft ("Schering"). Schering has agreed to pay Immunex approximately $380,000,000 in cash plus additional cash consideration upon achievement of certain milestones. Immunex has agreed to sell its LEUKINE business in connection with the pending acquisition of Immunex by Amgen. LEUKINE had revenues for Immunex of $108,400,000 for the year ended December 31, 2001 and $28,600,000 for the three months ended March 31, 2002. For antitrust reasons, information regarding the results of operations and financial position attributable to LEUKINE is not reviewable by Amgen, and therefore, has not been excluded from the pro forma condensed combining financial statements presented.

Note 2--Pro Forma Adjustments

Pro Forma Condensed Combining Statement of Operations

1) Reflects amortization of identifiable intangible assets based on the estimated fair values and estimated useful lives assigned to these assets at the date of acquisition.

2a) Reflects additional interest expense and amortization of debt issuance costs from the issuance of 30-year, zero-coupon senior convertible notes ("Convertible Notes"). On March 1, 2002, Amgen raised approximately $2,821,200,000 from the issuance of the Convertible Notes with a yield to maturity of 1.125%. Solely for the purposes of presenting the pro forma condensed combining statements of operations, Amgen has reflected $2,504,600,000 of such borrowings (which is equal to the estimated cash portion of the merger consideration), net of debt issuance costs of $56,500,000, as outstanding during the entire period prior to the actual issuance of such notes.

2b) Reflects an adjustment for interest income earned in March 2002 on $2,504,600,000 of the proceeds from the issuance of Convertible Notes which would not have been earned had the cash portion of the merger consideration been paid on January 1, 2002.

3) Reflects compensation expense payable to Immunex employees under the Immunex Corporation Retention Plan. Because these expenses will have a continuing impact over a two year period subsequent to the acquisition date, they are reflected in the pro forma condensed combining statements of operations.

4) Reflects the tax effect of the pro forma adjustments, including amortization of identifiable intangible assets. The Immunex historical pre-tax income and the pro forma adjustments have been tax effected at Amgen's marginal tax rate of 39.5%.

5) Pro forma basic earnings per share is calculated by dividing the pro forma net income by the pro forma weighted average shares outstanding. Pro forma diluted earnings per share is calculated by dividing the pro forma net income by the pro forma weighted average shares outstanding and dilutive potential weighted shares outstanding. Dilutive potential shares outstanding also include common shares to be issued under the assumed conversion of outstanding Convertible Notes which are included under the "if-converted" method. The following sets forth the computation for pro forma basic and diluted earnings per share (in millions):

	Year ended December 31, 2001	Three months ended March 31, 2002
Income (Numerator):		
Pro forma net income for basic EPS	$ 915.3	$ 287.3
Shares (Denominator):		
Shares used to calculate Amgen's historical basic earnings per share	1,045.5	1,043.6
Shares issued in acquisition of Immunex	242.4	242.4
Shares used to calculate pro forma basic earnings per share	1,287.9	1,286.0
Pro forma basic earnings per share	$ 0.71	$ 0.22

	Year ended December 31, 2001	Three months ended March 31, 2002
Income (Numerator):		
Pro forma net income for basic EPS	$ 915.3	$ 287.3
Adjustment for interest expense on convertible notes, net of tax	18.3	4.7
Pro forma income for diluted EPS, after assumed conversion of convertible notes	933.6	292.0
Shares (Denominator):		
Shares used to calculate Amgen's historical diluted earnings per share	1,084.4	1,073.7
Shares issued in acquisition of Immunex	242.4	242.4
Impact of dilutive Amgen options issued in acquisition of Immunex	9.5	9.1
Impact of dilutive securities issuable under the "if-converted" method	35.0	35.0
Shares used to calculate pro forma diluted earnings per share	1,371.3	1,360.2
Pro forma diluted earnings per share	$ 0.68	$ 0.21

Pro forma Condensed Combining Balance Sheet

1) To record the estimated fair values of identifiable intangible assets and goodwill arising from the acquisition.

2) To reflect the estimated fair value of in-process research and development. Because this expense is directly attributable to the acquisition and will not have a continuing impact, it is not reflected in the pro forma condensed combining statements of operations. However, this item will be recorded as an expense in the period that the acquisition is completed.

3) To record the payment of the estimated cash portion of the merger consideration.

4) To provide deferred taxes arising from the differences between the bases of identifiable intangible assets for financial statement and income tax purposes.

5) To record the estimated transaction costs of $30,000,000 and to adjust liabilities for estimated costs of $165,000,000 in accordance with EITF 95-3.

6) To eliminate historical shareholders' equity accounts of Immunex, and to record the issuance of Amgen common stock and options as part of the purchase price.

7) The pro forma common shares outstanding as of March 31, 2002 is calculated as follows (in millions):

Historical Amgen common shares outstanding as of March 31, 2002	1,039.0
Shares issued in acquisition of Immunex	242.4
Pro forma common shares outstanding as of March 31, 2002	1,281.4

EXHIBIT 99.2

PRO FORMA RATIO OF EARNINGS TO FIXED CHARGES

The pro forma ratio of earnings to fixed charges for the year ended December 31, 2001 and the three months ended March 31, 2002 is as follows:

	Fiscal Year Ended December 31, 2001	Three Months Ended March 31,2002
Pro forma ratio of earnings to fixed charges.....	19.3x	23.5x

These pro forma computations are based on Amgen's unaudited pro forma condensed combining statements of operations for the year ended December 31, 2001 and the three months ended March 31, 2002 included as exhibit 99.1 to this Current Report on Form 8-K. For these ratios, "pro forma earnings" is computed by adding the pro forma combined income before income taxes and pro forma fixed charges (excluding capitalized interest) and excluding Amgen's and Immunex's share of income/losses in their equity method affiliates. Pro forma fixed charges consist of pro forma combined interest expense on indebtedness, capitalized interest, and an interest factor attributable to rentals.

EXHIBIT 99.3

This Exhibit contains Immunex's audited consolidated balance sheets at December 31, 2001 and 2000 and audited consolidated statements of income, cash flows, and stockholders' equity for each of the three years in the period ended December 31, 2001 and notes thereto and report of Independent Auditors, and Immunex's unaudited consolidated condensed balance sheets at March 31, 2002 and December 31, 2001 and unaudited consolidated condensed statements of income and cash flows for the three month period ended March 31, 2002 and 2001 and notes thereto.

IMMUNEX CORPORATION
Consolidated Balance Sheets
(In thousands, except share and per share data)

	December 31, 2001	December 31, 2000
Assets		
Current assets:		
Cash and cash equivalents	$ 198,777	$ 552,767
Short-term investments	659,037	1,052,043
Accounts receivable--trade, net	85,005	89,864
Accounts receivable--AHP	11,462	4,177
Other receivables	25,382	22,384
Inventories	34,440	19,371
Prepaid expenses and other current assets	23,118	15,675
Total current assets	1,037,221	1,756,281
Property, plant and equipment, net	200,429	174,049
Restricted cash and investments	765,000	--
Deposit to AHP on Rhode Island manufacturing facility	192,778	--
Property held for future development	45,565	33,382
Investments	31,950	48,627
Intangible product rights and other, net	22,365	27,034
Total assets	$ 2,295,308	$ 2,039,373
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 106,967	$ 93,905
Accounts payable--AHP	84,345	75,119
Accrued compensation and related items	31,778	25,422
Current portion of long-term obligations	31	31
Other current liabilities	7,743	5,964
Total current liabilities	230,864	200,441
Long-term obligations	764	796
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, $.01 par value, 30,000,000 shares authorized, none outstanding	--	--
Common stock, $.01 par value, 1,200,000,000 shares authorized, 545,294,346 and 540,856,394 outstanding at December 31, 2001 and 2000, respectively	2,153,184	2,092,294
Accumulated other comprehensive income	25,372	30,681
Accumulated deficit	(114,876)	(284,839)
Total shareholders' equity	2,063,680	1,838,136
Total liabilities and shareholders' equity	$ 2,295,308	$ 2,039,373

See accompanying notes.

IMMUNEX CORPORATION
Consolidated Statements of Income
(In thousands, except per share amounts)

	Year ended December 31,		
	2001	2000	1999
Revenues:			
Product sales	$ 959,586	$ 828,828	$ 519,287
Royalty and contract revenue	27,219	33,001	22,431
	986,805	861,829	541,718
Operating expenses:			
Cost of product sales	256,123	243,144	159,269
Research and development	204,649	166,712	126,682
Selling, general and administrative	422,999	344,383	216,714
Merger-related costs	5,619	--	--
	889,390	754,239	502,665
Operating income	97,415	107,590	39,053
Other income (expense):			
Interest and other income, net	115,097	59,795	26,427
Interest expense	(58)	(10,737)	(8,656)
	115,039	49,058	17,771
Income before income taxes	212,454	156,648	56,824
Provision for income taxes	42,491	2,296	12,500
Net income	$ 169,963	$ 154,352	$ 44,324
Net income per common share:			
Basic	$ 0.31	$ 0.30	$ 0.09
Diluted	$ 0.30	$ 0.28	$ 0.08
Number of shares used for per share amounts:			
Basic	542,900	506,847	489,390
Diluted	569,077	549,250	529,974

See accompanying notes.

IMMUNEX CORPORATION
Consolidated Statements of Shareholders' Equity
(In thousands)

	Common Stock		Accumulated Other Comprehensive Income	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount			
Balance, January 1, 1999	481,782	$ 729,750	$ 1,228	$ (483,515)	$ 247,463
Net income for the year ended December 31, 1999	--	--	--	44,324	44,324
Change in fair value of investments, net	--	--	1,491	--	1,491
Comprehensive income					45,815
Common stock issued to employees	8,739	21,275	--	--	21,275
Common stock issued to AHP	3,498	40,777	--	--	40,777
Balance, December 31, 1999	494,019	791,802	2,719	(439,191)	355,330
Net income for the year ended December 31, 2000	--	--	--	154,352	154,352
Change in fair value of investments, net	--	--	27,962	--	27,962
Comprehensive income					182,314
Proceeds from the sale of common stock, net of offering costs of $2,393	20,000	771,207	--	--	771,207
Conversion of subordinated note by AHP, net	15,544	449,206	--	--	449,206
Common stock issued to employees	10,250	40,592	--	--	40,592
Common stock issued to AHP	1,043	28,859	--	--	28,859
Capital contribution from AHP	--	10,628	--	--	10,628
Balance, December 31, 2000	540,856	2,092,294	30,681	(284,839)	1,838,136
Net income for the year ended December 31, 2001	--	--	--	169,963	169,963
Cumulative effect of adopting FAS 133	--	--	7,641	--	7,641
Change in fair value of forward contracts, net	--	--	(3,348)	--	(3,348)
Change in fair value of investments, net	--	--	(9,602)	--	(9,602)
Comprehensive income					164,654
Tax benefit from stock option exercises	--	38,554	--	--	38,554
Common stock issued to employees	4,438	22,336	--	--	22,336
Balance, December 31, 2001	545,294	$ 2,153,184	$ 25,372	$ (114,876)	$ 2,063,680

See accompanying notes.

IMMUNEX CORPORATION
Consolidated Statements of Cash Flows
(In thousands)

	Year ended December 31,		
	2001	2000	1999
Operating activities:			
Net income	$ 169,963	$ 154,352	$ 44,324
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	31,110	21,781	20,081
Deferred income tax provision	38,554	--	12,051
Gain on sale of product rights	(16,000)	--	--
Other	(6,122)	--	(990)
Cash flow impact of changes to:			
Accounts receivable	(5,424)	(54,644)	(32,842)
Inventories	(14,475)	(6,123)	11,296
Prepaid expenses and other current assets	(3,150)	(9,236)	(1,713)
Accounts payable, accrued compensation and other current liabilities	29,829	65,750	60,525
Net cash provided by operating activities	224,285	171,880	112,732
Investing activities:			
Purchases of restricted cash and investments	(765,000)	--	--
Deposit to AHP on Rhode Island manufacturing facility	(192,778)	--	--
Purchases of property, plant and equipment	(65,011)	(80,675)	(35,563)
Purchases of property held for future development	(13,413)	(27,509)	--
Proceeds from sales of investments	1,458,545	1,108,858	69,538
Proceeds from maturities of investments	156,116	34,085	38,305
Purchases of investments	(1,205,093)	(1,755,881)	(460,050)
Proceeds from sale of product rights	16,000	--	--
Acquisition of rights to marketed products, net	--	(9,500)	(15,500)
Other	--	--	78
Net cash used in investing activities	(610,634)	(730,622)	(403,192)
Financing activities:			
Proceeds from lease financing	10,055	--	--
Proceeds from common stock offering, net	--	771,207	--
Proceeds from common stock issued to employees	22,336	40,592	21,275
Proceeds from common stock issued to AHP	--	28,859	40,777
Proceeds from capital contribution from AHP	--	10,628	--
Proceeds from convertible subordinated note--AHP, net	--	--	449,000
Other	(32)	(547)	(3,422)
Net cash provided by financing activities	32,359	850,739	507,630
Net increase (decrease) in cash and cash equivalents	(353,990)	291,997	217,170
Cash and cash equivalents, beginning of period	552,767	260,770	43,600
Cash and cash equivalents, end of period	$ 198,777	$ 552,767	$ 260,770

See accompanying notes.

Note 1. Organization

We are a leading biopharmaceutical company dedicated to developing immune system science to protect human health. Applying our scientific expertise in the fields of immunology, cytokine biology, vascular biology, antibody-based therapeutics and small molecule research, we work to discover new targets and new therapeutics for treating rheumatoid arthritis, asthma and other inflammatory diseases, as well as cancer and cardiovascular diseases.

We operate in a highly regulated and competitive environment. Our business is regulated primarily by the FDA. The FDA regulates the products we sell, our manufacturing processes and our promotional activities. Obtaining approval for a new therapeutic product is never certain, generally takes many years and is very costly. Competition in researching, developing and marketing biotechnology and pharmaceutical products is intense. Any of the technologies covering our existing products or products under development could become obsolete or diminished in value by discoveries and developments of other organizations.

Our market for pharmaceutical products is primarily the United States. Our sales are primarily to pharmaceutical wholesalers. During 2001, approximately 70% of our product sales were made to three of these wholesalers and approximately 79% of our product sales were from the sale of Enbrel.

In June 1993, we merged with a subsidiary of American Cyanamid Company, or Cyanamid. In November 1994, American Home Products, or AHP, acquired all of Cyanamid's outstanding shares of common stock. Thus, AHP became the owner of Cyanamid's then approximate 54% interest in our common stock. In November 2000, AHP sold 60,500,000 shares of our common stock in a public offering. As a result, AHP now holds an approximate 41% interest in us. We have also entered into additional agreements with AHP (see Note 11). All references to AHP include AHP and its various affiliates, divisions and subsidiaries, including Cyanamid.

On December 17, 2001, we announced that we had entered into an Agreement and Plan of Merger with Amgen Inc. (see Note 15).

Note 2. Basis of Presentation and Summary of Significant Accounting Policies

Use of Estimates

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States. In preparing the financial statements, management must make estimates and assumptions that affect reported amounts and disclosures.

Principles of consolidation

The consolidated financial statements include our accounts and those of our wholly-owned subsidiary, Immunex Manufacturing Corporation. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash equivalents

Cash equivalents include items almost as liquid as cash, such as demand deposits or debt securities with maturity periods of 90 days or less when purchased. Our cash equivalents are carried at fair market value.

Note 2. Basis of Presentation and Summary of Significant Accounting Policies, continued

Investments

Marketable equity securities and debt securities are classified as available-for-sale. Available-for-sale securities are carried at fair value, based on current market rates, with the unrealized gains and losses being reported as a separate component of shareholders' equity. The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization is included in interest income. Realized gains and losses are included in other income. The cost of securities sold is based on the specific identification method. Interest and dividends on securities classified as available-for-sale are included in interest income. We review our investments on a regular basis for impairment. Securities trading below their original costs for a period of time considered "other than temporary" are written down to current fair value.

Our investments in debt securities, excluding the $765,000,000 in restricted cash and investments (see Note 5), are available for use in our current operations and have been classified as short-term investments. Our equity securities are intended to be a long-term investment.

Inventories

Inventories are stated at the lower of cost, using a weighted-average method, or market. The components of inventories are as follows (in thousands):

	2001	2000
Raw materials	$4,133	$4,779
Work in process	24,602	11,987
Finished goods	5,705	2,605
Total inventories	$34,440	$19,371

Depreciation and amortization

The cost of buildings and equipment is depreciated evenly over the estimated useful lives of the assets, which range from three to 31.5 years. Leasehold improvements are amortized evenly over either their estimated useful life, or the term of the lease, whichever is shorter.

Property held for future development

We have purchased land and buildings adjacent to the location of our new research and technology center in Seattle, Washington. The property will be held to accommodate future growth. We also own some property intended for the possible future expansion of our manufacturing facilities. These properties are recorded at cost.

Intangible product rights

Intangible product rights and other intangible assets are amortized evenly over their estimated useful lives, ranging from five to 15 years. Accumulated amortization totaled $16,556,000 at December 31, 2001 and $13,085,000 at December 31, 2000.

Derivatives and Hedging Activities

Effective January 1, 2001, we adopted Statement of Financial Accounting Standard, or SFAS, 133 (Accounting for Derivative and Hedging Activities) which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging.

Note 2. Basis of Presentation and Summary of Significant Accounting Policies, continued

activities. SFAS 133, as amended, requires the recognition of all derivative instruments as either assets or liabilities in the balance sheet at fair value. The adoption of SFAS 133 impacts our accounting for certain forward exchange contracts related to hedging cash outflows on future purchases of Enbrel.

We have entered into forward foreign currency contracts to reduce the impact of future currency rate fluctuations related to those purchase commitments for Enbrel that are denominated in Euros. The forward contracts have been designated as cash-flow hedges and, as of December 31, 2001, were considered highly effective. The ineffective portion of these hedges was not material during 2001. We do not enter into any forward contracts for trading purposes. If it became probable that the cash outflow related to a purchase of inventory would not occur, we would be required to reclassify gains or losses from the unused portion of the contract from other comprehensive income to other income or expense in the statements of income. The unrealized gain from our forward exchange contracts of approximately $4,293,000 at December 31, 2001 (which consists of $7,641,000 of unrealized gains upon adoption of SFAS 133, realized gains of approximately $2,229,000 and unrealized losses of $1,119,000 experienced during 2001) is included in other current assets and accumulated other comprehensive income. Gains and losses included in other comprehensive income are reclassified to earnings when the hedged item is recognized in earnings.

Revenues

Product sales are recognized when product is shipped to our customers. Our sales are made FOB shipping point and we believe that collectibility is reasonably assured at the time of shipment. Product sales are recorded net of reserves for estimated chargebacks, returns, discounts, Medicaid rebates and administrative fees. We maintain reserves based on historical results that we believe are sufficient to cover estimated future requirements. Allowances for discounts, returns and bad debts, which are netted against accounts receivable, totaled $25,529,000 at December 31, 2001 and $26,323,000 at December 31, 2000. Reserves for chargebacks, Medicaid rebates and administrative fees are included in accounts payable and totaled $18,601,000 at December 31, 2001 and $18,056,000 at December 31, 2000. Shipping and handling costs are included in cost of product sales and are not significant.

Revenues earned under royalty, licensing and other contractual agreements are recognized based upon required performance under the terms of the underlying agreements. Royalties from licensees are received quarterly or semi-annually in arrears, based on third-party product sales and are recognized based on the period in which the underlying products are sold. If we are unable to reasonably estimate royalty income under a particular agreement, we will recognize revenue when actual amounts are known. License fees, milestones and other contract fees for which no further performance obligations exist, and there is no continuing involvement by us, are recognized on the earlier of when the payments are received or when collection is assured. If there is an ongoing service or performance requirement, or payments are dependent upon a future contingency, revenue is deferred and recognized over the applicable service period or when the contingency is resolved.

Advertising Costs

The costs of advertising are expensed as incurred. We incurred advertising costs of $5,098,000 in 2001, $4,163,000 in 2000 and $2,843,000 in 1999.

Net income per common share

Basic earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding. Diluted earnings per share is calculated using the weighted average number of common

Note 2. Basis of Presentation and Summary of Significant Accounting Policies, continued

shares outstanding plus the weighted average dilutive effect of outstanding stock options using the "treasury stock" method and the weighted average effect of convertible debt, if dilutive.

Reclassifications

For comparison purposes, prior-year amounts in the consolidated financial statements have been reclassified to conform to current-year presentations.

Impact of Recently Issued Accounting Standards

During June 2001, the Financial Accounting Standards Board, or FASB, issued SFAS 141 (Business Combinations) and SFAS 142 (Goodwill and Other Intangible Assets). SFAS 141 requires all business combinations initiated after June 30, 2001 be accounted for under the purchase method and that certain acquired intangible assets in a business combination be recognized as assets separate from goodwill. SFAS 142 requires that ratable amortization of goodwill be replaced with periodic tests of the goodwill's impairment and that intangible assets other than goodwill be amortized over their useful lives. The provisions of SFAS 142 will be effective for January 1, 2002. Currently, we expect that the adoption of these standards will not have a significant impact on our financial position, cash flows or results of operations.

During June 2001, the FASB issued SFAS 143 (Accounting for Asset Retirement Obligations) which will be effective on January 1, 2003. This Statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. We are currently evaluating this statement and do not anticipate the adoption of SFAS 143 will have a material impact on our financial position, cash flows or results of operations.

During August 2001, the FASB issued SFAS 144 (Accounting for the Impairment or Disposal of Long-Lived Assets) which is effective for the Company on January 1, 2002. This Statement supersedes FASB Statement 121 (Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of) and other related accounting guidance. We are currently evaluating this statement and do not anticipate the adoption of SFAS 144 will have a material impact on our financial position, cash flows or results of operations.

Note 3. Investments

Information about our investments follows (in thousands):

December 31, 2001	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses
Money market, commercial paper and other	$ 831,157	$ 824,459	$ 7,706	$ (1,008)
Corporate debt securities	275,732	274,664	4,216	(3,148)
U.S. government and agency obligations	366,373	358,486	8,417	(530)
Corporate equity securities	31,950	26,525	7,639	(2,214)
	$1,505,212	$1,484,134	$ 27,978	$ (6,900)
December 31, 2000				
Money market, commercial paper and other	$ 137,411	$ 137,397	$ 16	$ (2)
Corporate debt securities	667,572	660,583	9,089	(2,100)
U.S. government and agency obligations	777,101	770,055	7,072	(26)
Corporate equity securities	48,627	31,995	22,453	(5,821)
	$1,630,711	$1,600,030	$ 38,630	$ (7,949)

	2001	2000
Classification in the balance sheet:		
Cash and cash equivalents	$ 49,225	$ 530,041
Short-term investments	659,037	1,052,043
Restricted cash and investments	765,000	--
Investments	31,950	48,627
	$1,505,212	$1,630,711

The following table summarizes contractual maturity information for securities with known maturity dates at December 31, 2001 (in thousands):

	Fair Value	Amortized Cost
Less than one year	$ 652,048	$ 648,838
Due in 1-5 years	604,584	593,772
Due after 5 years	216,630	214,999
Total	$1,473,262	$1,457,609

Realized gains were $16,304,000 for 2001 and $6,438,000 for 2000. Realized losses were $6,816,000 for 2001 and $2,158,000 for 2000. There were no material realized gains or losses for 1999.

We review our investments on a regular basis for impairment. Securities trading below their original costs for a period of time considered "other than temporary" are written down to current fair value. During 2001, we wrote down approximately $1,976,000 of securities meeting this criteria. There were no securities written down in 2000 and 1999.

Note 4. Property, Plant and Equipment

The major categories of property, plant and equipment, at historical cost, consist of the following (in thousands):

	2001	2000
Land	$ 18,273	$ 17,874
Buildings and improvements	104,935	103,188
Equipment	147,540	108,886
Leasehold improvements	46,960	39,971
	317,708	269,919
Less accumulated depreciation and amortization	(117,279)	(95,870)
Property, plant and equipment, net	$ 200,429	$ 174,049

Note 5. Helix Project

In March 2001, we entered into a seven and one-half year lease to finance construction of our new research and technology center in Seattle, Washington, known as the Helix Project. The total cost of the project, including financing costs, is expected to be up to $750,000,000. As part of the lease transaction, we are required to restrict as collateral, cash or investment securities worth $765,000,000 during the construction of the project and 102% of the funds borrowed by the lessor thereafter. The restricted investments consist primarily of money market investments with maturities of one-year or less and are carried at fair value. These investments are held in our name, are restricted as to their withdrawal and are classified as non-current on our balance sheet. The lease is classified as an operating lease for financial reporting purposes, which means that the cost of the facility and related financing obligation are not reflected on our balance sheet.

The construction costs of the Helix Project are paid by the lessor, who is the borrower under a loan that is funded using the proceeds of commercial paper. In order to support the placement of the commercial paper, a syndicate of banks has agreed to provide a back-up credit facility that is subject to an annual renewal commitment. If all or some of the banks elect not to renew their commitment under this back-up credit facility, they would be required to provide a bank loan for the duration of the lease term in an amount equal to the size of their commitment under the back-up credit facility. However, the rates on such bank loan may not be as favorable as the rates obtained using commercial paper for financing. In addition, we may, at any time during the term of the lease, purchase the facility for the amount of cumulative financed project costs incurred. At the end of the lease term, if we elect not to renew the lease or do not exercise our option to purchase the facility, we have guaranteed to pay any loss incurred by the lessor upon the sale of the facility for amounts up to 89.5% of the project costs.

Under the terms of the agreement, we are required to maintain certain financial ratios and meet other covenants regarding the conduct of our business. If we were to violate any of these covenants and were unable to restructure the financing or obtain a waiver, we could be obligated to pay the lessor the cumulative financed project costs at such time. Our proposed merger with Amgen (see Note 15) would violate one of these covenants. We expect to review this financing arrangement in light of the merger and the anticipated needs of the combined company. We may be able to renegotiate the relevant terms of the covenants or obtain a waiver if it was in the best interest of the combined company.

At December 31, 2001, the construction costs incurred and amount financed totaled approximately $106,000,000 and is expected to total $750,000,000 at completion of the project. Lease payments begin upon completion of the facility, which is expected to be no later than September 2003, and are variable throughout the lease term based on a LIBOR rate (see Note 12).

Note 6. Long-Term Obligations

Long term obligations totaled $764,000 at December 31, 2001 and $796,000 at December 31, 2000. Our current portion of long term obligations totaled $31,000 at December 31, 2001 and 2000. We had no interest-bearing debt in 2001. We had no interest-bearing debt in 2000 or 1999, other than the convertible note held by AHP. The balance sheet carrying value for all of our financial instruments approximates fair value based on their short-term nature.

In May 1999, we issued a seven-year, 3% convertible subordinated note to AHP. On October 31, 2000, AHP converted the principal amount of the $450 million note into 15,544,041 shares of our common stock. The note, which was due in 2006, was converted into newly issued shares at a price of $28.95 a share. Interest paid on the note totaled $13,500,000 in 2000 and $6,038,000 in 1999.

Note 7. Shareholders' Equity

Stock options

We may grant stock options, both incentive and non qualified, to any employee, including officers, under the 1993 stock option plan and the 1999 stock option plan. There were a total of 74,703,204 and 36,000,000 shares of common stock authorized for issuance under the 1993 stock option plan and the 1999 stock option plan, respectively. Options are granted to current employees by a committee of our Board of Directors. Under both plans, options are not granted with exercise prices less than the fair market value of our common stock at the date of grant. Each outstanding option has a term of 10 years from the date of grant and becomes exercisable at a rate of 20% per year beginning one year from the date of grant, with the exception of certain grants issued in 2001 which vest 60% beginning three years from the date of grant and vest 20% in the fourth and fifth year from the date of grant.

We also have a stock option plan with 1,200,000 shares of common stock reserved for issuance to nonemployee directors that provides each such director an initial grant of an option to purchase 10,000 shares of common stock and an annual grant of 5,000 shares thereafter. The annual grant is subject to proportionate adjustment for any stock split that occurs within 90 days before the annual grant. Each option is granted with an exercise price equal to fair market value of our common stock on the date of grant. Each outstanding option has a term of 10 years from the date of grant and becomes exercisable at a rate of 20% per year beginning one year from the date of grant.

Note 7. Shareholders' Equity, continued

We have elected to follow Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees and have adopted the disclosure-only provisions of SFAS No. 123, Accounting for Stock-Based Compensation. Stock options are granted with an exercise price equal to the fair market value of the stock on the date of grant and, accordingly, we do not record compensation expense for stock option grants. The following table summarizes results as if we had recorded compensation expense for the option grants (in thousands, except per share amounts):

	2001	2000	1999
Net income--as reported	$169,963	$154,352	$44,324
Net income--pro forma	104,476	70,189	7,003
Net income per common share, basic--as reported	$ 0.31	$ 0.30	$ 0.09
Net income per common share, basic--pro forma	$ 0.19	$ 0.14	$ 0.01
Net income per common share, diluted--as reported reported	$ 0.30	$ 0.28	$ 0.08
Net income per common share, diluted--pro forma	$ 0.18	$ 0.13	$ 0.01

The estimated fair value of options granted in 2001 was $14.96, compared to $39.39 in 2000 and $8.17 in 1999 which were calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2001	2000	1999
Expected life in years	6	6	6
Risk-free interest rate	3.8%-5.3%	5.0%-6.8%	5.1%-6.5%
Volatility	79%	72%	74%
Dividend yield	--	--	--

Information with respect to our stock option plans is as follows:

	Shares Subject to Option	Exercise Price Range	Weighted Average Exercise Price
Options outstanding balance at January 1, 1999	47,823,888	0.98-6.40	$ 3.04
Granted	17,762,700	11.48-19.52	11.87
Exercised	(8,670,207)	0.98-6.40	2.31
Canceled	(1,337,502)	0.98-19.52	5.97
Options outstanding balance at December 31, 1999	55,578,879	$0.98-19.52	$ 5.90
Options exercisable	13,472,337		2.38
Granted	6,828,120	25.88-64.73	62.10
Exercised	(10,081,844)	0.98-19.52	3.64
Canceled	(739,901)	1.32-64.73	15.62
Options outstanding balance at December 31, 2000	51,585,254	$1.02-64.73	$ 13.63
Options exercisable	15,032,211		4.14
Granted	6,804,030	13.25-37.31	21.51
Exercised	(4,198,840)	1.04-19.52	4.56
Canceled	(3,388,418)	1.19-64.73	22.83
Options outstanding balance at December 31, 2001	50,802,026	$1.02-64.73	$ 14.82
Options exercisable	23,145,236		7.86

Note 7. Shareholders' Equity, continued

Shares available for future grant totaled 33,104,815 at December 31, 2001 and 36,520,427 at December 31, 2000.

The following table summarizes information about stock options outstanding at December 31, 2001:

	Outstanding			Exercisable	
Range of Exercise Prices	Options	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
$ 1.02 - 1.46	6,167,378	4 years	$1.29	6,167,378	$ 1.29
2.02 - 3.48	7,000,263	5 years	2.09	5,085,543	2.11
5.19 - 5.72	10,402,375	6 years	5.26	5,110,855	5.25
6.40 - 13.25	16,178,562	7 years	11.41	5,233,600	10.77
14.14 - 25.88	2,283,855	9 years	16.84	367,015	17.46
26.26 - 64.73	8,769,593	8 years	51.61	1,180,845	62.36
$ 1.02 - 64.73	50,802,026		$14.82	23,145,236	$ 7.86

Employee Stock Purchase Plan

In April 1999, we introduced an employee stock purchase plan under which 3,000,000 shares of common stock were reserved for issuance. Eligible employees may purchase a limited number of shares of our common stock at 85% of the market value at plan-defined dates. Employees purchased 239,459 shares for $3,160,000 in 2001 and 165,060 shares for $3,937,000 in 2000 under this plan.

Shares reserved for future issuance

At December 31, 2001, we have reserved shares of common stock for future issuances as follows:

Outstanding stock options	50,802,026
Stock options available for future grant	33,104,815
Employee stock purchase plan	2,529,801
	86,436,642

Note 8. Sale of Product Rights

On June 30, 2001, we sold our rights to the pharmaceutical products Amicar, methotrexate sodium injectable, leucovorin calcium and Levoprome to Xanodyne. The sale resulted in a gain of $16,000,000, which was included in other income. We also agreed to sell to Xanodyne, at cost, our remaining inventory for these products on hand as of June 30, 2001. As a result, we did not recognize any material revenues or expenses related to these products subsequent to June 30, 2001.

Note 9. Income Taxes

Significant components of the provision for income taxes are as follows (in thousands):

	2001	2000	1999
Current taxes			
Federal	$ 3,350	$ --	$ --
State	587	2,296	449
	$ 3,937	$ 2,296	$ 449
Deferred taxes			
Federal	$38,554	$ --	$12,051
	$42,491	$ 2,296	$12,500

During 2001 and 2000, federal tax expense, for financial reporting purposes, was offset by utilizing research and experimentation credits. Also, during 2001 we utilized stock option deductions and NOL carryforwards attributable to stock option deductions to offset $119,617,000 of taxable income, resulting in a tax benefit of $38,554,000 which has been recorded as a deferred tax provision and as an increase to equity. During 2000 and 1999 we utilized all of our NOL carryforwards that had been generated through operations. During 1999, a portion of the benefit from utilizing our NOL carryforwards was used to reduce the recorded value of goodwill and certain intangible product rights by $12,051,000. We paid income taxes totaling $4,317,000 in 2001, $1,681,000 in 2000 and $383,000 in 1999.

Reconciliation of the U.S. federal statutory tax rate to our effective tax rate is as follows:

	2001	2000	1999
U.S. federal statutory tax rate	35.0%	35.0%	35.0%
Utilization of NOL carryforwards	--	(34.6)	(15.1)
Utilization of research and experimentation credits	(16.5)	(0.7)	--
Non deductible merger related costs	0.9	--	--
Non deductible amortization of goodwill	--	--	0.5
State taxes (net of federal tax benefit)	0.2	1.5	0.8
Other	0.4	0.3	0.9
Effective tax rate	20.0%	1.5%	22.1%

Note 9. Income Taxes, continued

Significant components of deferred tax assets and liabilities at December 31 are as follows (in thousands):

	2001	2000
Deferred tax assets:		
Net operating loss carryforwards	$ 191,697	$ 207,608
Research and experimentation credits	--	34,493
In-process research and development	6,299	4,997
Accounts receivable allowances	9,446	9,213
Accrued liabilities	9,624	8,358
Other	8,640	3,300
Total deferred tax assets	225,706	267,969
Valuation allowance for deferred tax assets	(214,804)	(255,557)
Net deferred tax assets	10,902	12,412
Deferred tax liabilities:		
Tax over book depreciation	1,461	1,294
Other	9,441	11,118
Total deferred tax liabilities	10,902	12,412
	$ --	$ --

Our deferred tax assets consist primarily of the benefit resulting from unused NOL carryforwards. The amount of the NOL carryforwards are approximately $532,491,000 at December 31, 2001. The NOL carryforwards expire from 2002 through 2020. The remaining NOL carryforwards are attributable to stock option deductions and will be recorded as a reduction in federal income tax for tax purposes, but will not be used to reduce federal tax expense for financial reporting purposes. In the future, for financial reporting purposes, the benefit of all remaining NOL carryforwards will be recorded as an increase to equity when realized.

Our ability to generate sufficient future taxable income for tax purposes in order to realize the benefits of our net deferred tax assets is uncertain primarily as a result of potential future stock option deductions. Therefore, a reserve of $214,804,000 and $255,557,000 has been recorded for financial reporting purposes at December 31, 2001 and 2000. This represents a decrease in the reserve of approximately $40,753,000 during 2001 and an increase of $115,837,000 during 2000.

Note 10. Employee Benefits

As a retirement plan, we offer a defined contribution plan covering regularly scheduled full-time, part-time and temporary employees. The plan is a salary deferral arrangement pursuant to Internal Revenue Code section 401(k) and is subject to the provisions of the Employee Retirement Income Security Act of 1974. We match 100% of the first 2% of an employee's deferred salary and 50% of the next 4% of an employee's deferred salary. Employees with five or more years of service receive a match of 100% of the first 2% of deferred salary and 75% of the next 4% of deferred salary. We recorded compensation expense resulting from matching contributions to the plan of $4,224,000 in 2001, $2,970,000 in 2000 and $2,860,000 in 1999.

Note 11. Transactions with AHP

On June 1, 1993, our predecessor corporation merged with a subsidiary of Cyanamid. In late 1994, all of the outstanding shares of common stock of Cyanamid were acquired by AHP. AHP and certain of its subsidiaries

Note 11. Transactions with AHP, continued

and affiliates have assumed the rights and obligations of Cyanamid under various agreements entered into at the time of the merger. In addition, we have entered into additional agreements with AHP. At December 31, 2001, AHP holds an approximate 41% interest in us. Significant transactions under these agreements are discussed in the paragraphs below.

Enbrel promotion agreement

In 1997, we entered into an Enbrel promotion agreement with AHP. Under the terms of the Enbrel promotion agreement, Enbrel is being promoted in the United States and Canada by the sales and marketing organization of Wyeth-Ayerst Laboratories, a division of AHP. We distribute a portion of the gross profits to AHP from U.S. and Canadian sales of Enbrel and reimburse AHP for a portion of the selling, marketing, distribution and other costs incurred in the United States and Canada for sales of Enbrel. Under the Enbrel promotion agreement, prior to and for two years following the launch of Enbrel, AHP paid a majority of these expenses. Beginning in November 2000, we and AHP began sharing these costs equally in the United States. Our obligation for such expenses, including AHP's share of gross profits from Enbrel, totaled $281,993,000 in 2001, $222,472,000 in 2000 and $120,276,000 in 1999 and have been recorded as selling, general and administrative expenses. In addition, under the Enbrel promotion agreement, we earned revenues of $736,000 in 2001, $25,000,000 in 2000 and $10,000,000 in 1999 which has been recorded as contract revenue.

Enbrel was approved for use in Canada in December 2000 and became commercially available in Canada in March 2001. As part of the Enbrel promotion agreement, AHP acts as a selling agent for us in Canada. Sales of Enbrel to AHP for sale in Canada are recorded as product is shipped to customers and totaled $7,603,000 in 2001.

Under subsequent agreements, we provided product and component requirements of Enbrel to AHP for sales outside the United States and Canada. We recorded revenue of $55,000 in 2001, $2,414,000 in 2000 and $3,864,000 in 1999 under these agreements. In addition, we performed activities related to Enbrel and the process of manufacturing Enbrel on behalf of AHP, and AHP agreed to reimburse us for these costs, which totaled $1,834,000 in 2001, $1,594,000 in 2000 and $1,310,000 in 1999.

Distribution

We have agreed to supply the commercial requirements of our products in Puerto Rico to Wyeth-Ayerst Laboratories Puerto Rico, Inc., a wholly-owned subsidiary of AHP. Net revenue recognized under this agreement totaled $4,458,000 in 2001, $3,608,000 in 2000 and $2,361,000 in 1999.

Oncology Product License Agreements

AHP and its sublicensees have a royalty-bearing license to sell our existing nonbiological oncology products outside the United States and Canada. We earned royalties under the agreement totaling $1,762,000 in 2001, $2,377,000 in 2000 and $2,504,000 in 1999.

TACE Agreements

In December 1995, we licensed exclusive worldwide rights to tumor necrosis factor alpha converting enzyme, or TACE, technology to AHP. We recognized revenue under these agreements of $1,600,000 in 1999. No revenue was recognized under these agreements in 2001 or 2000. The TACE agreements also include additional milestone payments and royalties on future product sales. Under the agreements, AHP will be responsible for further developments of TACE.

Note 11. Transactions with AHP, continued

Supply and Manufacturing

We and AHP are parties to a supply agreement and a toll manufacturing agreement under which AHP manufactures and supplies the reasonable commercial requirements of oncology products at a price equal to 125% of AHP's or its subsidiaries' manufacturing costs. We and AHP also had a methotrexate distributorship agreement under which AHP agreed to supply methotrexate to us at established prices which are adjusted annually. Our rights under these agreements pertaining to Amicar, methotrexate sodium injectable, leucovorin calcium and Levoprome were transferred to Xanodyne (See Note 8). We purchased inventory totaling $5,177,000 in 2001, $4,370,000 in 2000 and $8,154,000 in 1999 from AHP and its subsidiaries under these agreements.

Rhode Island Manufacturing Facility

We collaborated with AHP to retrofit a large-scale manufacturing facility in Rhode Island intended for the production of Enbrel. AHP agreed to reimburse us for technical assistance provided by our personnel related to the facility. The amount reimbursable in 2001 totaled $9,446,000 and in 2000 totaled $5,324,000. In November 2001, we entered into an agreement to acquire the facility from AHP effective January 1, 2002. As part of the agreement, in December 2001, we made a deposit towards the purchase price totaling $192,778,000. We assumed ownership of the facility in January 2002 and made an additional payment towards the purchase totaling $279,892,000. A final payment totaling $27,133,000 is due for costs incurred by AHP in December 2001.

Research and Development

Under a license and development agreement for Enbrel, we and AHP agreed to share equally the development costs of Enbrel in the United States, Canada and Europe. AHP's share of the development costs under this agreement totaled $33,564,000 in 2001, $30,115,000 in 2000 and $23,986,000 in 1999.

Under the terms of a product rights agreement, AHP may acquire exclusive worldwide rights to up to four of our future product candidates. If AHP exercises any of these rights, we would be eligible for payments and royalties on future sales of these products. However, we may elect to retain the worldwide rights to up to two of these products. In this case, AHP would be eligible for payments and royalties on future sales of these products.

Convertible Subordinated Note

In 1999, we issued a seven-year, 3% coupon, $450 million convertible subordinated note to AHP (See Note 6). Interest incurred on the note totaled $11,250,000 in 2000 and $8,288,000 in 1999. On October 31, 2000, AHP converted the principal amount of the $450 million note into 15,544,041 shares of our common stock.

Option to Purchase Shares of our Common Stock

We and AHP are parties to a 1993 governance agreement under which AHP has the option to purchase from us, on a quarterly basis, additional shares of our common stock to the extent necessary to maintain AHP's percentage ownership interest in us as of the immediately preceding quarter. The per share purchase price of these shares is equal to the fair market value of the shares, as determined in accordance with the governance agreement, on the date of AHP's purchase. AHP did not exercise its option to purchase common stock from us during 2001. AHP exercised the option to purchase 1,042,995 shares for $28,859,000 in 2000 and 3,498,726 shares for $40,777,000 in 1999.

In November 2000, AHP sold 60,500,000 shares of our common stock in a public offering. Under Section 16(b) of the Securities Exchange Act of 1934, as amended, AHP was required to remit to us $10,628,000

Note 11. Transactions with AHP, continued

in short-swing profits related to shares of our common stock that were purchased by AHP on the open market in the second quarter of 2000 and subsequently sold at a profit by AHP in connection with the November public offering.

Note 12. Commitments and Contingencies

We lease office and laboratory facilities under noncancelable operating leases that expire through December 2010. These leases provide us with options to renew the leases at fair market rentals through August 2015. A summary of minimum future rental commitments under noncancelable operating leases at December 31, 2001 follows (in thousands):

Year Ended December 31,	Operating Leases
2002	$14,123
2003	13,687
2004	11,379
2005	6,280
2006	1,321
Thereafter	2,714
Total minimum lease payments	$49,504

Rental expense on operating leases was $12,802,000 in 2001, $8,156,000 in 2000 and $5,183,000 in 1999.

In March 2001, we entered into a seven and one-half year lease to finance the initial phase of our new research and technology center, known as the Helix Project (See Note 5). The lease is classified as an operating lease and provides 30 months to construct the project. Lease payments begin upon completion of the facility and are variable throughout the lease term based on a LIBOR rate. The historical 30 day LIBOR rate over the past 10 years has approximated 5.0% but has decreased to as low as 2.0% during 2001. The following table summarizes the annual lease payment at various 30 day LIBOR rates, assuming an estimated cost to construct the facility of $750,000,000:

Average Annual 30 day LIBOR rate	Corresponding Annual Lease Payment (in thousands)
2.0%	$17,000
3.0%	24,500
4.0%	32,000
5.0%	39,500
6.0%	47,000
7.0%	54,500

We are utilizing a contract manufacturer for the production of Enbrel. At December 31, 2001, we had made commitments to purchase inventory totaling at least $161,000,000 over the next three years. A portion of this inventory will be purchased by AHP from the contract manufacturer.

Note 12. Commitments and Contingencies, continued

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Various license agreements exist that require us to pay royalties based on a percentage of sales of products manufactured using licensed technology or sold under license. These agreements contain minimum annual royalty provisions as follows (in thousands):

Year Ending December 31	Minimum Annual Royalty Payment
2002	$2,700
2003	200
2004	200
2005	200
2006	200
Per year thereafter	200

According to press reports, approximately 20 pharmaceutical companies are under investigation by the U.S. Department of Justice, U.S. Department of Health and Human Services and/or state agencies related to the pricing of their products. We have received notice from the U.S. Department of Justice requesting us to produce documents in connection with a Civil False Claims Act investigation of the pricing of our current and former products for sale and eventual reimbursement by Medicare or state Medicaid programs. We also have received similar requests from the U.S. Department of Health and Human Services and state agencies. Several of our current and former products are or were regularly sold at substantial discounts from list price. We require in our contracts of sale that the purchasers appropriately disclose to governmental agencies the discounts that we give to them. We do not know what action, if any, the federal government or any state agency will take as a result of their investigations. We do not believe these matters will have a material adverse impact on our future financial position, liquidity and results of operations.

On November 27, 2001, the Action Alliance of Senior Citizens of Greater Philadelphia filed suit in the United States District Court for the Western District of Washington against us alleging monopolistic, anticompetitive conduct in an industry-wide scheme to defraud the consumer by manipulating the average wholesale price and selling drugs to physicians at prices below the reimbursement cost charged to Medicare. On December 19, 2001, Citizens for Consumer Justice and others filed suit against us and other pharmaceutical companies in the United States District Court for the District of Massachusetts making similar allegations. These two proposed class action lawsuits allege violations of antitrust laws. Similar proposed class actions have been filed in approximately a dozen courts across the country against most of the major pharmaceutical companies. At this time, we do not know what relief is being sought from us. We do not believe these matters will have a material adverse impact on our future financial position, liquidity and results of operations.

There have been three class action suits filed against us related to our pending merger with Amgen (see Note 15). As these cases are in their preliminary stages, the likely outcomes of the cases are unknown. We believe the ultimate resolution of these matters will not have a material adverse impact on our future financial position, liquidity and results of operations.

Immunex is party to routine litigation incident to our business. We believe the ultimate resolution of these routine matters will not have a material adverse impact on our future financial position, liquidity and results of operations.

Note 13. Concentrations of Risk

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Financial instruments that potentially subject us to significant concentrations of credit risk consist principally of investments and trade accounts receivable.

Note 13. Concentrations of Risk, continued

We maintain cash, cash equivalents, and investments with various financial institutions. These financial institutions are located throughout the country and our policy is designed to limit exposure to any one institution. Our investments are managed by outside investment advisers who perform periodic evaluations of the relative credit standings of those financial institutions that are considered in our investment strategy.

The trade accounts receivable balance represents our most significant concentration of credit risk. We perform ongoing credit evaluations of our customers, if appropriate, and we do not require collateral on accounts receivable. Our sales are primarily to pharmaceutical wholesalers. During 2001, approximately 70% of our product sales were made to three of these wholesalers. Financial insolvency by one or more of these wholesalers would require us to write off all or a portion of the amounts due us. As of December 31, 2001, the amount due us from these wholesalers totaled $82,037,000. We maintained credit insurance coverage during 2001 based on our credit exposure. However, this insurance coverage was limited and may not provide us with adequate coverage against losses. We have elected not to renew our current credit insurance policy, which expired on January 31, 2002.

Sales of Enbrel accounted for 79% of total product sales for the year ended December 31, 2001. Currently, all finished dosage forms of Enbrel are manufactured for us by a single contract manufacturer. If this source of supply were disrupted, sales of Enbrel would be adversely affected.

Note 14. Net Income per Common Share

Basic earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding. Diluted earnings per share is calculated using the weighted average number of common shares outstanding plus the weighted average dilutive effect of outstanding stock options using the "treasury stock" method. The components for calculating net income per share are set forth in the following table (in thousands, except per share data):

	Year ended December 31,		
	2001	2000	1999
Net income	$169,963	$154,352	$ 44,324
Weighted average common shares outstanding, basic	542,900	506,847	489,390
Net effect of dilutive stock options	26,177	42,403	40,584
Weighted average common shares outstanding, diluted	569,077	549,250	529,974
Net income per common share, basic	$ 0.31	$ 0.30	$ 0.09
Net income per common share, diluted	$ 0.30	$ 0.28	$ 0.08

While the conversion by AHP of its convertible subordinated note was outstanding during 2000 and 1999, the 15,544,041 shares issuable upon the conversion of the note were not included in the calculation of diluted earnings per share because the effect, including the effect on adjusted net income, would have been anti dilutive.

Some of our outstanding stock options were not included in the calculation of diluted earnings per share because the effect would have been anti dilutive. These shares totaled 9,608,768 in 2001 and 6,121,456 in 2000. All outstanding stock options were included in the calculation of diluted earnings per share in 1999.

Note 15. Agreement to Merge with Amgen Inc.

On December 17, 2001, we announced that we had entered into an Agreement and Plan of Merger with Amgen Inc. and AMS Acquisition Inc., a wholly-owned subsidiary of Amgen. The merger is contingent upon approval of both our shareholders and Amgen's stockholders and subject to the satisfaction of certain closing conditions, including the review by the FTC and other regulatory authorities. We expect the merger to close in the second half of 2002, however this timing may be affected by review of the transaction by the FTC, the SEC and other regulatory authorities. Under the terms of the agreement, AMS Acquisition Inc. will be merged with and into us, we will become a wholly-owned subsidiary of Amgen and each issued and outstanding share of our common stock will be converted into the right to receive 0.44 of a share of Amgen common stock and $4.50 in cash. In addition, each outstanding stock option of our common stock will be exchanged for a certain number of options of Amgen. During the fourth quarter of 2001, we incurred $5,619,000 in merger costs and will incur significant merger-related costs in 2002 which we expect to be in the range of $40,000,000 to $45,000,000 primarily related to financial advisory, legal and accounting fees. The majority of the 2002 costs are contingent upon the consummation of the merger and, accordingly, are not expected to significantly impact our results of operations unless and until the merger is completed. If the merger is terminated by us, we may be required to pay a termination fee of $475,000,000 to Amgen or reimburse Amgen for up to $15,000,000 of Amgen's expenses.

Note 16. Subsequent Event

On March 7, 2002, ZymoGenetics, Inc., or ZymoGenetics, filed a patent infringement lawsuit, related to U.S. patents having claims directed to specified fusion proteins comprising immunoglobulin constant region domains and specified processes for making these proteins, against us in the United States District Court for the Western District of Washington. ZymoGenetics seeks a declaration of infringement and available remedies under the patent laws, including monetary damages and injunctive relief. We fully intend to vigorously defend ourselves against the allegations of ZymoGenetics. If ZymoGenetics prevails, our ability to market and sell Enbrel could be adversely affected unless we were able to negotiate a license or similar arrangement. As with any litigation, we are not able to determine the final outcome of the case at this time. However, we believe the allegations are without merit.

Note 17. Quarterly Financial Results (unaudited)

Our consolidated operating results for each quarter of 2001 and 2000 are summarized as follows (in thousands):

	Three Months Ended			
	March 31	June 30	September 30	December 31
Year ended December 31, 2001:				
Product sales	$211,846	$231,183	$242,832	$273,725
Royalty and contract revenue	5,993	7,106	10,131	3,989
Gross profit/2/	153,063	166,907	179,137	204,356
Operating income	16,888	20,787	28,430	31,310
Net income	$39,833	$48,817/1/	$39,687	$41,626
Net income per common share:				
Basic	$ 0.07	$ 0.09	$ 0.07	$ 0.08
Diluted	$ 0.07	$ 0.09	$ 0.07	$ 0.07
Year ended December 31, 2000:				
Product sales	$166,698	$196,196	$217,158	$248,776
Royalty and contract revenue	12,340/3/	16,954/4/	1,815	1,892
Gross profit/2/	118,895	139,167	151,818	175,804
Operating income	24,235	32,986	20,644	29,725
Net income	$32,161	$41,513	$31,522	$49,156
Net income per common share:				
Basic	$ 0.06	$ 0.08	$ 0.06	$ 0.09
Diluted	$ 0.06	$ 0.08	$ 0.06	$ 0.09

1 Includes $16.0 million gain from the sale of our rights in primarily generic pharmaceutical products Amicar, methotrexate sodium injectable, leucovorin calcium and Levoprome.

2 Gross profit is calculated by deducting cost of product sales from product sales.

3 Includes $10.0 million earned under the Enbrel promotion agreement when U.S. sales of Enbrel exceeded $400.0 million for the preceding 12-month period.

4 Includes $15.0 million earned under the Enbrel promotion agreement when Enbrel was approved by the FDA for reducing signs and symptoms and delaying structural damage in patients with moderately to severely active RA.

Report of Ernst & Young LLP, Independent Auditors

Shareholders and Board of Directors
Immunex Corporation

We have audited the accompanying consolidated balance sheets of Immunex Corporation as of December 31, 2001 and 2000, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2001. These financial statements 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Immunex Corporation as of December 31, 2001 and 2000, and the consolidated results of its operations and its cash flows for the each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 2 to the consolidated financial statements, Immunex Corporation adopted Statement of Financial Accounting Standard No. 133, Accounting for Derivative and Hedging Activities, effective January 1, 2001.

/s/ Ernst & Young LLP

Seattle, Washington
January 22, 2002, except for Note 16
as to which the date is March 8, 2002

IMMUNEX CORPORATION
CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

Immunex Corporation has prepared the following consolidated condensed financial statements without audit, according to the rules and regulations of the Securities and Exchange Commission, or SEC. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been omitted pursuant to such rules and regulations. The financial statements reflect, in the opinion of Immunex management, all adjustments (consisting only of normal recurring adjustments, unless otherwise indicated) necessary to present fairly the financial position, results of operations and cash flow as of and for the periods indicated. The statements should be read in conjunction with the financial statements as of December 31, 2001 and 2000 and for each of the three years in the period ended December 31, 2001 and notes thereto, and report of Independent Auditors, included in this Form 8-K.

The results of operations for the three-month period ended March 31, 2002 are not necessarily indicative of results to be expected for the entire year ending December 31, 2002.

IMMUNEX CORPORATION

CONSOLIDATED CONDENSED BALANCE SHEETS

(in thousands, except per share data)

	March 31, 2002	December 31, 2001
ASSETS		
Current assets:		
Cash and cash equivalents	$ 85,931	$ 198,777
Short-term investments	429,303	659,037
Accounts receivable-trade, net	91,882	85,005
Other receivables	14,493	36,844
Inventories	53,522	34,440
Other current assets	23,772	23,118
Total current assets	698,903	1,037,221
Property, plant and equipment, net	755,898	200,429
Restricted cash and investments	765,000	765,000
Other assets	96,637	292,658
	$ 2,316,438	$ 2,295,308
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 92,935	$ 106,967
Accounts payable - Wyeth	75,449	84,345
Accrued compensation and related items	18,448	31,778
Other current liabilities	6,603	7,774
Total current liabilities	193,435	230,864
Other long-term obligations	756	764
Shareholders' equity:		
Common stock, $.01 par value	2,198,217	2,153,184
Accumulated other comprehensive income	3,979	25,372
Accumulated deficit	(79,949)	(114,876)
Total shareholders' equity	2,122,247	2,063,680
	$ 2,316,438	$ 2,295,308

See accompanying notes.

IMMUNEX CORPORATION

CONSOLIDATED CONDENSED STATEMENTS OF INCOME

(in thousands, except per share amounts)

	Three months ended March 31,	
	2002	2001
Revenues:		
Product sales	$ 265,401	$ 211,846
Royalty and contract revenue	6,562	5,993
	271,963	217,839
Operating expenses:		
Cost of product sales	70,266	58,783
Research and development	53,698	49,207
Selling, general and administrative	120,874	92,961
	244,838	200,951
Operating income	27,125	16,888
Other income (expense):		
Interest and other income, net	23,509	29,988
Interest expense	(15)	(14)
	23,494	29,974
Income before income taxes	50,619	46,862
Provision for income taxes	15,692	7,029
Net income	$ 34,927	$ 39,833
Net income per common share:		
Basic	$ 0.06	$ 0.07
Diluted	$ 0.06	$ 0.07
Number of shares used for per share amounts:		
Basic	547,717	541,266
Diluted	568,208	575,902

See accompanying notes

IMMUNEX CORPORATION

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

(in thousands)

	Three months ended March 31,	
	2002	2001
Operating Activities:		
Net income	$ 34,927	$ 39,833
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	8,768	6,687
Tax benefit from stock option plans	14,875	5,828
Other	(11,141)	(3,300)
Cash flow impact of changes to:		
Receivables	15,474	17,081
Inventories	(22,007)	(8,733)
Accounts payable, accrued liabilities and other current liabilities	(34,504)	(37,546)
Other current assets	(3,079)	57
Net cash provided by operating activities	3,313	19,907
Investing Activities:		
Purchases of restricted cash and investments	--	(765,837)
Purchases of investments	(804,477)	(468,473)
Proceeds from sales and maturities of investments	1,028,613	684,202
Purchases of property, plant and equipment	(370,654)	(14,903)
Purchases of property held for development	--	(13,378)
Other	209	--
Net cash used in investing activities	(146,309)	(578,389)
Financing Activities:		
Proceeds from common stock issued to employees	30,158	4,609
Proceeds from lease financing	--	10,055
Other	(8)	(9)
Net cash provided by financing activities	30,150	14,655
Net decrease in cash and cash equivalents	(112,846)	(543,827)
Cash and cash equivalents, beginning of period	198,777	552,767
Cash and cash equivalents, end of period	$ 85,931	$ 8,940

See accompanying notes.

Note 1. Organization

We are a leading biopharmaceutical company dedicated to developing immune system science to protect human health. Applying our scientific expertise in the fields of immunology, cytokine biology, vascular biology, antibody-based therapeutics and small molecule research, we work to discover new targets and new therapeutics for treating rheumatoid arthritis, asthma and other inflammatory diseases, as well as cancer and cardiovascular diseases.

We operate in a highly regulated and competitive environment. Our business is regulated primarily by the U.S. Food and Drug Administration, or FDA. The FDA regulates the products we sell, our manufacturing processes and our promotional activities. Obtaining approval for a new therapeutic product is never certain, generally takes many years and is very costly. Competition in researching, developing and marketing biotechnology and pharmaceutical products is intense. Any of the technologies covering our existing products or products under development could become obsolete or diminished in value by discoveries and developments of other organizations.

Our market for pharmaceutical products is primarily the United States. Our sales are primarily to pharmaceutical wholesalers. For the three months ended March 31, 2002, approximately 69% of our product sales were made to three of these wholesalers and approximately 82% of our product sales were from the sale of Enbrel(R) (etanercept).

Wyeth (formerly American Home Products Corporation) holds an approximate 41% equity interest in Immunex. All references to Wyeth include Wyeth and its various affiliates, divisions and subsidiaries.

On December 17, 2001, we announced that we had entered into an Agreement and Plan of Merger with Amgen Inc. and AMS Acquisition, Inc., a wholly owned subsidiary of Amgen (see Note 7).

Note 2. Basis of Presentation and Summary of Significant Accounting Policies

The consolidated condensed financial statements are prepared in conformity with accounting principles generally accepted in the United States. In preparing the financial statements, management must make some estimates and assumptions that affect reported amounts and disclosures.

Investments

Marketable equity securities and debt securities are classified as available-for-sale. Available-for-sale securities are carried at fair value, based on current market rates, with the unrealized gains and losses being reported as a separate component of shareholders' equity. The amortized cost of debt securities is adjusted for amortization of premiums and accretion of discounts to maturity. Such amortization is included in interest income. Realized gains and losses are included in other income. Interest and dividends on securities classified as available-for-sale are included in interest income. We review our investments on a regular basis for impairment. Securities trading below their original costs for a period of time considered "other than temporary" are written down to current fair value.

Our investments in debt securities, excluding the $765,000,000 in restricted cash and investments, are available for use in our current operations and have been classified as short-term investments. Our equity securities are intended to be a long-term investment.

Note 2. Basis of Presentation and Summary of Significant Accounting Policies, continued

Inventories

Inventory is stated at the lower of cost or market. At year-end, cost is determined using a weighted average methodology. During interim periods, cost of goods sold is determined using a standard per unit cost based on the beginning inventory balance and expected additions throughout the year. The appropriate portions of cost variances that are planned and expected to be absorbed by the end of the year are deferred or accrued at interim reporting dates. Unanticipated cost variances are charged to expense during interim periods. The components of inventories are as follows (in thousands):

	March 31, 2002	December 31, 2001
Raw materials	$ 32,385	$ 4,133
Work in process	14,808	24,602
Finished goods	6,329	5,705
Totals	$ 53,522	$ 34,440

Revenues

Product sales are recognized when product is shipped to our customers. Our sales are made FOB shipping point and we believe that collectibility is reasonably assured at the time of shipment. Product sales are recorded net of reserves for estimated chargebacks, returns, discounts, Medicaid rebates and administrative fees. We maintain reserves based on historical results that we believe are sufficient to cover estimated future requirements. Shipping and handling costs are included in cost of product sales and are not significant.

Revenues earned under royalty, licensing and other contractual agreements are recognized based upon required performance under the terms of the underlying agreements. Royalties from licensees are received quarterly or semi-annually in arrears, based on third-party product sales and are recognized based on the period in which the underlying products are sold. If we are unable to reasonably estimate royalty income under a particular agreement, we will recognize revenue when actual amounts are known. License fees, milestones and other contract fees for which no further performance obligations exist, and there is no continuing involvement by us, are recognized on the earlier of when the payments are received or when collection is assured. If there is an ongoing service or performance requirement, or payments are dependent upon a future contingency, revenue is deferred and recognized over the applicable service period or when the contingency is resolved.

Impact of Recently Issued Accounting Standards

During June 2001, the Financial Accounting Standards Board, or FASB, issued Statement of Financial Accounting Standard No. 143, or SFAS 143, (Accounting for Asset Retirement Obligations) which will be effective for us on January 1, 2003. SFAS 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. We are currently evaluating this statement and do not anticipate the adoption of SFAS 143 will have a material impact on our financial position, cash flows or results of operations.

Note 2. Basis of Presentation and Summary of Significant Accounting Policies, continued

Reclassifications

For comparison purposes, some prior-year amounts in the consolidated condensed financial statements have been reclassified to conform to current-year presentations.

Derivatives and Hedging Activities

We have entered into forward foreign currency contracts to reduce the impact of future currency rate fluctuations related to those purchase commitments for Enbrel that are denominated in Euros. The forward contracts have been designated as cash-flow hedges and, as of March 31, 2002, were considered highly effective. We do not enter into any forward contracts for trading purposes. If it became probable that certain forecasted transactions to purchase inventory would not occur, we would be required to reclassify gains or losses from the unused portion of the contract from other comprehensive income to other income or expense in the income statement. Gains and losses included in other comprehensive income are reclassified to earnings when the hedged item is recognized in earnings. The unrealized gain from our forward contracts of approximately $2,077,000 at March 31, 2002 is included in other current assets and accumulated other comprehensive income. During the first quarter of 2002 we experienced unrealized losses of $1,478,000 related to ongoing positions and realized gains of approximately $738,000 related to closed contracts which are primarily recognized as a reduction of product costs in the income statement.

Note 3. Comprehensive Income

Comprehensive income is comprised of net income and other comprehensive income. Other comprehensive income includes changes in fair value of our forward exchange contracts designated and effective as cash flow hedges, and changes in fair value of our investments. Our investments are considered available-for-sale and are stated at fair value on the balance sheet. The following table sets forth the components of comprehensive income (in thousands):

	Three months ended March 31,	
	2002	2001
Net income	$ 34,927	$ 39,833
Other comprehensive income:		
Cumulative effect of adopting FAS 133	--	7,641
Changes in fair value of forward contracts	(2,216)	(5,253)
Changes in fair value of investments	(19,177)	791
Total other comprehensive income (loss)	(21,393)	3,179
Comprehensive income	$ 13,534	$ 43,012

Note 4. Helix Project
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In March 2001, we entered into a seven and one-half year lease to finance construction of our new research and technology center in Seattle, Washington, known as the Helix Project. In April 2002, we notified the lessor that we have elected to reduce the scope of the project that is subject to the lease financing. As a result, the total cost of the project that is being financed, including financing costs, has been reduced from an estimated $750,000,000 to approximately $625,000,000. We are continuing to evaluate our options with respect to the portion of the project that will no longer be part of the lease financing, and as a result, the total cost of the project is not currently known. As part of the lease transaction, we continue to be required to restrict as collateral, cash or investment securities worth $765,000,000 during the construction of the project and 102% of the funds borrowed by the lessor thereafter. The restricted investments consist primarily of money market investments with maturities of one-year or less and are carried at fair value. These investments are held in our name, are restricted as to their withdrawal and are classified as non-current on our balance sheet. The lease is classified as an operating lease for financial reporting purposes, which means that the cost of the facility and related financing obligation are not reflected on our balance sheet.

The construction costs of the Helix Project that are being financed are paid by the lessor, who is the borrower under a loan that is funded using the proceeds of commercial paper. In order to support the placement of the commercial paper, a syndicate of banks has agreed to provide a back-up credit facility that is subject to an annual renewal commitment. If all or some of the banks elect not to renew their commitment under this back-up credit facility, they would be required to provide a bank loan for the duration of the lease term in an amount equal to the size of their commitment under the back-up credit facility. However, the rates on such bank loan may not be as favorable as the rates obtained using commercial paper for financing. In addition, we may, at any time during the term of the lease, purchase the facility for the amount of cumulative financed project costs incurred. At the end of the lease term, if we elect not to renew the lease or do not exercise our option to purchase the facility, we have guaranteed to pay any loss incurred by the lessor upon the sale of the facility for amounts up to 89.5% of the project costs.

Under the terms of the agreement, we are required to maintain certain financial ratios and meet other covenants regarding the conduct of our business. If we were to violate any of these covenants and were unable to restructure the financing or obtain a waiver, we could be obligated to pay the lessor the cumulative financed project costs at such time. Our proposed merger with Amgen (see Note 7) would violate one of these covenants. We expect to review this financing arrangement in light of the merger and the anticipated needs of the combined company. We may be able to renegotiate the relevant terms of the covenants or obtain a waiver if it was in the best interest of the combined company.

At March 31, 2002, the construction costs incurred and amount financed totaled approximately $158,883,000 and the financed construction costs are expected to total approximately $625,000,000 at completion of the project. Lease payments begin upon completion of the facility, which is expected to be no later than September 2003, and are variable throughout the lease term based on a LIBOR rate.

Note 5. Income Taxes

The provision for income taxes was $15,692,000 or 31% of pre-tax income, for the three months ended March 31, 2002, compared to $7,029,000, or 15% of pre-tax income, for the three months ended March 31, 2001. During 2001, federal tax expense, for financial reporting purposes, was offset by fully utilizing current research and experimentation credits and research and experimentation credit carryforwards. We fully utilized our remaining research and experimentation credit carryforwards available to offset federal tax expense for financial reporting purposes in 2001 and as a result, our effective tax rate during 2002 more closely reflects a rate based on the federal statutory rate less the effect of current year research and development tax credits. All remaining NOL carryforwards are attributable to stock option deductions and will be recorded as a deferred tax provision and as an increase to equity when realized.

Note 6. Net Income per Common Share

Basic earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding. Diluted earnings per share is calculated using the weighted average number of common shares outstanding plus the weighted average dilutive effect of outstanding stock options using the "treasury stock" method. The components for calculating net income per share are set forth in the following table (in thousands, except per share data):

	Three months ended March 31,	
	2002	2001
Net income	$ 34,927	$ 39,833
Weighted average common shares outstanding, basic	547,717	541,266
Net effect of dilutive stock options	20,491	34,636
Weighted average common shares outstanding, diluted	568,208	575,902
Net income per common share, basic	$ 0.06	$ 0.07
Net income per common share, diluted	$ 0.06	$ 0.07

Note 7. Agreement to Merge with Amgen Inc.

On December 16, 2001, we entered into an Agreement and Plan of Merger with Amgen Inc. and AMS Acquisition Inc., a wholly-owned subsidiary of Amgen. The merger is contingent upon approval of both our shareholders and Amgen's stockholders and subject to the satisfaction of certain closing conditions, including review by the Federal Trade Commission, or FTC, and other regulatory authorities. Under the terms of the agreement, AMS Acquisition Inc. will be merged with and into us, we will become a wholly-owned subsidiary of Amgen, and each issued and outstanding share of our common stock will be converted into the right to receive 0.44 of a share of Amgen common stock and $4.50 in cash. In addition, each outstanding option to purchase our common stock will be exchanged for a certain number of stock options of Amgen. During the first quarter of 2002, we incurred approximately $845,000 in merger costs and we expect to incur significant merger-related costs in the remainder of 2002. We expect total merger-related costs during 2002 to be in the range of $40,000,000 to $45,000,000 primarily related to financial advisory, legal and accounting fees. The majority of the 2002 costs are contingent upon the consummation of the merger and, accordingly, are not expected to significantly impact our results of operations unless and until the merger is completed. If the merger is terminated by us, we may be required to pay a termination fee of $455,000,000 to Amgen or reimburse Amgen for up to $15,000,000 of Amgen's expenses.

Note 8. Acquisition of Rhode Island Manufacturing Facility

We collaborated with Wyeth on the construction of a large-scale manufacturing facility in Rhode Island intended for the production of Enbrel. Wyeth acquired the facility in 1999 and we worked together with Wyeth to retrofit the manufacturing facility to accommodate the commercial production of Enbrel. We assumed ownership of the Rhode Island manufacturing facility in January 2002. The purchase of the Rhode Island manufacturing facility was funded with available cash and investments. In the fourth quarter of 2001, we made a $192,778,000 deposit towards the purchase of the manufacturing facility. We made additional payments totaling $307,025,000 during the first quarter of 2002 to complete the payment of the purchase price. We currently estimate that FDA approval of the Rhode Island manufacturing facility will occur at the end of 2002, but there is no assurance that this estimate will prove accurate.

Note 9. Contingencies

On March 7, 2002, ZymoGenetics, Inc., or ZymoGenetics, filed a patent infringement lawsuit, related to U.S. patents having claims directed to specified fusion proteins comprising immunoglobulin constant region domains and specified processes for making these proteins, against us in the United States District Court for the Western District of Washington. ZymoGenetics seeks a declaration of infringement and available remedies under the patent laws, including monetary damages and injunctive relief. We fully intend to vigorously defend ourselves against the allegations of ZymoGenetics. If ZymoGenetics prevails, and we were unable to negotiate an acceptable license or similar arrangement, our ability to market and sell Enbrel could be adversely affected, which could have a material adverse impact on our operating results, financial position and liquidity. We are not able to predict the final outcome of the case at this time. However, we believe the allegations are without merit.

Note 9. Contingencies, continued

According to press reports, approximately 20 pharmaceutical companies are under investigation by the U.S. Department of Justice, U.S. Department of Health and Human Services and/or state agencies related to the pricing of their products. We have received notice from the U.S. Department of Justice requesting us to produce documents in connection with a Civil False Claims Act investigation of the pricing of our current and former products for sale and eventual reimbursement by Medicare or state Medicaid programs. We also have received similar requests from the U.S. Department of Health and Human Services and state agencies. Several of our current and former products are or were regularly sold at substantial discounts from list price. We require in our contracts of sale that the purchasers appropriately disclose to governmental agencies the discounts that we give to them. We do not know what action, if any, the federal government or any state agency will take as a result of their investigations. We do not believe these matters will have a material adverse impact on our future financial position, liquidity and results of operations.

On November 27, 2001, the Action Alliance of Senior Citizens of Greater Philadelphia filed suit in the United States District Court for the Western District of Washington against us alleging monopolistic, anti-competitive conduct in an industry-wide scheme to defraud the consumer by manipulating the average wholesale price and selling drugs to physicians at prices below the reimbursement cost charged to Medicare. This lawsuit alleges violation of federal antitrust law. On December 19, 2001, Citizens for Consumer Justice and others filed suit against us and other pharmaceutical companies in the United States District Court for the District of Massachusetts making similar allegations. This lawsuit alleges violation of the federal Racketeer Influenced and Corrupt Organizations, or RICO, statute. We received notice on May 1, 2002 that a motion for multi-district litigation transfer had been granted and that these two federal consumer class action cases would be consolidated for pretrial proceedings in United States District Court in Boston, Massachusetts. At this time, we do not know what relief is being sought from us. We do not believe these matters will have a material adverse impact on our future financial position, liquidity and results of operations. Similar proposed class actions have been filed in approximately a dozen courts across the country against most of the major pharmaceutical companies.

On February 5, 2002, we were served with a lawsuit filed by the Attorney General of Montana against 18 pharmaceutical companies, including Immunex, in First Judicial District Court, Lewis and Clark County, Montana. This case was removed to United States District Court for the District of Montana on April 15, 2002. The suit alleges breach of contract and violations of several Montana consumer protection statutes. On March 22, 2002, we were served with a lawsuit filed by the Attorney General of Nevada against Immunex in the Second Judicial District Court for the State of Nevada, County of Washoe. This case was removed on April 17, 2002 to United States District Court for the District of Nevada. The suit alleges violations of several Nevada consumer protection statutes, federal regulations governing the determination of Medicare payments and state and federal RICO statutes. The allegations in these two lawsuits are similar to those claimed in the federal consumer class action pricing litigation described above. We do not believe these matters will have a material adverse impact on our future financial position, liquidity and results of operations.

Note 9. Contingencies, continued

On April 29, 2002 we announced the settlement, which settlement is subject to court approval among other things, of three lawsuits against us and certain of our directors and officers relating to the proposed acquisition of us by Amgen Inc. (See Note 7): (i) a suit filed by David Osher, on behalf of a class of Immunex shareholders, against us, all members of our board of directors (Edward V. Fritzky, Kirby L. Cramer, Robert J. Herbold, John E. Lyons, Joseph M. Mahady, Edith W. Martin, Peggy V. Phillips, Lawrence V. Stein and Douglas E. Williams), Wyeth and Amgen; (ii) a suit filed by Adele Brody, on behalf of a class of Immunex shareholders, against us, Wyeth, all members of our board of directors and the marital community of each named individual; and (iii) a suit filed by Edwin Weiner, on behalf of a class of Immunex shareholders, against us, Wyeth, all members of our board of directors and the marital community of each named individual.

In connection with the settlement, (i) we and Amgen agreed to reduce the termination fee payable by us or Amgen under certain circumstances set forth in the Amended and Restated Agreement and Plan of Merger by $20,000,000, (ii) we obtained an updated opinion from Merrill Lynch, Pierce, Fenner & Smith Incorporated regarding the fairness of the merger consideration from a financial point of view to be received by Immunex shareholders, and (iii) we agreed to provide certain additional disclosures regarding the merger in a Current Report on Form 8-K, which was filed with the SEC on April 30, 2002.

Immunex is party to routine litigation incident to our business. We believe the ultimate resolution of these routine matters will not have a material adverse impact on our future financial position, liquidity and results of operations.

Note 10. Subsequent Event

On May 2, 2002, we entered into an agreement to sell our rights to the product Leukine to Schering AG Germany for approximately $380,000,000 plus additional cash consideration upon achievement of certain milestones. The closing of the sale of the Leukine business is subject to, among other things, approval of the FTC and the closing of our pending merger with Amgen Inc. (See Note 7).