FORM 10-K

AMGEN INC - amgn

Filed: March 10, 2006 (period: December 31, 2005)

Annual report which provides a comprehensive overview of the company for the past year

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

Form 10-K

(Mark One)

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

For the fiscal year ended December 31, 2005

OR

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

Commission file number 000-12477

Amgen Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**95-3540776** (I.R.S. Employer Identification No.)
One Amgen Center Drive, Thousand Oaks, California (Address of principal executive offices)	**91320-1799** (Zip Code)

(805) 447-1000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(g) of the Act:
Common stock, $0.0001 par value; preferred share purchase rights;
Contractual contingent payment rights

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filed. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filed. ☒ Accelerated Filer ☐ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act) Yes ☐ No ☒

The approximate aggregate market value of voting and non-voting stock held by non-affiliates of the registrant was $74,237,828,127 as of June 30, 2005(A)

(A) Excludes 2,740,144 shares of common stock held by directors and officers, and any stockholders whose ownership exceeds five percent of the shares outstanding, at June 30, 2005. Exclusion of shares held by any person should not be construed to indicate that such person possesses the power, directly or indirectly, to direct or cause the direction of the management or policies of the registrant, or that such person is controlled by or under common control with the registrant.

1,184,633,787

(Number of shares of common stock outstanding as of February 28, 2006)

DOCUMENTS INCORPORATED BY REFERENCE

Specified portions of the registrant's Proxy Statement with respect to the 2006 Annual Meeting of stockholders to be held May 10, 2006 are incorporated by reference into Part III of this annual report.

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PART I

Item 1. BUSINESS

Overview

Amgen Inc. (including its subsidiaries, "Amgen") was incorporated in 1980 and is a global biotechnology company that discovers, develops, manufactures, and markets human therapeutics based on advances in cellular and molecular biology. We operate in one business segment — human therapeutics.

We market human therapeutic products in the areas of inflammation, nephrology, and supportive cancer care. Our principal products include Aranesp® (darbepoetin alfa), EPOGEN® (Epoetin alfa), Neulasta® (pegfilgrastim), NEUPOGEN® (Filgrastim), and Enbrel® (etanercept), which is marketed under a co-promotion agreement with Wyeth in the United States and Canada. Aranesp® and EPOGEN® stimulate the production of red blood cells to treat anemia. Neulasta® and NEUPOGEN® selectively stimulate the production of neutrophils, one type of white blood cell that helps the body fight infections. ENBREL blocks the biologic activity of tumor necrosis factor ("TNF") by competitively inhibiting TNF, a substance induced in response to inflammatory and immunological responses, such as rheumatoid arthritis and psoriasis. For the years ended December 31, 2005, 2004, and 2003, our principal products represented 98%, 99%, and 99% of total product sales, respectively.

We maintain sales and marketing forces in the United States, Europe, Canada, and Australia. We market our principal products to healthcare providers including clinics, dialysis centers, hospitals, and pharmacies. In addition, we have entered into licensing and/or co-promotion agreements to market our principal products in certain geographic areas. In the United States, we sell primarily to wholesale distributors. Outside the United States, we sell principally to hospitals and/or wholesalers depending upon the distribution practice in each country. Sales of our principal products are dependent, in part, on the availability and extent of reimbursement from third-party payers, including governments and private insurance plans. Further, competition in all areas of our business is intense and is expected to increase.

We focus our research and development ("R&D") efforts on novel therapeutics for the treatment of grievous illness in the areas of inflammation, oncology and hematology, neuroscience and metabolic disorders. Our research takes a "modality-independent" approach to drug discovery, in which we choose the best possible approach to block a specific disease process before considering the type of drug (modality) that may be required to pursue that approach. We are studying molecules in the areas of proteins, monoclonal antibodies, peptibodies, and small molecules. We have research facilities in the United States as well as a small center in Germany, and have clinical development staff in the United States, Europe, Canada, Australia, and Japan. To enhance our internal R&D efforts, we have acquired companies, acquired and licensed certain product and technology rights and have established R&D collaborations. Our R&D efforts are significant and are expected to continue to grow significantly in support of our pipeline, especially in the number, size, duration, and complexity of our clinical trials.

Our manufacturing operations consist of bulk manufacturing and formulation, fill, and finish activities which produce Epoetin alfa, Aranesp®, Neulasta®, NEUPOGEN®, ENBREL, and other products (and product candidates) for both clinical and commercial purposes. We operate clinical and commercial manufacturing facilities in several locations throughout the United States and in Puerto Rico. Third-party contract manufacturers produce additional supply of certain of our products. As part of our overall strategy to increase manufacturing capacity, we have announced plans to build a new process development, bulk manufacturing and fill and finish facility in Ireland, a new formulation, fill, and finish facility in Puerto Rico, and further expansion of our bulk manufacturing capacity in Puerto Rico.

Principal Products

We market our principal products in the areas of inflammation, nephrology, and supportive cancer care. Our principal products include Aranesp® (darbepoetin alfa), EPOGEN® (Epoetin alfa), Neulasta® (pegfilgrastim), NEUPOGEN® (Filgrastim), and Enbrel® (etanercept).

Aranesp® (darbepoetin alfa)

Aranesp® is Amgen's registered trademark for one of its novel erythropoiesis stimulating proteins, a protein that stimulates red blood cell production. Red blood cells transport oxygen to all cells of the body. Without adequate amounts of erythropoietin, the red blood cell count is reduced. A deficient red blood cell count could result in anemia, a condition where insufficient oxygen is delivered to the body's organs and tissues. Anemia can be associated with chronic renal failure, both in patients on dialysis and not on dialysis. Anemia can also result from chemotherapy treatments for patients with nonmyeloid malignancies. Aranesp® relieves anemia symptoms and reduces the need for blood transfusions.

We were granted an exclusive license by Kirin-Amgen, Inc. ("KA"), a joint venture between Kirin Brewery Company, Limited ("Kirin") and Amgen (see "Joint Ventures and Business Relationships — Kirin Brewery Company, Limited") to manufacture and market darbepoetin alfa in the United States, Europe, Canada, Australia, New Zealand, Mexico, all Central and South American countries, and certain countries in Central Asia, North Africa, and the Middle East.

We primarily market Aranesp® in the United States and Europe. Darbepoetin alfa is also marketed under the brand name Nespo® in Italy. Aranesp® was initially launched in 2001 in the United States and Europe and is indicated for the treatment of anemia associated with chronic renal failure (both in patients on dialysis and patients not on dialysis) as well as for the treatment of chemotherapy-induced anemia in patients with non-myeloid malignancies.

During 2005, we filed U.S. Food and Drug Administration ("FDA") submissions requesting label changes to include extended dosing frequency in the treatment of chemotherapy-induced anemia and anemia associated with chronic renal failure.

Worldwide Aranesp® sales for the years ended December 31, 2005, 2004, and 2003 were $3,273 million, $2,473 million, and $1,544 million, respectively.

EPOGEN® (Epoetin alfa)

EPOGEN® is Amgen's registered trademark for its recombinant human erythropoietin product, a protein that stimulates red blood cell production. A reduced red blood cell count can result in anemia (see "— Aranesp® (darbepoetin alfa)"). People with chronic renal failure suffer from anemia because they do not produce sufficient amounts of erythropoietin, which is normally produced in healthy kidneys.

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

We launched EPOGEN® in the United States in 1989 for the treatment of anemia associated with chronic renal failure for patients who are on dialysis. EPOGEN® is approved for the treatment of anemic adult and pediatric patients with chronic renal failure who are on dialysis. EPOGEN® is indicated to elevate or maintain the red blood cell level (as determined by hematocrit or hemoglobin measurements) and to decrease the need for blood transfusions in these patients.

EPOGEN® sales for the years ended December 31, 2005, 2004, and 2003 were $2,455 million, $2,601 million, and $2,435 million, respectively.

Neulasta® (pegfilgrastim)

Neulasta® is Amgen's registered trademark for a pegylated protein that selectively stimulates production of certain white blood cells known as neutrophils and is based on the Filgrastim molecule (see "— NEUPOGEN® (Filgrastim))". Neutrophils defend against infection. Treatments for various diseases and diseases themselves can result in extremely low numbers of neutrophils, a condition called neutropenia. Myelosuppressive chemotherapy, one treatment option for individuals with certain types of cancers, targets cell types that grow rapidly, such as tumor cells. Normal cells that also divide rapidly, such as those in the bone marrow that become neutrophils, are also vulnerable to the effects of cytotoxic chemotherapy, resulting in neutropenia with an increased risk of severe infection. Very often, neutropenia is the dose limiting side effect of chemotherapy and can thus be responsible for a reduction in the amount of chemotherapy that can be administered safely. Such reductions in chemotherapy dose can compromise the effectiveness of chemotherapy on the cancer it is being used to treat, with the result of a higher treatment failure rate. By addressing the dose limiting side effect of neutropenia, full doses of chemotherapy can be given, resulting in the potential for an improved treatment success rate in certain types of cancer such as early stage breast cancer and in intermediate grade non-Hodgkin's Lymphomas. As mentioned above, the pegfilgrastim molecule is based on the Filgrastim molecule. A polyethylene glycol molecule or "PEG" is added to enlarge the Filgrastim molecule, thereby extending its half-life and causing it to be removed more slowly from the body. Because pegfilgrastim works by binding to its receptor on the neutrophils and its precursors, pegfilgrastim remains in the circulation until neutrophil recovery has occurred. This neutrophil-mediated clearance allows for administration as a single dose per chemotherapy cycle, compared with NEUPOGEN®, which requires more frequent dosing. Neulasta® is prescribed more frequently in the curative setting, in which myelosuppressive chemotherapy is administered with the intent to cure cancer, rather than in the palliative setting, in which myelosuppressive chemotherapy is administered to treat other complications of cancer by managing tumor growth.

We were granted an exclusive license to manufacture and market pegfilgrastim in the United States, Europe, Canada, Australia, and New Zealand under a licensing agreement with KA.

We primarily market Neulasta® in the United States and Europe. Pegfilgrastim is marketed under the brand name Neupopeg™ in Italy. Neulasta® was initially launched in the United States and Europe in 2002 and is indicated for reducing the incidence of infection associated with chemotherapy-induced neutropenia in cancer patients with non-myeloid malignancies.

In September 2005, the FDA approved an update to the Neulasta® prescribing information to include data from a landmark phase 3 study demonstrating that Neulasta® helps protect patients with breast cancer undergoing moderately myelosuppressive chemotherapy from infection, as manifested by febrile neutropenia. Administration of Neulasta® in all cycles of chemotherapy is now approved for patients receiving myelosuppressive chemotherapy associated with at least a 17% risk of febrile neutropenia.

Worldwide Neulasta® sales for the years ended December 31, 2005, 2004, and 2003 were $2,288 million, $1,740 million and $1,255 million, respectively.

NEUPOGEN® (Filgrastim)

NEUPOGEN® is Amgen's registered trademark for its recombinant-methionyl human granulocyte colony-stimulating factor ("G-CSF"), a protein that selectively stimulates production of certain white blood cells known as neutrophils (see "— Neulasta® (pegfilgrastim)") for additional information on neutrophils). Similar to Neulasta®, NEUPOGEN® is prescribed more frequently in the curative setting, in which myelosuppressive chemotherapy is administered with the intent to cure cancer, rather than in the palliative setting, in which myelosuppressive chemotherapy is administered to treat other complications of cancer by managing tumor growth.

We were granted an exclusive license to manufacture and market G-CSF in the United States, Europe, Canada, Australia, and New Zealand under a licensing agreement with KA.

We market NEUPOGEN® primarily in the United States and Europe. Filgrastim is marketed under the brand name GRANULOKINE® in Italy. NEUPOGEN® was initially launched in the United States and Europe in 1991. NEUPOGEN® is indicated for the following: to reduce the incidence of infection as manifested by febrile neutropenia for patients with non-myeloid malignancies undergoing myelosuppressive chemotherapy; to reduce the duration of neutropenia and neutropenia-related consequences for patients with non-myeloid malignancies undergoing myeloablative chemotherapy followed by bone marrow transplantation; to reduce the incidence and duration of neutropenia-related consequences in symptomatic patients with congenital neutropenia, cyclic neutropenia, or idiopathic neutropenia (collectively, severe chronic neutropenia); for use in mobilization of peripheral blood progenitor cells ("PBPC") for stem cell transplantation; and to reduce the recovery time of neutrophils and the duration of fever following induction or consolidation chemotherapy treatment in adult patients with acute myelogenous leukemia ("AML").

Worldwide NEUPOGEN® sales for the years ended December 31, 2005, 2004, and 2003 were $1,216 million, $1,175 million, and $1,267 million, respectively.

Enbrel® (etanercept)

ENBREL is Amgen's registered trademark for its TNF receptor fusion protein that inhibits the binding of TNF to TNF receptors, which can result in a significant reduction in inflammatory activity. TNF is one of the chemical messengers that help regulate the inflammatory process. When the body produces too much TNF, it overwhelms the immune system's ability to control inflammation of the joints or of psoriasis-affected skin areas. ENBREL is similar to a protein that the body produces naturally, and like this protein, it binds and deactivates certain TNF molecules before they can trigger inflammation.

We acquired the rights to ENBREL in July 2002 as part of our acquisition of Immunex Corporation ("Immunex").

We market ENBREL under a co-promotion agreement with Wyeth in the United States and Canada (see "Joint Ventures and Business Relationships — Wyeth"). The rights to market ENBREL outside of the United States and Canada are reserved to Wyeth. ENBREL was initially launched in November 1998 by Immunex. In June 2005, the FDA approved an expanded indication for ENBREL as the first and only treatment to improve physical function in patients with psoriatic arthritis. In addition, the FDA approved an update to the ENBREL label to include new radiographic data demonstrating that ENBREL continued to inhibit the progression of joint destruction for two years among most psoriatic arthritis patients who received ongoing therapy. In addition to the approvals received in 2005, ENBREL is indicated for reducing the signs and symptoms, improving physical function, inhibiting the progression of structural damage, and inducing a Major Clinical Response (a Major Clinical Response represents a high level of disease control) in patients with moderately to severely active rheumatoid arthritis; for the treatment of chronic moderate to severe plaque psoriasis in adult patients who are candidates for systemic therapy or phototherapy; for

reducing the signs and symptoms of moderately to severely active polyarticular-course juvenile rheumatoid arthritis in patients who have had an inadequate response to one or more disease-modifying medicines; for reducing the signs and symptoms of active arthritis and inhibiting the progression of structural damage in patients with psoriatic arthritis; and to treat the signs and symptoms in patients with active ankylosing spondylitis. ENBREL is approved in a 50 mg/ml pre-filled syringe as the recommended dosing form for treatment in all approved adult indications. The pre-filled syringe eliminates the need to mix drug prior to injecting and allows most patients receiving ENBREL to take only one injection per week, instead of two 25 mg injections previously used weekly by patients.

ENBREL sales for the years ended December 31, 2005, 2004, and 2003 were $2,573 million, $1,900 million, and $1,300 million, respectively.

Other

Other marketed products are principally comprised of Sensipar® (cinacalcet HCl). Sensipar® is Amgen's registered trademark for its first small molecule medicine used in treating chronic kidney disease ("CKD") patients on dialysis who produce too much parathyroid hormone, a condition known as secondary hyperparathyroidism. Sensipar® was initially launched in 2004 and is indicated for CKD patients on dialysis with secondary hyperparathyroidism as well as for the treatment of hypercalcemia in patients with parathyroid carcinoma. Cinacalcet HCl is marketed in Europe as Mimpara®.

Sensipar® sales for the years ended December 31, 2005 and 2004 were $157 million and $37 million, respectively.

Marketing and Distribution

We maintain sales and marketing forces in the United States, Europe, Canada, and Australia. We market our principal products to healthcare providers including clinics, dialysis centers, hospitals, and pharmacies. We also market certain products directly to consumers through direct-to-consumer print and television advertising. In addition, for certain of our products, we promote programs to increase public awareness of the health risks associated with the diseases these products treat, as well as providing support to various patient education and support programs in the related therapeutic areas.

In the United States, we sell primarily to wholesale distributors of pharmaceutical products. With the exception of ENBREL, we utilize these wholesale distributors as the principal means of distributing our products to healthcare providers such as clinics, dialysis centers, hospitals, and pharmacies. For ENBREL wholesaler orders, we primarily drop-ship directly to pharmacies. Outside the United States, Aranesp®, Neulasta®, and NEUPOGEN® are principally distributed to hospitals and wholesalers depending upon the distribution practice in each country for which the product has been launched. We monitor the financial condition of our larger distributors and limit our credit exposure by setting appropriate credit limits, requiring collateral and obtaining credit insurance, where appropriate. We had net product sales to three large wholesaler distributors each accounting for more than 10% of total revenues for the years ended December 31, 2005, 2004, and 2003. On a combined basis, these distributors accounted for 74% and 94% of total revenues and U.S. product sales, respectively, for 2005, as noted in the following table (in millions).

	2005	2004	2003
AmerisourceBergen Corporation			
Net product sales	$ 4,760	$ 3,406	$ 2,686
% of total revenues	38%	32%	32%
% of U.S. product sales	48%	41%	40%
Cardinal Health, Inc.			
Net product sales	$ 2,370	$ 1,683	$ 1,596
% of total revenues	19%	16%	19%
% of U.S. product sales	24%	20%	24%
McKesson Corporation			
Net product sales	$ 2,140	$ 1,809	$ 1,340
% of total revenues	17%	17%	16%
% of U.S. product sales	22%	22%	20%

We have granted Johnson & Johnson a license to commercialize recombinant human erythropoietin as a human therapeutic in the United States in all markets other than dialysis (see "Joint Ventures and Business Relationships — Johnson & Johnson"). Johnson & Johnson markets recombinant human erythropoietin under the trademark PROCRIT® in the United States (see Note 1, "Summary of significant accounting policies — Product sales" to the Consolidated Financial Statements). Under a co-promotion agreement with Wyeth, Amgen and Wyeth market ENBREL in the United States and Canada for all approved indications other than for use in oncology. The rights to detail and promote ENBREL in the United States and Canada for use in oncology are reserved to Amgen (see "Joint Ventures and Business Relationships — Wyeth"). Additionally, we have entered into licensing agreements to market certain of our products including Aranesp®, Neulasta®, and NEUPOGEN® in certain geographic areas outside of the United States.

Reimbursement

In the United States, dialysis providers are primarily reimbursed for EPOGEN® by the federal government through the End Stage Renal Disease Program ("ESRD Program") of Medicare. The ESRD Program reimburses approved providers for 80% of allowed dialysis costs; the remainder is paid by other sources, including patients, state Medicaid programs, private insurance, and to a lesser extent, state kidney patient programs. The ESRD Program reimbursement rate is established by federal law and is monitored and implemented by the Centers for Medicare & Medicaid Services ("CMS"). Most patients receiving Aranesp®, Neulasta®, and NEUPOGEN® for approved indications are covered by both government and private payer health care programs. Beginning in 2006, ENBREL and Sensipar® are eligible for coverage from the U.S. government under Medicare Part D. Therefore, sales of all of our principal products are

dependent, in part, on the availability and extent of reimbursement from third-party payers, including governments and private insurance plans. Generally, worldwide use of our products may be affected by cost containment pressures and cost shifting from governments and private insurers on health care providers in response to ongoing initiatives to reduce health care expenditures.

The Medicare Prescription Drug Improvement and Modernization Act (or the "Medicare Modernization Act" ("MMA")) was enacted into law in December 2003 and became effective January 1, 2005. Changes resulting from the MMA, which lowered reimbursement for our products, could negatively affect product sales of some of our marketed products. However in 2005, we believe that our product sales were not significantly impacted by the reimbursement changes resulting from the MMA. We believe this was, in part, due to the effects of CMS's oncology demonstration project (the "2005 Demonstration Project") on sales of our products used in supportive cancer care, especially Aranesp®. Furthermore, we believe this was also, in part, due to increased reimbursement rates to physicians from CMS for services associated with drug administration. The 2005 Demonstration Project, which provided financial incentives to physicians for collecting and reporting oncology patient survey data, expired on December 31, 2005. In November 2005, CMS announced a new demonstration project (the "2006 Demonstration Project") that uses different criteria for how patients with cancer are evaluated and treated and that is targeted at approximately half of the funding originally targeted for the 2005 Demonstration Project. The final rule for the 2006 Medicare Physician Fee Schedule Payment Final Rule issued in November 2005 reduced payments for physician services in 2006 by approximately 4.4% on average. However, recently passed legislation will eliminate this reduction for 2006. Because we cannot accurately predict the impact of any such changes on how, or under what circumstances, healthcare providers will prescribe or administer our products, we cannot estimate the full impact of the MMA on our business. However, we believe that it is not likely to be significant to our business in 2006.

The main components of the MMA that affect our currently marketed products are as follows:

- Through 2004, the Average Wholesale Price ("AWP") mechanism was the basis of Medicare Part B payment for covered outpatient drugs and biologics. Effective January 1, 2005, in the physician clinic setting, Aranesp®, Neulasta® and NEUPOGEN® are being reimbursed under a Medicare Part B payment methodology that reimburses each product at 106% of its "average sales price" ("ASP") (sometimes referred to as "ASP+6%"). ASP is calculated by the manufacturer based on a statutorily defined formula and submitted to CMS. A product's ASP is calculated on a quarterly basis and therefore may change each quarter. The ASP in effect for a given quarter (the "Current Period") is based upon certain historical sales and sales incentive data covering a statutorily defined period of time preceding the Current Period. For example, the ASP for Aranesp® that we submit for the second quarter of 2006 will be based on certain historical sales and sales incentive data for Aranesp® from January 1, 2005 through December 31, 2005. CMS publishes the ASPs for products in advance of the quarter in which they go into effect. The 2005 reimbursement rates for Aranesp® and Neulasta® (calculated at 106% of the ASPs) were lower than their respective 2004 reimbursement rates. Although the ASPs for Aranesp® and Neulasta® have trended downward during 2005, they began to stabilize during the fourth quarter of 2005.
- Per the MMA, physicians in the physician clinic setting will have the choice between purchasing and billing for drugs under the ASP+6% system or obtaining drugs from vendors selected by CMS under the "competitive acquisition program" ("CAP") starting in 2006. Physicians who select to obtain drugs from CAP will no longer purchase or obtain reimbursement directly for such drugs. CMS issued a final rule related to CAP in November 2005. Based on this final rule, the election period for 2006 will occur between April 3 and May 15, 2006 for participation from July 1 through December 31, 2006; the first drug deliveries through the CAP will occur in July 2006. Based on the final rule for CAP, we do not anticipate widespread adoption of this program initially. Nevertheless, because we cannot fully predict how many physicians will select to obtain drugs from CAP, we

cannot predict the full impact of the CAP on our business. However, pursuant to the final rule, discounts to CAP vendors are excluded from the calculation of ASPs and therefore do not have the potential to impact the ASPs for our products that would be available through the CAP.

- Medicare's hospital outpatient prospective payment system ("OPPS"), which determines payment rates for specified covered outpatient drugs and biologics in the hospital outpatient setting, utilized AWP as the basis for reimbursement in 2005. CMS' 2005 reimbursement rate, as in 2003 and 2004, continued the application of an "equitable adjustment" such that the 2005 Aranesp® reimbursement rate was based on the AWP of PROCRIT®. For 2005, the reimbursement rate for Aranesp® was 83% of the AWP for PROCRIT®, down from 88% of the AWP for PROCRIT® in 2004, with a dose conversion ratio of 330 U PROCRIT® to 1 mcg Aranesp®, the same ratio as 2004. Effective January 1, 2006, the OPPS system changed from an AWP based reimbursement system to a system based on ASP. This change affects Aranesp®, Neulasta® and NEUPOGEN® when administered in the hospital outpatient setting. In November 2005, CMS released its final OPPS rule for 2006. This final rule bases reimbursement for non-pass through products such as Aranesp®, Neulasta® and NEUPOGEN® on an ASP+6% using the same payment amounts as used in the physician clinic setting and does not apply an "equitable adjustment" to tie the reimbursement rate for Aranesp® to PROCRIT® using a dose conversion ratio. In the final rule, CMS noted that it reserves the right to apply "equitable adjustment" to the Aranesp® reimbursement rate calculation methodology in years after 2006.
- Pursuant to final rules issued by CMS on November 3, 2004, Medicare reimbursement for EPOGEN® used in the dialysis setting for calendar year 2005 changed from the previous rate in 2004 of $10 per 1,000 Units to $9.76 per 1,000 Units, in 2005, a rate based upon an average acquisition cost for 2003 determined by the Office of the Inspector General ("OIG") and adjusted for price inflation based on the Producer Price Index for pharmaceutical products. Pursuant to the CMS final rules, the difference between the 2004 reimbursement rates for all drugs separately billed outside the dialysis composite rate (including EPOGEN®) and the 2005 reimbursement rates for such drugs was added to the composite rate that dialysis providers receive for dialysis treatment. In November 2005, CMS released the 2006 Medicare Physician Fee Schedule Payment Final Rule. In the final rule, CMS stated that EPOGEN® and separately billed ESRD drugs will be reimbursable at ASP+6% in both freestanding and hospital-based dialysis centers. This final rule establishes the payment mechanism for separately reimbursed dialysis drugs in both freestanding and hospital-based dialysis centers, including EPOGEN® and Aranesp®, at ASP+6% using the same payment amounts used in the physician clinic setting and calculated quarterly in the same manner as described above for our products under the Medicare Part B payment methodology. Based on this final rule, we expect that the reimbursement rate for EPOGEN® will decrease for 2006 compared to 2005. Because we cannot accurately predict the extent to which this reduced reimbursement will impact how, or under what circumstances, healthcare providers will prescribe or administer EPOGEN®, we cannot estimate the full impact of the reduced reimbursement rate on our EPOGEN® product sales. However, we believe that it is not likely to be significant in 2006.
- Beginning January 1, 2006, ENBREL and Sensipar® are eligible for coverage from the U.S. government under Medicare Part D, the MMA-mandated Medicare outpatient prescription drug benefit. With the exception of a Part D demonstration project that CMS conducted in 2004-2005 that provided, among other things, reimbursement for ENBREL and Sensipar® for certain Medicare beneficiary participants, Medicare did not cover prescriptions for ENBREL and Sensipar® in 2005.

In addition, on November 9, 2005, CMS released a final revision to the Hematocrit Measurement Audit Program Memorandum ("HMA-PM"), a Medicare payment review mechanism used by CMS to

audit EPOGEN® and Aranesp® (when used in dialysis) utilization and appropriate hematocrit outcomes of dialysis patients. The new policy, Claims Monitoring Policy: Erythropoietin/darbepoetin alfa usage for beneficiaries with end stage renal disease ("Claims Monitoring Policy"), will be effective April 1, 2006. The final Claims Monitoring Policy provides that if a patient's hemoglobin is greater than 13 grams per deciliter, providers are instructed to reduce the patient's EPOGEN® and Aranesp® dose by twenty-five percent. If the provider does not reduce the patient's EPOGEN® and Aranesp® dose and there is no medical documentation to support the higher dosage, reimbursement will be reduced to the level it would have been had the provider reduced dosage by twenty-five percent. Based on our preliminary evaluation, we do not expect the new Claims Monitoring Policy to have a negative impact on EPOGEN® and Aranesp® sales and given the importance of EPOGEN® and Aranesp® for maintaining the quality of care for dialysis patients, we do not expect that the new policy will substantially impact the utilization of EPOGEN® and Aranesp®. However, we are currently in the process of further evaluating the new Claims Monitoring Policy. As a result, we cannot predict the potential full impact of this final guidance on our business.

Research and Development and Selected Product Candidates

Our vision is to deliver therapies that can make a meaningful difference in patients' lives and therefore, we focus our R&D on novel human therapeutics for the treatment of grievous illness. We focus our R&D efforts in the areas of inflammation, oncology and hematology, neuroscience and metabolic disorders. We take a modality-independent approach to R&D — that is, we identify targets, and then choose the modality best suited to address a specific target. As such, our discovery research programs may yield targets that lead to the development of human therapeutics delivered as proteins, monoclonal antibodies, peptibodies or small molecules.

In addition to product candidates and marketed products generated from our internal R&D efforts, acquisitions of companies, licensed technologies, and establishing R&D collaborations have enhanced our strategic position within the biotechnology industry by strengthening and diversifying our R&D capabilities, product pipeline and marketed product base (see "Item 1A. Risk Factors — Our product development efforts may not result in commercial products"). We plan to expand our R&D capabilities substantially, requiring significant investments over the next several years. In 2006, we are expecting a significant increase in the number, size, duration and complexity of our clinical trials, in particular with respect to denosumab, our late-stage investigational product for osteoporosis, and we expect total research and development expenses to increase by 30-40%. For example, testing denosumab in the osteoporosis setting requires large clinical trials, substantial time and resources to recruit patients and significant expense to execute. We expect to start eleven "mega-site" trials (involving 200 or more sites) in 2006 to support denosumab and our other late-stage programs. To execute our clinical trial programs, we need to accelerate the growth of our development organization, implement new management structures and approaches and increase dependence on third-party contract clinical trial providers. Further, to increase the number of patients available for enrollment for our clinical trials, we are planning to open clinical sites and enroll patients in a number of new geographic locations where our experience conducting clinical trials is more limited, including Russia, China, India and some South American countries. We plan to conduct clinical trial activities in these new territories through third-party contract clinical trial providers. (See "Item 1A. Risk Factors — Before we commercialize and sell any of our product candidates, we must conduct clinical trials in humans; if we fail to adequately manage these trials we may not be able to sell future products and our sales could be adversely affected.")

We have major research facilities in the United States as well as a smaller research center in Germany, and clinical development staff in the United States, Europe, Canada, Australia, and Japan (see "Item 2. Properties").

R&D expenses for the years ended December 31, 2005, 2004, and 2003 were $2,314 million, $2,028 million, and $1,655 million, respectively. In 2004, we recorded $554 million for the write-off of acquired IPR&D resulting from the Tularik Inc. ("Tularik") acquisition (see Note 7, "Acquisitions" to the Consolidated Financial Statements).

The following table is a selection of certain of our product candidates in our therapeutic areas of focus and shows the status of these molecules as of January 26, 2006. Additional product candidate (pipeline) information can be found on our website at (http://www.amgen.com). (This website address is not intended to function as a hyperlink, and the information contained on our website is not intended to be a part of this filing.)

Molecule	Disease/Condition	Status
Onocology		
AMG 102	Cancer	Phase 1
AMG 386	Cancer	Phase 1
AMG 479	Cancer	Phase 1
AMG 531	Immune thrombocytopenic purpura (an autoimmune bleeding disorder)	Phase 3
AMG 623	B-cell chronic lymphocytic leukemia	Phase 1
AMG 655	Cancer	Phase 1
AMG 706	Cancer	Phase 3
ANG 951	Cancer	Phase 1
Aranesp® (darbepoetin alfa)	Anemia of cancer in patients not receiving chemotherapy	Phase 3
Denosumab*	Bone metastases (cancer spread to bone) in breast cancer	Phase 2
Denosumab*	Bone loss induced by hormone ablation therapy for breast cancer or prostate cancer	Phase 3
Denosumab	Prolonging bone metastases-free survival	Phase 3
Kepivance™ (palifermin)	Oral mucositis associated with radiation therapy and chemotherapy for solid tumors	Phase 3
Panitumumab	Colorectal cancer	Phase 3
Inflammation		
AMG 108	Rheumatoid arthritis	Phase 2
AMG 317	Asthma	Phase 1
AMG 623	Systemic lupus erythematosus	Phase 1
AMG 714**	Psoriasis	Preclinical
Denosumab*	Rheumatoid arthritis	Phase 2
Metabolic disorders		
AMG 076	Obesity	Phase 1
AMG 221***	Type 2 diabetes	Phase 1
Denosumab*	Postmenopausal osteoporosis	Phase 3
Sensipar® (cinacalcet HCl)	Primary hyperparathyroidism	Phase 2
Sensipar®	Secondary hyperparathyroidism in chronic renal insufficiency	Phase 3
General medicine*		
Aranesp®	Anemia in heart failure	Phase 2
Aranesp®	Cardiovascular disease in patients with chronic kidney disease and type 2 diabetes	Phase 3

Neuroscience		
AMG 403	Pain	Phase 1
AMG 517	Pain	Phase 1

* Program formerly identified as AMG 162.

** Amgen anticipates entering phase 1 studies in 2006 with a new formulation in a more commercially productive cell line.

*** Program formerly identified as 11β-HSD1.

**** Includes hematology.

Preclinical studies collect data to show that a molecule is reasonably safe for use in initial small-scale clinical trials.

Phase 1 clinical trials investigate safety and proper dose ranges of a product candidate in a small number of human subjects.

Phase 2 clinical trials investigate side effect profiles and efficacy of a product candidate in a large number of patients who have the disease or condition under study.

Phase 3 clinical trials investigate the safety and efficacy of a product candidate in a large number of patients who have the disease or condition under study.

The following represents additional information about certain of our product candidates that are in phase 2 or later human clinical trials.

Denosumab (Program formerly identified as AMG 162)

Denosumab is a fully human monoclonal antibody that specifically targets the receptor activator of nuclear factor kappa B ligand ("RANKL"), a key mediator of the resorptive phase of bone remodeling. Denosumab is being studied across a range of conditions, including osteoporosis, treatment-induced bone loss, rheumatoid arthritis, bone metastases, and multiple myeloma.

Amgen announced interim data from a phase 2 clinical study reporting the clinical effects of denosumab on bone mineral density endpoints in postmenopausal, osteoporotic women. Based on this interim data, phase 3 clinical studies with denosumab were initiated in 2004.

Denosumab is also being studied in metastatic bone disease for the treatment of bone metastases to prevent skeletal related events ("SREs"). Phase 2 clinical studies of denosumab in metastatic bone disease were initiated in 2004 and completed enrollment in 2005.

Panitumumab

Co-developed with Abgenix, Inc. (see "Joint Ventures and Business Relationships — Abgenix, Inc."), panitumumab (rHuMAb-EGFr) targets the epidermal growth factor receptor ("EGFr"). The EGFr pathway is important in normal and tumor cell growth. Panitumumab is a fully human monoclonal antibody directed against EGFr and is being evaluated for the treatment of various types of cancer (solid tumor). In phase 2 clinical studies to date, panitumumab has demonstrated anti-tumor activity in advanced, refractory colorectal cancer ("CRC"). In a phase 3 pivotal study examining panitumumab as third-line monotherapy in CRC patients, patients who received panitumumab every two weeks showed a 46 percent decrease in tumor progression rate versus those who received best supportive care alone. Amgen initiated submission of the U.S. biologics license application under CMA pilot program I in December 2005.

A non-registrational phase 3b study was initiated in 2005 to evaluate panitumumab plus Avastin in first-line CRC ("PACCE"). Registrational studies in first-line, and second-line CRC, as well as head and neck cancer ("HNC") are planned for 2006.

Panitumumab is also being developed in combination with AMG 706 in the treatment of various solid tumors in a variety of conditions. Phase 1b combination studies in first-line CRC, first-line non-small cell lung cancer ("NSCLC"), and HNC were initiated in 2005.

AMG 706

AMG 706 is an oral, multi-kinase inhibitor with both anti-angiogenic and direct antitumor activity achieved by targeting vascular endothelial growth factor ("VEGF") receptors, platelet derived growth factor ("PDGF") receptor and Kit. By inhibiting multiple receptors, AMG 706 potentially may provide more than one mechanism of action in various cancers. A phase 2 clinical study evaluating AMG 706 monotherapy in imatinib-resistant gastrointestinal stromal tumor ("GIST") has completed enrollment, and a phase 2 trial in advanced thyroid cancer is ongoing.

AMG 706 is also being developed in combination with multiple chemotherapy regimens, with and without panitumumab, in the treatment of solid tumors. Phase 1b combination studies in CRC, NSCLC, and other solid tumors are ongoing. These studies are also evaluating the tolerability and safety of twice-daily dosing of AMG 706.

AMG 531

AMG 531 is a first-in-class molecule, a protein called a peptibody. The active peptide component stimulates the thrombopoietin ("TPO") receptor resulting in increased platelet production. It is being investigated for the treatment of immune (idiopathic) thrombocytopenic purpura ("ITP"). ITP is an autoimmune bleeding disorder characterized by an abnormal decrease in platelets, a condition known as thrombocytopenia. Platelets are specialized blood cells that help prevent and stop bleeding by participating in clotting. ITP is characterized by thrombocytopenia that results in bruising and bleeding that is sometimes severe. Phase 2 clinical studies have been completed. Phase 3 clinical studies were initiated in 2005.

Phase 2 studies in chemotherapy-induced thrombocytopenia ("CIT") and myelodysplastic syndrome ("MDS") are expected to begin in 2006.

AMG 108

AMG 108 is a monoclonal antibody that inhibits the action of interleukin-1 ("IL-1"), a cytokine known to play a role in the joint destruction associated with rheumatoid arthritis. A phase 2 clinical study is under way to investigate the treatment of rheumatoid arthritis with AMG 108.

Aranesp®

Aranesp® is currently being evaluated in phase 3 studies for treatment of anemia in cancer patients not undergoing chemotherapy, a condition known as anemia of cancer.

Amgen has completed several phase 2 studies evaluating Aranesp® for treatment of anemia in patients with heart failure. A phase 3 program will be initiated in 2006 to evaluate the effect of treatment of anemia with darbepoetin alfa on morbidity and mortality in patients with heart failure.

The Trial to Reduce Cardiovascular Events with Aranesp® Therapy ("TREAT") is an approximately 4,000-patient, multi-center, double-blind, randomized, controlled trial designed to determine the impact of anemia therapy with darbepoetin alfa on mortality and non-fatal cardiovascular events in patients with CKD and type 2 (insulin-resistant) diabetes.

Kepivance™ (palifermin)

Kepivance™ is currently being evaluated in localized radiation and chemotherapy settings to determine its safety and anti-mucositis activity in patients with HNC cancer (phase 3), NSCLC and colon cancer (phase 2).

Sensipar®

Sensipar® is approved for the treatment of secondary hyperparathyroidism in patients with CKD on dialysis. Currently, a clinical trial is being planned to assess the effects of cinacalcet HCl on mortality and cardiovascular morbidity in patients with CKD undergoing maintenance dialysis. Additionally, cinacalcet HCl is being evaluated in studies for use in secondary hyperparathyroidism of chronic renal insufficiency (stage 3 & 4 CKD) and for use in primary hyperparathyroidism.

Competition

Competition among biotechnology, pharmaceutical, and other companies that research, develop, manufacture, or market biologics and pharmaceuticals is intense and is expected to increase. We compete with these entities in all areas of our business including competing to attract and retain qualified scientific, technical, and operational personnel. (See "Item 1A. Risk Factors — Our marketed products face substantial competition and other companies may discover, develop, acquire or commercialize products before or more successfully than we do.")

Our products' competitive position among other biologic and pharmaceutical products may be based on, among other things, patent position, product efficacy, safety, reliability, availability, patient convenience/delivery devices and price. We remain committed to vigorously defending our intellectual property and growing our businesses as well as holding or increasing share. For example, the anemia area represents a significant and growing business opportunity. As such, we expect to face increasingly intense competition in this area, including new and existing technologies and competitive pressures associated with follow-on biologics, or biosimilar products as they are known in Europe and Australia (see further discussion below). We are committed to growing our anemia business, which includes impacting outcomes and supporting the development of new standards of care, exploring new technologies in anemia therapy, preparing to compete with biosimilar products in Europe, and defending our intellectual property.

Certain of our products are expected to face competition in certain geographic areas from biosimilar products. Our principal European patent relating to erythropoietin expired on December 12, 2004 and our principal European patent relating to G-CSF expires on August 22, 2006. We believe that after the expiration of each of these patents, other companies could receive approval for and market biosimilar products to compete with our products in the European Union ("EU"), presenting additional competition to our products. While we do not market erythropoietin in Europe as this right belongs to Johnson & Johnson (through KA), we do market Aranesp® in the EU, which competes with Johnson & Johnson's EPREX® product, Roche's Neorecormon® product, and others' erythropoietin products. We cannot predict with certainty when the first biosimilar products could appear on the market in the EU. However, based on an announcement by Shire Pharmaceuticals Group plc ("Shire"), we expect that the first competing Epoetin alfa product, manufactured by Shire, may appear on the market in the EU in the first half of 2007. Also, we expect that biosimilar erythropoietin products may be approved in the EU beginning in late 2006 and could be available in the EU shortly after approval. We also expect that the first biosimilar G-CSF product may be approved as early as mid-2007 and that it would compete with Neulasta® and NEUPOGEN®. We cannot predict whether or to what extent the entry of biosimilar products would impact future Aranesp®, Neulasta® or NEUPOGEN® sales in the EU. Our products may compete against products that have lower prices, superior performance, are easier to administer, or that are otherwise competitive with our products. Our inability to compete effectively could adversely affect product sales materially. The EU is currently in the process of developing regulatory guidelines related to the development and approval of biosimilar

products. In July 2005, the European Agency for the Evaluation of Medical Products ("EMEA") issued clinical trial guidance for certain biosimilar products including erythropoietins and granulocyte-colony stimulating factors, which guidance recommends that applicants seeking approval of such biosimilar products conduct fairly extensive pharmacodynamic, toxicological, clinical safety studies and a pharmacovigilance program. In October 2005, the EMEA confirmed that biosimilar products will be approved under a different legal pathway than the one applicable to generics of small molecule drugs. Based on the process and timing outlined by the EMEA, we believe relevant product specific guidelines are likely to be finalized by the first quarter of 2006. However, we cannot predict what the final EMEA product specific guidelines will be.

Certain of our products face substantial competition from products marketed by large pharmaceutical companies, which may have greater clinical, research, regulatory, manufacturing, marketing, financial and human resources than we do. In addition, the introduction of new products or the development of new processes by competitors or new information about existing products may result in product replacements or price reductions, even for products protected by patents.

Some of our competitors are actively engaged in R&D in areas where we are also performing research and developing product candidates. The competitive marketplace for our product candidates is significantly dependent upon the timing of entry into the market. Early entry may have important advantages in gaining product acceptance contributing to the product's eventual success and profitability. Accordingly, in some cases, the relative speed with which we can develop products, complete the clinical testing, receive regulatory approval, and supply commercial quantities of the product to the market is expected to be important to our competitive position.

In addition, we compete with large pharmaceutical and biotechnology companies when entering into collaborative arrangements with companies primarily in the biotechnology industry, research organizations and other entities for the research, development and commercialization of technologies, product candidates and marketed products. Other public and privately owned companies, research organizations, academic institutions and governmental agencies conduct a significant amount of R&D in the biotechnology industry. We may face competition in our collaborative arrangements or licensing and acquisition activities from other pharmaceutical and biotechnology companies that also seek to license or acquire technologies, product candidates or marketed products from these entities. Accordingly, we may have difficulty entering into collaborative arrangements and licensing or acquiring technologies, product candidates and marketed products on acceptable terms.

The following provides additional information on competition related to our principal products and selected product candidates in the therapeutic area(s) in which we market or expect to market them.

Nephrology

Any products or technologies that are directly or indirectly successful in addressing anemia associated with CKD could negatively impact product sales for Aranesp® and EPOGEN®. In the United States, Aranesp® and EPOGEN® compete with each other, primarily in the U.S. hospital dialysis clinics.

Additionally, Aranesp® competes internationally with other companies' marketed products to treat anemia associated with CKD. The following table reflects other companies and their currently marketed products that primarily compete with Aranesp® internationally in the nephrology setting.

Amgen Marketed Product	Competitor Marketed Product	Competitor
Aranesp® — International	EPREX®/ERYPO®	Janssen-Cilag(1)
Aranesp® — International	Neorecormon®	F. Hoffmann-La Roche Ltd. ("Roche")

(1) A division of Johnson & Johnson.

Roche is developing a pegylated erythropoietin product for the treatment of anemia in the United States that is the same as the product presently marketed and sold in the EU (see "Item 3. Legal Proceedings — Amgen Inc. v. F. Hoffmann-La Roche Ltd., et al."). Transkaryotic Therapies ("TKT") is also developing a gene-activated erythropoietin for the treatment of anemia (see "Item 3. Legal Proceedings — Transkaryotic Therapies and Aventis litigation"). In addition, Yamanouchi Pharmaceutical Co., Ltd./FibroGen are co-developing an erythropoietic small molecule and Affymax, Inc. ("Affymax") is developing an erythropoietin mimetic for the treatment of anemia. The first competing Epoetin alpha product, manufactured by Shire, may appear on the market in the EU in the first half of 2007.

Supportive cancer care

Any products or technologies that are directly or indirectly successful in addressing anemia associated with chemotherapy could negatively impact product sales for Aranesp®. In the United States, Aranesp® directly competes with other currently marketed products which treat anemia associated with chemotherapy. Neulasta® and NEUPOGEN® could face competition in some circumstances from companies marketing or developing treatments for neutropenia associated with chemotherapy, for bone marrow and PBPC transplant patients, and AML.

Neulasta® also competes with NEUPOGEN® in the United States and Europe. United States NEUPOGEN® sales have been adversely impacted by conversion to Neulasta®. However, we believe that most of the conversion in the United States has occurred. In Europe, we plan to continue to actively convert NEUPOGEN® patients to Neulasta®, emphasizing its less frequent dosing requirements as compared to NEUPOGEN®. However, we cannot accurately predict the rate or timing of future conversion of NEUPOGEN® patients to Neulasta® in Europe.

The following table reflects companies and their currently marketed products that primarily compete with Aranesp®, Neulasta®, and NEUPOGEN® in the United States and internationally in the supportive cancer care setting.

Amgen Marketed Product	Competitor Marketed Product	Competitor
Aranesp® — U.S.	PROCRIT®	Ortho Biotech Products, L.P.(1)
Aranesp® — International	EPREX®/ERYPO®	Janssen-Cilag(1)
Aranesp® — International	Neorecormon®	Roche
Neulasta®/NEUPOGEN® — U.S.	Leukine®	Berlex, Inc.(2)
Neulasta®/NEUPOGEN® — U.S.	Ethyol®	MedImmune Oncology, Inc.
Neulasta®/NEUPOGEN® — International	Granocyte®	Chugai Pharmaceuticals Co., Ltd. and Sanofi-Aventis
Neulasta®/NEUPOGEN® — International	Leucomax®	Novartis AG ("Novartis")
Neulasta®/NEUPOGEN® — International	Neu-up®	Kyowa Hakko Kogyo Co., Ltd.

(1) A division of Johnson & Johnson.

(2) A division of Schering AG Germany.

Roche is developing a pegylated erythropoietin product (see "Item 3. Legal Proceedings — Amgen Inc. v. F. Hoffmann-La Roche Ltd., et al."). TKT is also developing its gene-activated erythropoietin for the treatment of anemia (see "Item 3. Legal Proceedings — Transkaryotic Therapies and Aventis litigation"). Yamanouchi/FibroGen are co-developing an erythropoietic small molecule, and Affymax is developing an erythropoietin mimetic for the treatment of anemia.

Inflammatory disease

ENBREL could face competition in some circumstances from companies developing or marketing rheumatoid arthritis, ankylosing spondylitis, psoriatic arthritis, and psoriasis treatments. Current treatments for these indications include generic methotrexate and other products.

The following table reflects companies and their currently marketed products that primarily compete with our own product in the United States and internationally in the inflammatory disease setting.

Amgen Marketed Product	Competitor Marketed Product	Competitor
ENBREL — U.S. & Canada	REMICADE®	Centocor, Inc.(1)/Schering Plough Corporation
ENBREL — U.S. & Canada	HUMIRA®	Abbott Laboratories
ENBREL — U.S. & Canada	Raptiva®	Genentech, Inc.
ENBREL — U.S. & Canada	Amevive®	Biogen IDEC Inc.
ENBREL — U.S. & Canada	Orencia®	Bristol-Myers Squibb Corporation ("Bristol-Myers Squibb")
ENBREL — U.S. & Canada	Neoral®	Novartis
ENBREL — U.S. & Canada	Arava®	Sanofi-Aventis
ENBREL — U.S. & Canada	Celebrex®	Pfizer, Inc. ("Pfizer")

(1) A division of Johnson & Johnson.

In addition, a number of companies have cytokine inhibitors in development including GlaxoSmithKline plc ("GlaxoSmithKline"), Pfizer, Repligen Corporation, and Taisho Pharmaceutical Co., Ltd.

Product candidates

We are currently developing product candidates, including denosumab, panitumumab, and others, which, if approved, we expect will enter into highly competitive markets. These product candidates will face substantial competition from products currently marketed as well as those under development by other biotechnology and pharmaceutical companies. The bone loss setting, in which denosumab would compete, is currently comprised of three therapeutic classes: bisphosphonates, selective estrogen receptor modulators, and anabolic agents. The oncology setting, in which panitumumab would compete, is currently comprised of several therapeutic classes, including, but not limited to, cytotoxic agents, and VEGF and EGFr inhibitors. Competitive intensity will increase in the bone loss and oncology settings with the expected approval of new agents.

The following table reflects other companies and their currently marketed products that will primarily compete with denosumab and panitumumab, if approved:

Amgen Product Candidate	Competitor Marketed Product	Potential Competitor
Denosumab	Fosamax®	Merck & Co., Inc.
Denosumab	Boniva®	Roche /GlaxoSmithKline
Panitumumab	Erbitux®	Imclone Systems Incorporated/Bristol Myers Squibb /Merck KGaA

Manufacturing and Raw Materials

Manufacturing

Our manufacturing operations consist of bulk manufacturing, and formulation, fill, and finish activities which produce Epoetin alfa, Aranesp®, Neulasta®, NEUPOGEN®, ENBREL, and other products and product candidates for both clinical and commercial purposes. We operate clinical and commercial manufacturing facilities in several locations throughout the United States and in Puerto Rico (see "Item 2. Properties").

Bulk Commercial Manufacturing

Our bulk commercial manufacturing facilities are located in Longmont, Colorado, which produce Epoetin alfa and Aranesp®; West Greenwich, Rhode Island, where we produce a substantial portion of our annual ENBREL supply; Thousand Oaks, California where we produce Epoetin alfa, Aranesp®, Neulasta® and NEUPOGEN®; and Juncos, Puerto Rico where, starting in September 2005, we began manufacturing Neulasta® and NEUPOGEN®. In September 2005, a second manufacturing facility in Rhode Island received FDA approval for the production of ENBREL.

Commercial quantities of ENBREL produced at Rhode Island are insufficient to fill the current level of demand for this product. We and Wyeth also have a contract manufacturing agreement with Boehringer Ingelheim Pharma KG ("BI Pharma") for the production of additional supply of ENBREL. We also have a global supply agreement with Wyeth related to the manufacture, supply, inventory, and allocation of supplies of ENBREL. Under this agreement, we and Wyeth share the total worldwide supply of ENBREL produced by Amgen's Rhode Island manufacturing facilities, BI Pharma's manufacturing facility in Germany, and Wyeth's manufacturing facility in Ireland.

Our supply of ENBREL is significantly dependent on product manufactured by BI Pharma, and, accordingly, we have made significant purchase commitments to BI Pharma (see Note 8, "Commitments and contingencies" to the Consolidated Financial Statements). Under the supply agreement, BI Pharma has reserved a specified level of production capacity for ENBREL, and our supply under these purchase commitments for ENBREL is manufactured from that reserved production capacity. We are required to submit a rolling three-year forecast for manufacturing the bulk drug for ENBREL, and a rolling forecast for a shorter period for the number of finished vials of ENBREL. We have submitted firm orders for the maximum production capacity that BI Pharma currently has reserved for ENBREL. We will be responsible for substantial payments to BI Pharma if we fail to use a specified percentage of the production capacity that BI Pharma has reserved for ENBREL each calendar year or if the BI Pharma supply agreement is terminated prematurely under specified conditions.

In addition to producing our own commercial quantities of Epoetin alfa, we also supply Epoetin alfa in the United States to Johnson & Johnson under a supply agreement (see "Joint Ventures and Business Relationships — Johnson & Johnson").

Formulation, Fill, and Finish

Our operations in Puerto Rico, perform all of the formulation, fill, and finish activities for our commercial supply of Epoetin alfa, Aranesp®, Neulasta®, NEUPOGEN® and some of our supply of ENBREL. In addition to the formulation, fill, and finish for ENBREL performed in Puerto Rico, BI Pharma also performs these activities for the ENBREL they manufacture and supply to us under the above-noted contract manufacturing agreement. Additionally, a certain portion of the formulation, fill, and finish activities for ENBREL is performed by a third-party contract manufacturer other than BI Pharma.

To keep up with the growing demand for our products, we are operating the Puerto Rico formulation, fill, and finish facility at nearly full production capacity. In addition to the above-noted manufacturing

activities, our operations in Puerto Rico perform key manufacturing support functions including quality control, process development, procurement and production scheduling. Our global supply of our principal products is significantly dependent on the uninterrupted and efficient operation of these Puerto Rico facilities (see "Item 1A. Risk Factors — We formulate, fill, and finish substantially all our products at our Puerto Rico manufacturing facility; if significant natural disasters or production failures occur at this facility, we may not be able to supply these products").

Clinical Manufacturing

Bulk manufacturing of our products and product candidates for use in clinical trials is performed at our facilities in California, Colorado, Rhode Island, and Washington, by certain collaboration partners, and by third-party manufacturers. We perform formulation, fill, and finish activities for products and product candidates used in clinical applications at our facilities in California and Puerto Rico. We also utilize contract manufacturers for these activities.

Manufacturing Initiatives

We actively manage our inventory supply produced by our manufacturing facilities and the supply produced by our third-party contract manufacturers. Our manufacturing capacity and third-party contract manufacturing agreements have increased and are expected to continue to increase to supply the growth in our commercial products and to support our expanding R&D activities (see "Item 1A. Risk Factors — We have grown rapidly, and if we fail to adequately manage that growth our business could be adversely impacted").

To mitigate the risks associated with our rapid growth and the concentration of manufacturing activity in Puerto Rico, we have several ongoing and new planned initiatives in place. With respect to these risks and meeting our objective to supply every patient every time with our medicines, we are in the process of increasing the number of third-party contract manufacturers and building additional manufacturing capacity. The most significant of our efforts to increase capacity and to reduce concentration is our recently announced project to construct a process development, bulk manufacturing, and formulation, fill, and finish facility in Ireland. Construction of the facility in Ireland is expected to begin in 2006.

Other capacity expansion projects that are already in process or are expected to begin in 2006 include the construction of an additional formulation, fill, and finish facility in Puerto Rico and upgrades to the existing formulation, fill, and finish operations, and the further expansion of our bulk manufacturing operations in Puerto Rico to begin to produce Epoetin alfa and Aranesp® and to increase production of Neulasta® and NEUPOGEN®.

Raw Materials

Certain raw materials, medical devices, and components necessary for our commercial manufacturing of our products are proprietary products of other companies, and in some cases, such proprietary products are specifically cited in our drug application with the FDA such that they must be obtained from that specific, sole source. We currently attempt to manage the risk associated with such sole-sourced raw materials by active inventory management, relationship management, and alternate source development, when feasible (see "Item 1A. Risk Factors — Certain of our raw materials, medical devices and components are single-sourced from third parties; third-party supply failures could adversely affect our ability to supply our products"). We monitor the financial condition of certain suppliers, their ability to supply our needs and the market conditions for these raw materials. Also, certain of the raw materials required in the commercial manufacturing and formulation of our products are derived from biological sources, including mammalian tissues, bovine serum, and human serum albumin, or HSA. We are investigating screening procedures with respect to certain biological sources and alternatives to them. Raw materials, medical de

vices, and components may be subject to contamination and/or recall. A material shortage, contamination, recall and/or restriction could adversely impact or disrupt our commercial manufacturing of our products.

Joint Ventures and Business Relationships

From time to time, we may enter into joint ventures and other business relationships to provide additional development, manufacturing, and marketing capabilities. In addition to our internal R&D efforts, we have acquired certain product and technology rights and have established R&D collaborations to enhance our R&D capabilities and internally developed product pipeline. Our R&D collaborations generally can consist of non-refundable, upfront license fees, R&D and commercial performance milestones, cost sharing, royalties and/or profit sharing. Additionally, these collaborations may include manufacturing and co-promotion arrangements. Our collaboration agreements with third parties are performed on a "best efforts" basis with no guarantee of either technological or commercial success.

Kirin Brewery Company, Limited

We formed KA, a 50-50 joint venture with Kirin in 1984. KA develops and commercializes certain of our and Kirin's technologies, which have been transferred to this joint venture. KA has given exclusive licenses to us to manufacture and market: 1) darbepoetin alfa in the United States, all European countries, Canada, Australia, New Zealand, Mexico, all Central and South American countries, and certain countries in Central Asia, North Africa, and the Middle East, 2) recombinant human erythropoietin in the United States, and 3) pegfilgrastim and G-CSF in the United States, Europe, Canada, Australia, and New Zealand. We currently market certain of these products under the brand names EPOGEN® (Epoetin alfa), Aranesp® (darbepoetin alfa), Neulasta® (pegfilgrastim), and NEUPOGEN® (Filgrastim).

KA has also given exclusive licenses to Kirin to manufacture and market: 1) darbepoetin alfa in Japan, the People's Republic of China ("China"), Taiwan, Korea, and certain other countries in Southeast Asia, 2) recombinant human erythropoietin in Japan, and 3) G-CSF and pegfilgrastim in Japan, Taiwan and Korea. Kirin markets recombinant human erythropoietin and G-CSF in China under a separate agreement with KA. Kirin markets its recombinant human erythropoietin product in Japan under the trademark ESPO®. Kirin markets its G-CSF product in its respective territories under the trademark GRAN®.

KA has licensed to Johnson & Johnson rights to recombinant human erythropoietin in certain geographic areas of the world (see "— Johnson & Johnson"). Under its agreement with KA, Johnson & Johnson pays a royalty to KA based on sales. KA has also licensed to Roche rights to pegfilgrastim and G-CSF in certain geographic areas of the world.

During 2005 certain of our and Kirin's technologies related to AMG 531 were transferred to KA. In return, KA has given us and Kirin exclusive licenses to manufacture and market AMG 531 in certain territories. KA is currently conducting phase 3 studies related to AMG 531.

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

Johnson & Johnson

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

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

(See "Item 3. Legal Proceedings — Johnson & Johnson Matters — Arbitration/Demand for Separate BLA.")

Wyeth

Amgen and Wyeth market and sell ENBREL under a co-promotion agreement in the United States and Canada for all approved indications other than for use in oncology. The rights to detail and promote ENBREL in the United States and Canada for oncology indications are reserved to Amgen. The rights to market ENBREL outside of the United States and Canada are reserved to Wyeth. Under the co-promotion agreement, a management committee comprised of equal representation from Wyeth and Amgen is responsible for overseeing the marketing and sales of ENBREL including: strategic planning, the approval of an annual marketing plan, product pricing, and the establishment of a brand team. The brand team, with equal representation from each party, prepares and implements the annual marketing plan, which includes a minimum level of financial and sales personnel commitment from each party, and is responsible for all sales activities. Further, pursuant to the co-promotion agreement, Wyeth and Amgen each pay a defined percentage of all selling and marketing expenses approved by the management committee. In addition, we pay Wyeth a percentage of the annual gross profits of ENBREL, which reflect the sharing of manufacturing costs in the United States and Canada attributable to all approved indications for ENBREL on a scale that increases as gross profits increase; however, we maintain a majority share of ENBREL profits. Under the co-promotion agreement, Wyeth is required to reimburse Amgen for: 1) certain clinical and regulatory expenses we incur in connection with the filing and approval of any new indications for ENBREL in the United States and Canada, excluding oncology and rheumatoid arthritis indications; 2) certain specified patent expenses related to ENBREL; and 3) certain costs, expenses, and liabilities associated with the manufacture, use, or sale of ENBREL in the United States and Canada.

We also have a global supply agreement with Wyeth related to the manufacture, supply, inventory, and allocation of supplies of ENBREL. Under this agreement, we and Wyeth share the total worldwide supply of ENBREL produced by Amgen's Rhode Island manufacturing facilities, BI Pharma's manufacturing facility in Germany, and Wyeth's manufacturing facility in Ireland.

Abgenix, Inc.

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

In December 2005, we signed a definitive merger agreement under which we will pay shareholders of Abgenix $22.50 in cash per common share for a total value of approximately $2.2 billion and will assume Abgenix's outstanding debt. The Federal Trade Commission approved the merger on January 19, 2006 and we expect to close the merger, subject to Abgenix shareholder approval, by April 2006. If and when the merger is closed, the terms of the above-noted business relationship will terminate.

Government Regulation

Regulation by governmental authorities in the United States and other countries is a significant factor in the production and marketing of our products and our ongoing R&D activities.

In order to clinically test, manufacture, and market products for therapeutic use, we must satisfy mandatory procedures and safety and effectiveness standards established by various regulatory bodies. In the United States, the Public Health Service Act and the Federal Food, Drug, and Cosmetic Act, as amended, and the regulations promulgated there under, and other federal and state statutes and regulations govern, among other things, the raw materials and components used in the production of, testing, manufacture, labeling, storage, record keeping, approval, advertising, and promotion of our products on a product-by-product basis. Product development and approval within this regulatory framework takes a number of years and involves our expenditure of substantial resources and, after approval, such approval remains costly for us to maintain. After laboratory analysis and preclinical testing in animals, we file an investigational new drug application with the FDA to begin human testing. Typically, we undertake a three-phase human clinical testing program. In phase 1, we conduct small clinical trials to determine the safety and proper dose ranges of our product candidates. In phase 2, we conduct clinical trials to assess safety and gain preliminary evidence of the efficacy of our product candidates. In phase 3, we conduct clinical trials to provide sufficient data for the statistically valid proof of safety and efficacy. The time and expense required for us to perform this clinical testing can vary and is substantial. For example, our late-stage product candidate denosumab requires large trials that require substantial time and resources to recruit patients and significant expense to execute. Historically, our products have required smaller, shorter trials. We cannot take any action to market any new drug or biologic product in the United States until our appropriate marketing application has been approved by the FDA. Even after we have obtained initial FDA approval, we may be required to conduct further clinical trials and provide additional data on safety and effectiveness and are required to gain clearance for the use of a product as a treatment for indications other than those initially approved. In addition, side effects or adverse events that are reported during clinical trials can delay, impede, or prevent marketing approval. Similarly, adverse events that are reported after marketing approval can result in additional limitations being placed on the product's use and, potentially, withdrawal of the product from the market. Any adverse event, either before or after marketing approval, can result in product liability claims against us.

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

In the European countries, Canada, and Australia, regulatory requirements and approval processes are similar in principle to those in the United States. Additionally, depending on the type of drug for which

approval is sought, there are currently two potential tracks for marketing approval in the European countries: mutual recognition and the centralized procedure. These review mechanisms may ultimately lead to approval in all EU countries, but each method grants all participating countries some decision-making authority in product approval.

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

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

We also make our products available to authorized users of the Federal Supply Schedule ("FSS") of the General Services Administration. Since 1993, as a result of the Veterans Health Care Act of 1992 (the "VHC Act"), federal law has required that product prices for purchases by the Veterans Administration, the Department of Defense, Coast Guard, and the PHS (including the Indian Health Service) be discounted by a minimum of 24% off the AMP to non-federal customers (the non-federal average manufacturer price, "non-FAMP"). Our computation and report of non-FAMP is used in establishing the price, and the accuracy of the reported non-FAMP may be audited by the government under applicable federal procurement laws. Among the remedies available to the government for infractions of these laws is

recoupment of any overages paid by FSS users during the audited years. In addition, if we were found to have knowingly reported a false non-FAMP, in addition to other penalties available to the government, the VHC Act provides for civil monetary penalties of $100,000 per item that is incorrect.

We are also subject to regulation under the Occupational Safety and Health Act, the Toxic Substances Control Act, the Resource Conservation and Recovery Act, and other current and potential future federal, state, or local laws, rules, and/or regulations. Our R&D activities involve the controlled use of hazardous materials, chemicals, biological materials, and various radioactive compounds. We believe that our procedures comply with the standards prescribed by federal, state, or local laws, rules, and/or regulations; however, the risk of injury or accidental contamination cannot be completely eliminated. Our research and manufacturing activities also are conducted in voluntary compliance with the National Institutes of Health Guidelines for Recombinant DNA Research.

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

(See “Item 1A. Risk Factors — Our current products and products in development cannot be sold if we do not maintain regulatory approval and comply with manufacturing regulations.”)

Patents and Trademarks

We have filed applications for a number of patents, have been granted patents, or have obtained rights relating to our products and various potential products. Our material patents are set forth in the table below.

Product		General Subject Matter	Expiration
Epoetin alfa	U.S.	— Process of making erythropoietin	8/15/2012
		— Product claims to erythropoietin	8/20/2013
		— Pharmaceutical compositions of erythropoietin	8/20/2013
		— Cells that make certain levels of erythropoietin	5/26/2015
darbepoetin alfa	Europe(1)	— Glycosylation analogs of erythropoietin proteins	10/12/2010
		— Glycosylation analogs of erythropoietin proteins	8/16/2014
Filgrastim	U.S.	— DNA, vectors, cells and processes relating to recombinant G-CSF	3/7/2006
		— G-CSF polypeptides	12/3/2013
		— Methods of treatment using G-CSF polypeptides	12/10/2013
	Europe(1)	— G-CSF DNA Vectors, cells, polypeptides, methods of use and production	8/22/2006
pegfilgrastim	U.S.	— Pegylated G-CSF	10/20/2015
	Europe(1)	— Pegylated G-CSF	2/8/2015
Etanercept	U.S.	— Methods of treating TNF — dependent disease	9/5/2009
		— TNFR proteins and pharmaceutical compositions	9/5/2009
		— TNFR DNA vectors, cells and processes for making proteins	10/23/2012

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

There can be no assurance that our patents or licensed patents will afford legal protection against competitors or provide significant proprietary protection or competitive advantage. In addition, our patents or licensed patents could be held invalid or unenforceable by a court, or infringed or circumvented by others, or others could obtain patents that we would need to license or circumvent. Competitors or potential competitors may have filed patent applications or received patents, and may obtain additional patents and proprietary rights relating to proteins, small molecules, compounds, or processes competitive with ours. Additionally, for certain of our product candidates, competitors, or potential competitors may claim that their existing or pending patents prevent us from commercializing such product candidates in certain territories. Further, when our patents expire, other companies could develop new competitive products to our products. Our near-term European patent expirations could result in new competitive products to our products in Europe. Our principal European patent relating to erythropoietin expired on December 12, 2004 and our principal European patent relating to G-CSF expires on August 22, 2006. We believe that after the expiration of each of these patents, other companies could receive approval for and market follow-on or biosimilar products to compete with these products in the EU; presenting additional competition to our products. (See “Item 1A. Risk Factors — Our marketed products face substantial competition and other companies may discover, develop, acquire or commercialize products before or more successfully than we do.”) While we do not market erythropoietin in Europe as this right belongs to

Johnson & Johnson (through KA), we do market Aranesp® in the EU, which competes with Johnson & Johnson's EPREX® product, Roche's Neorecormon® product, and others' erythropoietin products. We cannot predict with certainty when the first biosimilar products could appear on the market in the EU. However, based on an announcement by Shire, we expect that the first competing Epoetin alfa product, manufactured by Shire, may appear on the market in the EU in the first half of 2007. Also, we expect that biosimilar erythropoietin products may be approved in the EU beginning in late 2006 and could be available in the EU shortly after approval. We also expect that the first biosimilar G-CSF product may be approved as early as mid-2007 and that it would compete with Neulasta® and NEUPOGEN®. We cannot predict whether or to what extent the entry of biosimilar products would impact future Aranesp®, Neulasta® or NEUPOGEN® sales in the EU. The EU is currently in the process of developing regulatory guidelines related to the development and approval of biosimilar products. In July 2005, the EMEA, issued clinical trial guidance for certain biosimilar products including erythropoietins and granulocyte-colony stimulating factors, which guidance recommends that applicants seeking approval of such biosimilar products conduct fairly extensive pharmacodynamic, toxicological, clinical safety studies and a pharmacovigilance program. In October 2005, the EMEA confirmed that biosimilar products will be approved under a different legal pathway than the one applicable to generics of small molecule drugs. Based on the process and timing outlined by the EMEA, we believe relevant product specific guidelines are likely to be finalized by the first quarter of 2006. However, we cannot predict what final EMEA product specific guidelines will be.

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

Trade secret protection for our unpatented confidential and proprietary information is important to us. To protect our trade secrets, we generally require our staff members, material consultants, scientific advisors, and parties to collaboration and licensing agreements to execute confidentiality agreements upon the commencement of employment, the consulting relationship, or the collaboration or licensing arrangement with us. However, others could either develop independently the same or similar information or obtain access to our information.

(See "Item 1A. Risk Factors — If our intellectual property positions are challenged, invalidated, circumvented or expire, or if we fail to prevail in present and future intellectual property litigation, our business could be adversely affected.")

(See "Item 1A. Risk Factors — Our marketed products face substantial competition and other companies may discover, develop, acquire or commercialize products before or more successfully than we do.")

Human Resources

As of December 31, 2005, we had approximately 16,500 staff members, which includes approximately 100 part-time staff members. Of the total staff members as of December 31, 2005, approximately 6,500 were engaged in R&D, approximately 3,000 were engaged in selling and marketing, approximately 5,100 were engaged in commercial manufacturing activities, and approximately 1,900 were engaged in other activities. There can be no assurance that we will be able to continue attracting and retaining qualified personnel in sufficient numbers to meet our needs. None of our staff members are covered by a collective bargaining agreement, and we have experienced no work stoppages. We consider our staff relations to be good. We expect to hire additional staff members throughout 2006, primarily in R&D to enable us to advance the pipeline.

Executive Officers of the Registrant

The executive officers of the Company as of February 2, 2006 are as follows:

Mr. Kevin W. Sharer, age 57, has served as a director of the Company since November 1992. Since May 2000, Mr. Sharer has been Chief Executive Officer and President of the Company and has also been Chairman of the Board since December 2000. From October 1992 to May 2000, Mr. Sharer served as President and Chief Operating Officer of the Company. From April 1989 to October 1992, Mr. Sharer was President of the Business Markets Division of MCI Communications Corporation, a telecommunications company. From February 1984 to March 1989, Mr. Sharer held numerous executive capacities at General Electric Company. Mr. Sharer is a director of 3M Company and Northrop Grumman Corporation.

Dr. Hassan Dayem, age 58, became Senior Vice President and Chief Information Officer in May 2002. From December 1998 to May 2002, Dr. Dayem served as Vice President, Information Services and Chief Information Officer at Merck & Co., Inc. ("Merck"), a pharmaceutical company. From June 1997 to December 1998, Dr. Dayem served as Vice President, Research Information Services at Merck. From February 1977 to May 1997, Dr. Dayem was at Los Alamos National Laboratory, where he held several positions including Division Director, Computing, Information and Communications Division from July 1993 to May 1997.

Dr. Dennis M. Fenton, age 54, became Executive Vice President in March 2000 and in May 2003 became Executive Vice President, Operations. From January 1995 to March 2000, Dr. Fenton served as Senior Vice President, Operations; from August 1992 to January 1995 as Senior Vice President, Sales and Marketing; and from July 1991 to August 1992 as Vice President, Process Development, Facilities and Manufacturing Services. From October 1988 to July 1991, Dr. Fenton also served as Vice President, Pilot Plant Operations and Clinical Manufacturing; and from 1985 to October 1988, he served as Director, Pilot Plant Operations.

Mr. Brian McNamee, age 49, became Senior Vice President, Human Resources in June 2001. From November 1999 to June 2001, Mr. McNamee served as Vice President of Human Resources at Dell Computer Corp. From 1998 to 1999, Mr. McNamee served as Senior Vice President, Human Resources for the National Broadcasting Corporation ("NBC"), a division of General Electric Company. From July 1988 to November 1999, Mr. McNamee held human resource positions at General Electric Company.

Mr. George J. Morrow, age 53, became Executive Vice President of Worldwide Sales and Marketing, in January 2001 and became Executive Vice President, Global Commercial Operations in April 2003. From January 1999 to December 2000, Mr. Morrow was President and Chief Executive Officer of Glaxo Wellcome Inc. ("Glaxo"), a subsidiary of GlaxoSmithKline plc. From January 1997 to December 1998, Mr. Morrow was Managing Director of Glaxo Wellcome U.K., also a subsidiary of GlaxoSmithKline plc. From May 1993 to December 1996, Mr. Morrow was Group Vice President for Commercial Operations of Glaxo.

Mr. Richard D. Nanula, age 45, became Executive Vice President and Chief Financial Officer in August 2001. From November 1999 to February 2001, Mr. Nanula was Chairman and Chief Executive Officer of Broadband Sports, Inc., an Internet media company. From March 1998 to May 1999, Mr. Nanula was President and Chief Operating Officer of Starwood Hotels & Resorts Worldwide, a worldwide hotel and gaming company. From August 1986 to March 1998, Mr. Nanula was at the Walt Disney Company; where he held several positions including Senior Executive Vice President and Chief Financial Officer and President of Disney Stores Worldwide. Mr. Nanula currently serves on the Board of Directors of The Boeing Company.

Dr. Roger M. Perlmutter, age 53, became Executive Vice President of Research and Development in January 2001. From July 1999 to December 2000, Dr. Perlmutter was Executive Vice President, Worldwide Basic Research and Preclinical Development of Merck Research Laboratories. From February 1999 to

July 1999, Dr. Perlmutter served as Executive Vice President of Merck Research Laboratories, and from February 1997 to January 1999, as Senior Vice President of Merck Research Laboratories. From May 1989 to January 1997, Dr. Perlmutter was also Chairman of the Department of Immunology, University of Washington, and from January 1991 to January 1997, Professor in the Departments of Immunology, Biochemistry and Medicine, University of Washington. From July 1984 to January 1997, Dr. Perlmutter served as Investigator at the Howard Hughes Medical Institute at the University of Washington. Dr. Perlmutter currently serves on the Board of Directors of StemCells, Inc.

Mr. David J. Scott, age 53, became Senior Vice President, General Counsel and Secretary in March 2004. From May 1999 to February 2004, Mr. Scott served as Senior Vice President and General Counsel of Medtronic, Inc., a medical technology company, and also as Secretary from January 2000. From December 1997 to April 1999, Mr. Scott served as General Counsel of London-based United Distillers & Vintners. From April 1996 to November 1997, Mr. Scott served as General Counsel of London-based International Distillers & Vintners.

Geographic Area Financial Information

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

Investor Information

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

Item 1A. RISK FACTORS

This report and other documents we file with the Securities and Exchange Commission ("SEC") contain forward looking statements that are based on current expectations, estimates, forecasts and projections about us, our future performance, our business or others on our behalf, our beliefs and our management's assumptions. These statements are not guarantees of future performance and involve certain risks, uncertainties, and assumptions that are difficult to predict. You should carefully consider the risks and uncertainties facing our business. The risks described below are not the only ones facing us. Our business is also subject to the risks that affect many other companies, such as employment relations, general economic conditions, geopolitical events and international operations. Further, additional risks not currently known to us or that we currently believe are immaterial also may impair our business, operations, liquidity and stock price materially and adversely.

If our intellectual property positions are challenged, invalidated, circumvented or expire, or if we fail to prevail in present and future intellectual property litigation, our business could be adversely affected.

The patent positions of pharmaceutical and biotechnology companies can be highly uncertain and often involve complex legal, scientific, and factual questions. To date, there has emerged no consistent policy regarding breadth of claims allowed in such companies' patents. Third parties may challenge, invalidate, or circumvent our patents and patent applications relating to our products, product candidates, and technologies. In addition, our patent positions might not protect us against competitors with similar products or technologies because competing products or technologies may not infringe our patents. For example, F. Hoffmann-La Roche Ltd ("Roche") is developing a pegylated erythropoietin molecule that, according to Roche's public statements, they expect to bring to the U.S. market despite their acknowledgement of our U.S. erythropoietin patents. On November 8, 2005, we filed a lawsuit against Roche for patent infringement of six of our U.S. patents. This lawsuit is described in "Item 3. Legal Proceedings - Amgen Inc. v. F. Hoffman-La Roche Ltd., et al." For certain of our product candidates, there are third parties who have patents or pending patents that they may claim prevent us from commercializing these product candidates in certain territories. Patent disputes are frequent, costly, and can preclude or delay commercialization of products. We are currently, and in the future may be, involved in patent litigation. For example, we are currently involved in an ongoing patent infringement lawsuit against Transkaryotic Therapies, Inc. ("TKT") and Aventis with respect to our erythropoietin patents. If we lose or settle current or future litigations at certain stages or entirely, we could be: subject to competition and/or significant liabilities; required to enter into third-party licenses for the infringed product or technology; or required to cease using the technology or product in dispute. In addition, we cannot guarantee that such licenses will be available on terms acceptable to us, or at all.

Our success depends in part on our ability to obtain and defend patent rights and other intellectual property rights that are important to the commercialization of our products and product candidates. We have filed applications for a number of patents and have been granted patents or obtained rights relating to erythropoietin, natural and recombinant G-CSF, darbepoetin alfa, pegfilgrastim, etanercept, and our other products and potential products. We market our erythropoietin, recombinant G-CSF, darbepoetin alfa, pegfilgrastim, and etanercept products as EPOGEN® (Epoetin alfa), NEUPOGEN® (Filgrastim), Aranesp® (darbepoetin alfa), Neulasta® (pegfilgrastim), and Enbrel® (etanercept), respectively. With respect to our material patents, we have had a number of G-CSF patent expiries in the United States and one erythropoietin patent expiry in the European Union ("EU"). For additional information on our material patents see "Patents and Trademarks" in "Item 1. Business."

We also have been granted or obtained rights to patents in Europe relating to: erythropoietin; G-CSF; pegfilgrastim (pegylated G-CSF); etanercept; two relating to darbepoetin alfa; and hyperglycosylated erythropoietic proteins. Our principal European patent relating to erythropoietin expired on December 12, 2004 and our principal European patent relating to G-CSF expires on August 22, 2006. We believe that after the expiration of each of these patents, other companies could receive approval for and market follow-on or biosimilar products to compete with these products in the EU; presenting additional competition to our products. (See "— Our marketed products face substantial competition and other companies may discover, develop, acquire or commercialize products before or more successfully than we do.") While we do not market erythropoietin in Europe as this right belongs to Johnson & Johnson (through Kirin Amgen, Inc. ("KA")), we do market Aranesp® in the EU, which competes with Johnson & Johnson's EPREX® product, Roche's Neorecormon® product, and others' erythropoietin products. We cannot predict with certainty when the first biosimilar products could appear on the market in the EU. However, based on an announcement by Shire Pharmaceuticals Group plc ("Shire"), we expect that the first competing Epoetin alfa product, manufactured by Shire, may appear on the market in the EU in the first half of 2007. Also, we expect that biosimilar erythropoietin products may be approved in the EU beginning in late 2006 and could be available in the EU shortly after approval. We also expect that the first biosimilar G-

CSF product may be approved as early as mid-2007 and that it would compete with Neulasta® and NEUPOGEN®. We cannot predict whether or to what extent the entry of biosimilar products would impact future Aranesp®, Neulasta® or NEUPOGEN® sales in the EU. The EU is currently in the process of developing regulatory guidelines related to the development and approval of biosimilar products. In July 2005, the European Agency for the Evaluation of Medical Products ("EMEA"), issued clinical trial guidance for certain biosimilar products including erythropoietins and granulocyte-colony stimulating factors, which guidance recommends that applicants seeking approval of such biosimilar products conduct fairly extensive pharmacodynamic, toxicological, clinical safety studies and a pharmacovigilance program. In October 2005, the EMEA confirmed that biosimilar products will be approved under a different legal pathway than the one applicable to generics of small molecule drugs. Based on the process and timing outlined by the EMEA, we believe relevant product specific guidelines are likely to be finalized by the first quarter of 2006. However, we cannot predict what final EMEA product specific guidelines will be.

Before we commercialize and sell any of our product candidates, we must conduct clinical trials in humans; if we fail to adequately manage these trials we may not be able to sell future products and our sales could be adversely affected.

Before we can sell any products, we must conduct clinical trials which demonstrate that our product candidates are safe and effective for use in humans for the indications sought. The results of these clinical trials are used as the basis to obtain regulatory approval from government authorities such as the U.S. Food and Drug Administration ("FDA"). Clinical trials are experiments conducted using our product candidates in human patients having the diseases or medical conditions we are trying to address. Conducting clinical trials is a complex, time-consuming and expensive process. We are required to conduct clinical trials using an appropriate number of trial sites and patients to support the product label claims we are seeking. The length of time, number of trial sites and patients required for clinical trials vary substantially according to the type, complexity, novelty and intended use of the product candidate, and therefore, we may spend as much as several years completing certain trials. Further, the time within which we can complete our clinical trials depends in large part on the rate of patient enrollment. Patient enrollment is a function of several factors, including the size of the patient population, enrollment criteria, the proximity of the patients to the trial sites, and competition with other clinical trials for eligible patients. As such, there may be limited availability of patients who meet the criteria for certain clinical trials. Delays in planned patient enrollment can result in increased development costs, delays in regulatory approvals and associated delays in product candidates reaching the market. Patients may also suffer adverse medical events or side effects in the course of our clinical trials that may delay or prohibit regulatory approval of our product candidates. Of course, even if we successfully manage our clinical trials, we may not obtain favorable clinical trial results and may not be able to obtain regulatory approval on this basis.

In 2006, we are expecting a significant increase in the number, size, duration and complexity of our clinical trials, in particular with respect to denosumab, our late-stage investigational product for osteoporosis, and we expect total research and development expenses to increase by 30-40%. For example, testing denosumab in the osteoporosis setting requires large clinical trials, substantial time and resources to recruit patients and significant expense to execute. We expect to start eleven "mega-site" trials (involving 200 or more sites) in 2006 to support denosumab and our other late-stage programs. To execute our clinical trial programs, we need to accelerate the growth of our development organization, implement new management structures and approaches and increase dependence on third-party contract clinical trial providers. Further, to increase the number of patients available for enrollment for our clinical trials, we are planning to open clinical sites and enroll patients in a number of new geographic locations where our experience conducting clinical trials is more limited, including Russia, China, India and some South American countries. We plan to conduct clinical trial activities in these new territories through third-party contract clinical trial providers.

If we fail to adequately manage the increasing number, size and complexity of our clinical trials, our clinical trials and corresponding regulatory approvals may be delayed or we may fail to gain approval for our product candidates altogether. If we are unable to market and sell our product candidates or are unable to obtain approvals in the timeframe needed to execute our product strategies, our business and results of operations would be adversely affected materially.

Our product development efforts may not result in commercial products.

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

- the product candidate did not demonstrate acceptable clinical trial results even though it demonstrated positive preclinical trial results
- the product candidate was not effective in treating a specified condition or illness
- the product candidate had harmful side effects in humans or animals
- the necessary regulatory bodies, such as the FDA, did not approve our product candidate for an intended use
- the product candidate was not economical for us to manufacture and commercialize
- other companies or people have or may have proprietary rights to our product candidate, such as patent rights, and will not let us sell it on reasonable terms, or at all
- the product candidate is not cost effective in light of existing therapeutics
- we and certain of our licensors or partners may fail to effectively conduct clinical development or clinical manufacturing activities

Several of our product candidates have failed or been discontinued at various stages in the product development process, including, but not limited to, Brain Derived Neurotrophic Factor ("BDNF"), Megakaryocyte Growth and Development Factor ("MGDF"), and Glial Cell Lined-Derived Neurotrophic Factor ("GDNF"). For example, in 1997, we announced the failure of BDNF for the treatment of amyotrophic lateral sclerosis, or Lou Gehrig's Disease, because the product candidate, when administered by injection, did not produce acceptable clinical results for a specific use after a phase 3 trial, even though BDNF had progressed successfully through preclinical and earlier clinical trials. In addition, in 1998, we discontinued development of MGDF, a novel platelet growth factor, at the phase 3 trial stage after several people in platelet donation trials developed low platelet counts and neutralizing antibodies. Also, in June 2004, we announced that the phase 2 study of GDNF for the treatment of advanced Parkinson's disease did not meet the primary study endpoint upon completion of nine months of the double-blind treatment phase of the study even though a small phase 1 pilot investigator initiated open label study over a three year period appeared to result in improvements for advanced Parkinson's disease patients. Subsequently, in the fall of 2004 we discontinued clinical development of GDNF in patients with advanced Parkinson's disease after several patients in the phase 2 study developed neutralizing antibodies and new preclinical data showed that GDNF caused irreversible damage to the area of the brain critical to movement control and coordination. On February 11, 2005, we confirmed our previous decision to halt clinical trials and, as a part of that decision and based on thorough scientific review, we also concluded that we will not provide GDNF to the 48 patients who participated in clinical trials that were terminated in the fall of 2004. Of course, there may be other factors that prevent us from marketing a product. We cannot guarantee we will be able to produce or manufacture commercially successful products. (See "— Difficulties, disruptions or delays in manufacturing may limit supply of our products and limit our

product sales.", "— Our current products and products in development cannot be sold if we do not maintain regulatory approval and comply with manufacturing regulations." and "— Before we commercialize and sell any of our product candidates, we must conduct clinical trials in humans; if we fail to adequately manage these trials we may not be able to sell future products and our sales could be adversely affected.")

Our sales depend on payment and reimbursement from third-party payers, and, to the extent that reimbursement for our products is reduced, this could negatively impact the utilization of our products.

In the United States, dialysis providers are primarily reimbursed for EPOGEN® by the federal government through the End Stage Renal Disease Program ("ESRD Program") of Medicare. The ESRD Program reimburses approved providers for 80% of allowed dialysis costs; the remainder is paid by other sources, including patients, state Medicaid programs, private insurance, and to a lesser extent, state kidney patient programs. The ESRD Program reimbursement rate is established by federal law and is monitored and implemented by the Centers for Medicare & Medicaid Services ("CMS"). Most patients receiving Aranesp®, Neulasta®, and NEUPOGEN® for approved indications are covered by both government and private payer health care programs. Beginning in 2006, ENBREL and Sensipar® are eligible for coverage from the U.S. government under Medicare Part D. Therefore, sales of all of our principal products are dependent, in part, on the availability and extent of reimbursement from third-party payers, including governments and private insurance plans. Generally, worldwide use of our products may be affected by cost containment pressures and cost shifting from governments and private insurers on health care providers in response to ongoing initiatives to reduce health care expenditures.

The Medicare Prescription Drug Improvement and Modernization Act (or the "Medicare Modernization Act" ("MMA")) was enacted into law in December 2003 and became effective January 1, 2005. Changes resulting from the MMA, which lowered reimbursement for our products, could negatively affect product sales of some of our marketed products. However in 2005, we believe that our product sales were not significantly impacted by the reimbursement changes resulting from the MMA. We believe this was, in part, due to the effects of CMS's oncology demonstration project (the "2005 Demonstration Project") on sales of our products used in supportive cancer care, especially Aranesp®. Furthermore, we believe this was also, in part, due to increased reimbursement rates to physicians from CMS for services associated with drug administration. The 2005 Demonstration Project, which provided financial incentives to physicians for collecting and reporting oncology patient survey data, expired on December 31, 2005. In November 2005, CMS announced a new demonstration project (the "2006 Demonstration Project") that uses different criteria for how patients with cancer are evaluated and treated and that is targeted at approximately half of the funding originally targeted for the 2005 Demonstration Project. The final rule for the 2006 Medicare Physician Fee Schedule Payment Final Rule issued in November 2005 reduced payments for physician services in 2006 by approximately 4.4% on average. However, recently passed legislation will eliminate this reduction for 2006. Because we cannot accurately predict the impact of any such changes on how, or under what circumstances, healthcare providers will prescribe or administer our products, we cannot estimate the full impact of the MMA on our business. However, we believe that it is not likely to be significant to our business in 2006.

The main components of the MMA that affect our currently marketed products are as follows:

- Through 2004, the Average Wholesale Price ("AWP") mechanism was the basis of Medicare Part B payment for covered outpatient drugs and biologics. Effective January 1, 2005, in the physician clinic setting, Aranesp®, Neulasta® and NEUPOGEN® are being reimbursed under a Medicare Part B payment methodology that reimburses each product at 106% of its "average sales price" ("ASP") (sometimes referred to as "ASP+6%"). ASP is calculated by the manufacturer based on a statutorily defined formula and submitted to CMS. A product's ASP is calculated on a quarterly basis and therefore may change each quarter. The ASP in effect for a given quarter (the "Current

Period") is based upon certain historical sales and sales incentive data covering a statutorily defined period of time preceding the Current Period. For example, the ASP for Aranesp® that we submit for the second quarter of 2006 will be based on certain historical sales and sales incentive data for Aranesp® from January 1, 2005 through December 31, 2005. CMS publishes the ASPs for products in advance of the quarter in which they go into effect. The 2005 reimbursement rates for Aranesp® and Neulasta® (calculated at 106% of the ASPs) were lower than their respective 2004 reimbursement rates. Although the ASPs for Aranesp® and Neulasta® have trended downward during 2005, they began to stabilize during the fourth quarter of 2005.

- Per the MMA, physicians in the physician clinic setting will have the choice between purchasing and billing for drugs under the ASP+6% system or obtaining drugs from vendors selected by CMS under the "competitive acquisition program" ("CAP") starting in 2006. Physicians who select to obtain drugs from CAP will no longer purchase or obtain reimbursement directly for such drugs. CMS issued a final rule related to CAP in November 2005. Based on this final rule, the election period for 2006 will occur between April 3 and May 15, 2006 for participation from July 1 through December 31, 2006; the first drug deliveries through the CAP will occur in July 2006. Based on the final rule for CAP, we do not anticipate widespread adoption of this program initially. Nevertheless, because we cannot fully predict how many physicians will select to obtain drugs from CAP, we cannot predict the full impact of the CAP on our business. However, pursuant to the final rule, discounts to CAP vendors are excluded from the calculation of ASPs and therefore do not have the potential to impact the ASPs for our products that would be available through the CAP.

- Medicare's hospital outpatient prospective payment system ("OPPS"), which determines payment rates for specified covered outpatient drugs and biologics in the hospital outpatient setting, utilized AWP as the basis for reimbursement in 2005. CMS' 2005 reimbursement rate, as in 2003 and 2004, continued the application of an "equitable adjustment" such that the 2005 Aranesp® reimbursement rate was based on the AWP of PROCRIT®. For 2005, the reimbursement rate for Aranesp® was 83% of the AWP for PROCRIT®, down from 88% of the AWP for PROCRIT® in 2004, with a dose conversion ratio of 330 U PROCRIT® to 1 mcg Aranesp®, the same ratio as 2004. Effective January 1, 2006, the OPPS system changed from an AWP based reimbursement system to a system based on ASP. This change affects Aranesp®, Neulasta® and NEUPOGEN® when administered in the hospital outpatient setting. In November 2005, CMS released its final OPPS rule for 2006. This final rule bases reimbursement for non-pass through products such as Aranesp®, Neulasta® and NEUPOGEN® on an ASP+6% using the same payment amounts as used in the physician clinic setting and does not apply an "equitable adjustment" to tie the reimbursement rate for Aranesp® to PROCRIT® using a dose conversion ratio. In the final rule, CMS noted that it reserves the right to apply "equitable adjustment" to the Aranesp® reimbursement rate calculation methodology in years after 2006.

- Pursuant to final rules issued by CMS on November 3, 2004, Medicare reimbursement for EPOGEN® used in the dialysis setting for calendar year 2005 changed from the previous rate in 2004 of $10 per 1,000 Units to $9.76 per 1,000 Units, in 2005, a rate based upon an average acquisition cost for 2003 determined by the Office of the Inspector General ("OIG") and adjusted for price inflation based on the Producer Price Index for pharmaceutical products. Pursuant to the CMS final rules, the difference between the 2004 reimbursement rates for all drugs separately billed outside the dialysis composite rate (including EPOGEN®) and the 2005 reimbursement rates for such drugs was added to the composite rate that dialysis providers receive for dialysis treatment. In November 2005, CMS released the 2006 Medicare Physician Fee Schedule Payment Final Rule. In the final rule, CMS stated that EPOGEN® and separately billed ESRD drugs will be reimbursable at ASP+6% in both freestanding and hospital-based dialysis centers. This final rule establishes the payment mechanism for separately reimbursed dialysis drugs in both freestanding and hospital-

based dialysis centers, including EPOGEN® and Aranesp®, at ASP+6% using the same payment amounts used in the physician clinic setting and calculated quarterly in the same manner as described above for our products under the Medicare Part B payment methodology. Based on this final rule, we expect that the reimbursement rate for EPOGEN® will decrease for 2006 compared to 2005. Because we cannot accurately predict the extent to which this reduced reimbursement will impact how, or under what circumstances, healthcare providers will prescribe or administer EPOGEN®, we cannot estimate the full impact of the reduced reimbursement rate on our EPOGEN® product sales. However, we believe that it is not likely to be significant in 2006.

In addition, on November 9, 2005, CMS released a final revision to the Hematocrit Measurement Audit Program Memorandum ("HMA-PM"), a Medicare payment review mechanism used by CMS to audit EPOGEN® and Aranesp® (when used in dialysis) utilization and appropriate hematocrit outcomes of dialysis patients. The new policy, Claims Monitoring Policy: Erythropoietin/darbepoetin alfa usage for beneficiaries with end stage renal disease ("Claims Monitoring Policy"), will be effective April 1, 2006. The final Claims Monitoring Policy provides that if a patient's hemoglobin is greater than 13 grams per deciliter, providers are instructed to reduce the patient's EPOGEN® and Aranesp® dose by twenty-five percent. If the provider does not reduce the patient's EPOGEN® and Aranesp® dose and there is no medical documentation to support the higher dosage, reimbursement will be reduced to the level it would have been had the provider reduced dosage by twenty-five percent. Based on our preliminary evaluation, we do not expect the new Claims Monitoring Policy to have a negative impact on EPOGEN® and Aranesp® sales and given the importance of EPOGEN® and Aranesp® for maintaining the quality of care for dialysis patients, we do not expect that the new policy will substantially impact the utilization of EPOGEN® and Aranesp®. However, we are currently in the process of further evaluating the new Claims Monitoring Policy. As a result, we cannot predict the potential full impact of this final guidance on our business.

If, and when, reimbursement rates or availability for our marketed products changes adversely or if we fail to obtain adequate reimbursement for our current or future products, health care providers may limit how much or under what circumstances they will prescribe or administer them, which could reduce the use of our products or cause us to reduce the price of our products. This could result in lower product sales, which could have a material adverse effect on us and our results of operations. For example, the use of EPOGEN® in the United States in connection with treatment for end stage renal disease is funded primarily by the U.S. federal government. In early 1997, CMS, formerly known as Healthcare Financing Administration ("HCFA"), instituted a reimbursement change for EPOGEN®, which materially and adversely affected our EPOGEN® sales until the policies were revised. Also, we believe the increasing emphasis on cost-containment initiatives in the United States, Europe, and other countries has and will continue to put pressure on the price and usage of our products, which may adversely impact product sales. Further, when a new therapeutic product is approved, the governmental and/or private coverage and reimbursement for that product is uncertain. We cannot predict the availability or amount of reimbursement for our approved products or product candidates, including those at a late stage of development, and current reimbursement policies for marketed products may change at any time. Sales of all our products are and will be affected by government and private payer reimbursement policies. Reduction in reimbursement for our products could have a material adverse effect on our product sales and results of operations.

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

Certain raw materials necessary for commercial manufacturing and formulation of our products are provided by single-source unaffiliated third-party suppliers. Also, certain medical devices and components necessary for formulation, fill, and finish of our products are provided by single-source unaffiliated third-party suppliers. Certain of these raw materials, medical devices, and components are the proprietary products of these unaffiliated third-party suppliers and, in some cases, such proprietary products are specifically cited in our drug application with the FDA so that they must be obtained from that specific sole source and could not be obtained from another supplier unless and until the FDA approved that other supplier. We would be unable to obtain these raw materials, medical devices, or components for an indeterminate period of time if these third-party single-source suppliers were to cease or interrupt production or otherwise fail to supply these materials or products to us for any reason, including due to regulatory requirements or action, due to adverse financial developments at or affecting the supplier, and/or due to unexpected demand, labor shortages or disputes. We would also be unable to obtain these materials, devices and components for an indeterminate period of time if such supply was subsequently found to not be in compliance with our quality standards or resulted in quality failures or product contamination and/or recall when used to manufacture, formulate, fill, or finish our products. These events could adversely affect our ability to satisfy demand for our products, which could adversely affect our product sales and operating results materially. For example, we have experienced shortages in certain components necessary for the formulation, fill, and finish of certain of our products in our Puerto Rico facility without impact on our ability to supply these products. However, we may experience the shortages in the future resulting in delayed shipments, supply constraints, stock-outs and/or recalls of our products.

Also, certain of the raw materials required in the commercial manufacturing and the formulation of our products are derived from biological sources, including mammalian tissues, bovine serum and human serum albumin, or HSA. We are investigating alternatives to certain biological sources as such raw materials may be subject to contamination and/or recall. Also, some countries in which we market our products may restrict the use of certain biologically derived substances in the manufacture of drugs. A material shortage, contamination, recall, and/or restriction of the use of certain biologically derived substances in the manufacture of our products could adversely impact or disrupt our commercial manufacturing of our products or could result in a mandated withdrawal of our products from the market. This could adversely affect our ability to satisfy demand for our products, which could adversely affect our product sales and operating results materially.

Our current products and products in development cannot be sold if we do not maintain regulatory approval and comply with manufacturing regulations.

We and certain of our licensors and partners conduct research, preclinical testing, and clinical trials for our product candidates. In addition, we manufacture and contract manufacture and certain of our licensors and partners manufacture our product candidates. We also manufacture and contract manufacture, price, sell, distribute, and market or co-market our products for their approved indications. These activities are subject to extensive regulation by numerous state and federal governmental authorities in the United States, such as the FDA and CMS, as well as in foreign countries, including European countries, Canada, Australia and Japan. Currently, we are required in the United States and in foreign countries to obtain approval from those countries' regulatory authorities before we can manufacture (or have our third-party manufacturers produce), market and sell our products in those countries. In our experience, obtaining regulatory approval is costly and takes many years, and after it is obtained, remains costly to maintain. (See "— Before we commercialize and sell any of our product candidates, we must conduct clinical trials in humans; if we fail to adequately manage these trials we may not be able to sell future products and our sales could be adversely affected.")

The FDA and other U.S. and foreign regulatory agencies have substantial authority to terminate clinical trials, require additional testing, delay or withhold registration and marketing approval, require changes in labeling of our products, and mandate product withdrawals. Substantially all of our marketed products are currently approved in the United States and most are approved in Europe and in other foreign countries for specific uses. However, later discovery of unknown problems with our products could result in restrictions on the sale or use of such products, including potential withdrawal of the product from the market. If new medical data suggests an unacceptable safety risk or previously unidentified side-effects, we may voluntarily withdraw, or regulatory authorities may mandate the withdrawal of, such product from the market for some period or permanently. Further, regulatory agencies could change existing, or promulgate new, regulations at any time which may affect our ability to obtain or maintain approval of our existing or future products or require significant additional costs to obtain or maintain such approvals. We currently manufacture and market all our approved principal products, and we plan to manufacture and market many of our potential products. (See "— Difficulties, disruptions or delays in manufacturing may limit supply of our products and limit our product sales." and "— We may be required to perform additional clinical trials or change the labeling of our products if we or others identify side effects after our products are on the market.") Even though we have obtained regulatory approval for our marketed products, these products and our manufacturing processes are subject to continued review by the FDA and other regulatory authorities. In addition, ENBREL is manufactured both by us at our Rhode Island manufacturing facilities and by third-party contract manufacturers, including Boehringer Ingelheim Pharma KG ("BI Pharma"). Formulation, fill, and finish of bulk product produced at our Rhode Island manufacturing facilities is performed by us and third-party service providers and formulation, fill, and finish of bulk product manufactured at our other facilities that is currently solely performed by us may also be performed by us and third-party service providers in the future. The third-party contract manufacturers and third-party service providers are also subject to FDA regulatory authority. (See "— Difficulties, disruptions or delays in manufacturing may limit supply of our products and limit our product sales.") In addition, later discovery of unknown problems with our products or manufacturing processes or those of our contract manufacturers or third-party service providers could result in restrictions on the sale, manufacture, or use of such products, including potential withdrawal of the products from the market. For example, we have conducted a voluntary wholesaler recall of a limited number of lots of ENBREL as a result of a small number of reports of missing, detached or loose rubber caps on the needle-less syringe filled with diluent liquid by a third-party contract manufacturer and packaged with the vials of ENBREL. Although there have been no observable adverse event trends associated with the reports of missing detached or loose rubber caps, we may experience the same or other problems in the future resulting in broader product recalls or adverse event trends. If regulatory authorities determine that we or our contract manufacturers or third-party service providers have violated regulations or if they restrict, suspend, or revoke our prior approvals, they could prohibit us from manufacturing or selling our marketed products until we or our contract manufacturers or third-party service providers comply, or indefinitely. In addition, if regulatory authorities determine that we or our licensor or partner conducting research and development activities on our behalf have not complied with regulations in the research and development of a product candidate, then they may not approve the product candidate and we will not be able to market and sell it. If we were unable to market and sell our products or product candidates, our business and results of operations would be materially and adversely affected.

We formulate, fill, and finish substantially all our products at our Puerto Rico manufacturing facility; if significant natural disasters or production failures occur at this facility, we may not be able to supply these products.

We currently perform all of the formulation, fill, and finish for EPOGEN®, Aranesp®, Neulasta® and NEUPOGEN® and some formulation, fill, and finish operations for ENBREL at our manufacturing facility in Juncos, Puerto Rico. Our global supply of these products is significantly dependent on the uninterrupted and efficient operation of this facility. Additionally, to keep up with the growing demand for

our products, we are operating this facility at nearly full production capacity. Power failures, the breakdown, failure or substandard performance of equipment, the improper installation or operation of equipment, natural or other disasters, including hurricanes, or failures to comply with regulatory requirements, including those of the FDA, contamination or shortages of components used in the formulation, fill, and finish of our products, among others, could adversely affect our formulation, fill, and finish operations. For example, this facility in Puerto Rico has experienced manufacturing component shortages and has had evidence of adverse trends in the microbial bioburden of the production environment that has reduced the production output. Although these experiences in Puerto Rico have not impacted our ability to supply product in the past, the same or other problems may result in our being unable to supply these products, which could adversely affect our product sales and operating results materially. Although we have obtained limited insurance to protect against certain business interruption losses, there can be no assurance that such coverage will be adequate or that such coverage will continue to remain available on acceptable terms, if at all. The extent of the coverage of our insurance could limit our ability to mitigate for lost sales and could result in such losses adversely affecting our product sales and operating results materially.

Difficulties, disruptions or delays in manufacturing may limit supply of our products and limit our product sales.

We currently manufacture and market all our principal products, and we plan to manufacture and market many of our potential products. Manufacturing biologic human therapeutic products is difficult, complex and highly regulated. (See "— Our current products and products in development cannot be sold if we do not maintain regulatory approval and comply with manufacturing regulations.") Our ability to adequately and timely manufacture and supply our products is impacted by many manufacturing variables, such as availability of raw materials and components used in the manufacturing process, particularly those for which we have no other source or supplier, facility capacity, the timing and actual number of production runs, production success rates, bulk drug yields, and the timing and outcome of product quality testing. If we have problems in one or more of these or other manufacturing variables, we may experience delayed shipments, supply constraints, stock-outs and/or recalls of our products. For example, in the second quarter of 2002, the prior co-marketers with respect to ENBREL experienced a brief period where no ENBREL was available to fill patient prescriptions, primarily due to variation in the expected production yield from BI Pharma, our primary third-party manufacturer of ENBREL. If we are at any time unable to provide an uninterrupted supply of our products to patients, we may lose patients, physicians may elect to prescribe competing therapeutics instead of our products, and sales of our products will be adversely affected, which could materially and adversely affect our product sales and results of operations.

We are dependent on third parties for a significant portion of our bulk supply and the formulation, fill, and finish of ENBREL.

We currently produce a substantial portion of annual ENBREL supply at our Rhode Island manufacturing facilities. However, we also depend on third parties for a significant portion of our ENBREL bulk supply as well as for some of the formulation, fill, and finish of ENBREL that we manufacture. BI Pharma is our third-party manufacturer of ENBREL bulk drug; accordingly, our U.S. and Canadian supply of ENBREL is currently significantly dependent on BI Pharma's production schedule for ENBREL. We would be unable to produce ENBREL in sufficient quantities to substantially offset shortages in BI Pharma's scheduled production if BI Pharma or other third-party manufacturers used for the formulation, fill, and finish of ENBREL bulk drug were to cease or interrupt production or services or otherwise fail to supply materials, products, or services to us for any reason, including due to labor shortages or disputes, regulatory requirements or action, or contamination of product lots or product recalls. This in turn could materially reduce our ability to satisfy demand for ENBREL, which could materially and adversely affect our operating results. Among the factors that could affect our actual supply of ENBREL at any time in

clude, without limitation, is BI Pharma's and the Rhode Island facilities' bulk drug production scheduling. For example, BI Pharma does not produce ENBREL continuously; rather, it produces the bulk drug substance through a series of periodic campaigns throughout the year. Our Rhode Island manufacturing facilities are currently dedicated to ENBREL production. The amount of commercial inventory available to us at any time depends on a variety of factors, including the timing and actual number of BI Pharma's production runs, the actual number of runs at our Rhode Island manufacturing facilities, and, for either the Rhode Island or BI Pharma facilities, the level of production yields and success rates, the timing and outcome of product quality testing, and the amount of formulation, fill, and finish capacity.

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

Under a collaboration and global supply agreement, we and Wyeth share the total worldwide supply of ENBREL produced by Amgen's Rhode Island manufacturing facilities, BI Pharma's manufacturing facility in Germany and Wyeth's manufacturing facility in Ireland. Our ENBREL supply forecasts rely on certain assumptions of how much ENBREL each of these manufacturing facilities is expected to produce. If any of these manufacturing facilities are unable to produce in accordance with our or Wyeth's expectations, the worldwide supply of ENBREL could be adversely affected materially. In such cases, we may be required to allocate supply for Wyeth's benefit. To the extent that there is a shortfall in worldwide production expectations, our supply of ENBREL could be adversely affected.

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

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

- we need to generate higher revenues to cover a higher level of operating expenses, and our ability to do so may depend on factors that we do not control
- we need to attract and retain highly qualified management, scientific, manufacturing and sales and marketing personnel, including hiring of approximately 1,000 new staff into our research and development organizations in 2006
- we will need to assimilate new staff members and we will need to manage complexities associated with a larger, faster growing and geographically diverse organization
- we will need to significantly expand our clinical development resources to manage and execute increasingly larger and more complex clinical trials
- we will need to significantly expand our sales and marketing resources to launch a number of late-stage product candidates close in time
- we will need to accurately anticipate demand for the products we manufacture and maintain adequate manufacturing capacity for both commercial and clinical supply
- we will need to start up and operate a number of new manufacturing facilities and enter into and manage new third-party contract manufacturing arrangements, which may result in temporary inefficiencies and higher cost of goods
- we are implementing an enterprise resource planning system to support our increasingly complex business and business processes and such implementation carries substantial operations risk, including loss of data or information, unanticipated increases in costs, disruption of operations or business interruption

Of course, there may be other risks and we cannot guarantee that we will be able to successfully manage these or other risks. If we fail to manage our growth in these ways or others, such failure could result in a material adverse affect on our business and results of operations.

Our marketed products face substantial competition and other companies may discover, develop, acquire or commercialize products before or more successfully than we do.

We operate in a highly competitive environment. Our products compete with other products or treatments for diseases for which our products may be indicated. For example, ENBREL competes in certain circumstances with products marketed by Centocor, Inc., Johnson & Johnson, Abbott Laboratories, Biogen IDEC Inc., Genentech, Inc., Pfizer Inc., Novartis Corp., and Sanofi-Aventis, as well as the generic drug methotrexate, and may face competition from other potential therapies being developed. Additionally, Aranesp® competes with products marketed by Johnson & Johnson in the United States and the EU and with products marketed by Roche in the EU. Also, Aranesp® may face competition in the EU from another Epoetin alfa product produced by Shire in the first half of 2007. Aranesp® and EPOGEN® may also face competition from Roche's pegylated erythropoietin molecule that, according to Roche's public statements, they expect to bring to the U.S. market despite their acknowledgement of our U.S. erythropoietin patents. (See "— If our intellectual property positions are challenged, invalidated, circumvented or expire, or if we fail to prevail in present and future intellectual property litigation, our business could be adversely affected.") Further, if our currently marketed products are approved for new uses, or if we sell new products, we may face new, additional competition that we do not face today. Our principal European patent relating to erythropoietin expired on December 12, 2004 and our principal European patent relating to G-CSF expires on August 22, 2006. We believe that after the expiration of each of these patents, other companies could receive approval for and market biosimilar products to compete with our products in the EU, presenting additional competition to our products. While we do not market erythropoietin in Europe as this right belongs to Johnson & Johnson (through KA), we do market Aranesp® in the EU, which competes with Johnson & Johnson's EPREX® product, Roche's Neorecormon® product and others' erythropoietin products. We cannot predict with certainty when the first biosimilar products could appear on the market in the EU. However, we believe that biosimilar erythropoietin products may be approved in the EU beginning in late 2006 and could be available in the EU shortly after approval. We also expect that the first biosimilar G-CSF product may be approved as early as mid-2007 and that it would compete with Neulasta® and NEUPOGEN®. We cannot predict whether or to what extent the entry of biosimilar products would impact future Aranesp®, Neulasta® or NEUPOGEN® sales in the EU. Our products may compete against products that have lower prices, superior performance, are easier to administer, or that are otherwise competitive with our products. Our inability to compete effectively could adversely affect product sales materially. The EU is currently in the process of developing regulatory guidelines related to the development and approval of biosimilar products. In July 2005, the EMEA issued clinical trial guidance for certain biosimilar products including erythropoietins and granulocyte-colony stimulating factors, which guidance recommends that applicants seeking approval of such biosimilar products conduct fairly extensive pharmacodynamic, toxicological, clinical safety studies and a pharmacovigilance program. In October 2005, the EMEA confirmed that biosimilar products will be approved under a different legal pathway than the one applicable to generics of small molecule drugs. Based on the process and timing outlined by the EMEA, we believe relevant product specific guidelines are likely to be finalized by the first quarter of 2006. However, we cannot predict what the final EMEA product specific guidelines will be.

Certain of our competitors, including biotechnology and pharmaceutical companies, market products or are actively engaged in research and development in areas where we have products or where we are developing product candidates or new indications for existing products. In the future, we expect that our products will compete with new drugs currently in development, drugs approved for other indications that may be approved for the same indications as those of our products, and drugs approved for other indications that are used off-label.

Large pharmaceutical corporations may have greater clinical, research, regulatory, manufacturing, marketing, financial and human resources than we do. In addition, some of our competitors may have technical or competitive advantages over us for the development of technologies and processes. These resources may make it difficult for us to compete with them to successfully discover, develop, and market new products and for our current products to compete with new products or new product indications that these competitors may bring to market. Business combinations among our competitors may also increase competition and the resources available to our competitors.

Concentration of sales at certain of our wholesaler distributors and consolidation of freestanding dialysis clinic businesses may negatively impact our bargaining power and profit margins.

A significant portion of our product sales are made to three pharmaceutical product wholesaler distributors, AmerisourceBergen Corporation, Cardinal Health, Inc., and McKesson Corporation. Sales to these three customers aggregated approximately 94% of total U.S. product sales in 2005. These distributors, in turn, sell our products to their customers, which include clinics, dialysis centers, hospitals and pharmacies. One of these products, EPOGEN®, is primarily sold to independent freestanding dialysis clinics, which have recently experienced significant consolidation. Three of these freestanding dialysis clinics, DaVita Inc., Fresenius Medical Care North America, Inc., and Renal Care Group, Inc., account for approximately 70% of all EPOGEN® sales in the freestanding dialysis clinic setting. This concentration and consolidation has increased these entities' purchasing leverage and may put pressure on our pricing by their potential ability to extract price discounts on our products or fees for other services, correspondingly negatively impacting our bargaining position and profit margins. The results of these developments may have a material adverse effect on our product sales and results of operations.

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

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

Our business may be impacted by government investigations or litigation.

We and certain of our subsidiaries are involved in legal proceedings relating to various patent matters, government investigations, our business operations, government requests for information, and other legal proceedings that arise from time to time in the ordinary course of our business. Matters required to be disclosed by us are set forth in "Item 3. Legal Proceedings" and are updated as required in subsequently filed Form 10-Qs. Litigation is inherently unpredictable, and the outcome can result in excessive verdicts and/or injunctive relief that affects how we operate our business. Consequently, it is possible that we could, in the future, incur judgments or enter into settlements of claims for monetary damages or change the way we operate our business, which could have a material adverse effect on our results of operations (in the case of monetary damages, in the period in which such damages are incurred).

The federal government, state governments and private payers are investigating, and many have filed actions against, numerous pharmaceutical and biotechnology companies, including Amgen and Immunex Corporation, now a wholly owned subsidiary of ours, alleging that the reporting of prices for pharmaceutical products has resulted in false and overstated AWP, which in turn is alleged to have improperly inflated the reimbursement paid by Medicare beneficiaries, insurers, state Medicaid programs, medical plans and other payers to health care providers who prescribed and administered those products. A number of these actions have been brought against us and/or Immunex. Additionally, a number of states have pending in

vestigations regarding our Medicaid drug pricing practices and the U.S. Departments of Justice and Health and Human Services have requested that Immunex produce documents relating to pricing issues. Further, certain state government entity plaintiffs in some of these AWP cases are also alleging that companies, including ours, are not reporting their "best price" to the states under the Medicaid program. These cases and investigations are described in "Item 3. Legal Proceedings — Average Wholesale Price Litigation", and are updated as required in subsequent Form 10-Qs. Other states and agencies could initiate investigations of our pricing practices. A decision adverse to our interests on these actions and/or investigations could result in substantial economic damages and could have a material adverse effect on our results of operations in the period in which such liabilities are incurred.

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

Product liability is a major risk in testing and marketing biotechnology and pharmaceutical products. We may face substantial product liability exposure in human clinical trials and for products that we sell after regulatory approval. Product liability claims, regardless of their merits, could be costly and divert management's attention, and adversely affect our reputation and the demand for our products. Amgen and Immunex have been named as defendants in product liability actions for certain company products.

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

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

After any of our products are approved for commercial use, we or regulatory bodies could decide, and have in the past decided, that changes to our product labeling are required. Label changes may be necessary for a number of reasons, including: the identification of actual or theoretical safety or efficacy concerns by regulatory agencies; the discovery of significant problems with a similar product that implicates an entire class of products or subsequent concerns about the sufficiency of the data or studies underlying the label. Any significant concerns raised about the safety or efficacy of our products could also result in the need to reformulate those products, to conduct additional clinical trials, to make changes to our manufacturing processes, or to seek re-approval of our manufacturing facilities. Significant concerns about the safety and effectiveness of a product could ultimately lead to the revocation of its marketing approval. The revision of product labeling or the regulatory actions described above could be required even if there is no clearly established connection between the product and the safety or efficacy concerns that have been raised. The revision of product labeling or the regulatory actions described above could have a material adverse effect on sales of the affected products and on our business and results of operations. (See "— Our current products and products in development cannot be sold if we do not maintain regulatory approval and comply with manufacturing regulations.")

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

Government agencies promulgate regulations and guidelines directly applicable to us and to our products. However, professional societies, practice management groups, private health/science foundations, and organizations involved in various diseases from time to time may also publish guidelines or recommendations to the health care and patient communities. Recommendations of government agencies or these other groups/organizations may relate to such matters as usage, dosage, route of administration, and use of related therapies. Organizations like these have in the past made recommendations about our products. Recommendations or guidelines that are followed by patients and health care providers could result in decreased use of our products. For example, we understand that the Agency for Healthcare Re

search and Quality ("AHRQ") is currently preparing a report on erythropoietic stimulating proteins used in cancer treatment. To the extent that the report makes recommendations on the use of Aranesp®, use of this product could be affected. In addition, the perception by the investment community or stockholders that recommendations or guidelines will result in decreased use of our products could adversely affect prevailing market prices for our common stock.

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

Our stock price, like that of other biotechnology companies, is volatile. For example, in the fifty-two weeks prior to December 31, 2005, the trading price of our common stock has ranged from a high of $86.17 per share to a low of $57.20 per share. Our stock price may be affected by a number of factors, such as:

- changes in reimbursement policies or medical practices
- adverse developments regarding the safety or efficacy of our products
- actual or anticipated clinical trial results
- actual or anticipated product supply constraints
- product development or other business announcements by us or our competitors
- regulatory matters or actions
- announcements in the scientific and research community
- intellectual property and legal matters
- broader economic, industry and market trends unrelated to our performance
- failure to complete the Abgenix, Inc. ("Abgenix") acquisition

In addition, if our revenues, earnings or other financial results in any period fail to meet the investment community's expectations, there could be an immediate adverse impact on our stock price.

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

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

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

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

- changes in the government's or private payers' reimbursement policies for our products
- inability to maintain regulatory approval of marketed products or manufacturing facilities
- changes in our product pricing strategies
- lower than expected demand for our products
- inability to provide adequate supply of our products
- changes in wholesaler buying patterns
- increased competition from new or existing products
- fluctuations in foreign currency exchange rates

Of course, there may be other factors that affect our revenues in any given period. Similarly if investors or the investment community are uncertain about our financial performance for a given period, our stock price could also be adversely impacted.

We may not realize all of the anticipated benefits of our merger with Abgenix, Inc.

On December 14, 2005, we announced that we had signed a definitive merger agreement under which we would acquire Abgenix for approximately $2.2 billion in cash plus the assumption of debt. The acquisition will provide us with full ownership of panitumumab and eliminate a tiered royalty on denosumab, two of our most important advanced pipeline products, as well as provide us with Abgenix's manufacturing plant. The success of the merger will depend, in part, on our ability to realize the anticipated growth opportunities from integrating the businesses. In particular, this will require the successful regulatory approval and commercial launch of panitumumab along with production of panitumumab at Abgenix's manufacturing plant. The integration of two independent companies is a complex, costly, and time-consuming process.

In addition, even if we are able to successfully integrate Abgenix's operations, this integration may not result in the realization of the full benefits of the growth opportunities that we expect to result from the merger, or we may not achieve the expected benefits within the anticipated time frame. Further, the benefits from the merger may be offset by costs incurred in integrating the two companies. We cannot assure you that the integration of Abgenix with us will result in the realization of the full post-merger benefits anticipated by us. Our failure to achieve these benefits could have a material and adverse effect on our results of operations.

Continual manufacturing process improvement efforts may result in the carrying value of certain existing manufacturing facilities or other assets becoming impaired.

In connection with our ongoing process improvement activities associated with products we manufacture, we continually invest in our various manufacturing practices and related processes with the objective of increasing production yields and success rates to gain increased cost efficiencies and capacity utilization. Depending on the timing and outcomes of these efforts and our other estimates and assumptions regarding future product sales, the carrying value of certain manufacturing facilities or other assets may not be fully recoverable and could result in the recognition of an impairment in the carrying value at the time that such effects are identified. The potential recognition of impairment in the carrying value, if any, could have a material and adverse affect on our results of operations.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

The following discussion summarizes our significant properties as of December 31, 2005. For additional information regarding planned additions to our facilities, see "Item 1. Business — Manufacturing and Raw Materials."

Our principal executive offices, a majority of our administrative offices, and a significant portion of our R&D facilities are located in forty-five buildings in Thousand Oaks, California. Thirty-eight of the buildings located in Thousand Oaks are owned and seven are leased. Adjacent to these buildings are facilities that are under construction and additional land for future expansion. The Thousand Oaks, California, properties include manufacturing facilities licensed by various regulatory bodies to produce commercial quantities of Epoetin alfa, Aranesp® (darbepoetin alfa), Neulasta® (pegfilgrastim), and NEUPOGEN® (Filgrastim). Clinical manufacturing of certain of our product candidates is also performed in Thousand Oaks.

We own six buildings in Longmont, Colorado, including a manufacturing complex that is licensed to produce commercial quantities of Epoetin alfa and Aranesp® bulk drug substance. We have undeveloped land adjacent to the Longmont site to accommodate future expansion. We also own two buildings and lease seven buildings in Boulder, Colorado, housing process development research and manufacturing facilities. We also perform clinical manufacturing of Aranesp® in Colorado.

We own ten buildings and lease space in five buildings in the Seattle, Washington area, which house research, clinical manufacturing, and administrative facilities. In January 2004, we opened the Seattle research center. We also own additional land for future expansion in the Seattle, Washington area.

We own five buildings in West Greenwich, Rhode Island, including two manufacturing facilities which produce commercial and clinical quantities of Enbrel® (etanercept), and lease a warehouse facility in Cranston, Rhode Island.

As part of the Tularik acquisition, we assumed leases on eight buildings in South San Francisco, California, which house R&D and administrative facilities. In connection with the acquisition, we initiated an integration plan to consolidate certain Tularik leased facilities, and currently only occupy two of the eight buildings. Additionally, we assumed leases on land for future development in the South San Francisco, California area.

Elsewhere in North America, we own a distribution center in Louisville, Kentucky, and a research facility in Cambridge, Massachusetts. We lease facilities for administrative offices in Washington, D.C.; San Diego, Sacramento, and Camarillo, California; and Canada, and lease four facilities for regional sales and marketing offices in the United States.

Outside North America, we own twelve buildings in Juncos, Puerto Rico, including both bulk and formulation, fill, and finish manufacturing facilities and warehouse facilities. Our facilities in Juncos, Puerto Rico, are responsible for formulation, fill, and finish activities related to our production of Epoetin alfa, Aranesp®, Neulasta®, NEUPOGEN® and ENBREL. In September 2005, we received FDA approval of a new bulk drug production plant in Puerto Rico which is used for the production of Neulasta® and NEUPOGEN®. We are also in process of constructing an additional bulk manufacturing plant in Juncos which will be used for the production of Epoetin alfa and Aranesp®. In addition, we own additional property on the Puerto Rico Site for future expansion. We also own a European packaging and distribution center in Breda, The Netherlands. We lease facilities in nineteen European countries, Australia, New Zealand, and Japan, for administration, sales and marketing, and/or development.

We believe that our existing facilities, third party contract manufacturing agreements, and our anticipated additions are sufficient to meet our expected needs.

Item 3. LEGAL PROCEEDINGS

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

Transkaryotic Therapies and Aventis Litigation

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

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

On January 19, 2001, the Massachusetts District Court ruled that claims 2-4 of U.S. Patent No. 5,621,080 (the "'080 Patent"), claims 1, 3, 4, and 6 of U.S. Patent No. 5,756,349 (the "'349 Patent") and claim 1 of the '422 Patent were valid, enforceable, and infringed by TKT's erythropoietin product and the cells used to make such product. The Massachusetts District Court also held that claim 7 of the '349 patent and claims 1, 2, and 9 of U.S. Patent No. 5,547,933 (the "933 Patent") were not infringed, and that if infringed the claims of the '933 patent would be invalid.

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

On January 6, 2003, the U.S. Court of Appeals for the Federal Circuit upheld the District Court's decision that the Defendants infringe the '349 and '422 patents and held that claims 1 and 2 of the '933 patent were invalid. The court further upheld the enforceability and validity of all of the asserted claims except for validity over two references which was vacated and remanded to the District Court. The court vacated and remanded to the District Court of Massachusetts for further consideration of (i) the finding of infringement of the '080 patent, (ii) the holding of non-infringement of the '698 patent, and (iii) the effect of two references on the validity of the asserted claims of the patents. On January 20, 2003, the Defendants filed a Combined Motion for Panel Rehearing and Rehearing En Banc with the Federal Circuit regarding the court's affirmance of the validity of the asserted claims under 35 U.S.C. §112. On March 3, 2003, the Federal Circuit denied the Defendant's Motions for Panel Rehearing and Rehearing En Banc. The Massachusetts District Court held a trial on the remanded issues on October 7-8 and 15-17 and November 3-6, 2003. On October 30, 2003, the Massachusetts District Court ruled that claims 2-4 of the '080 patent are infringed.

On October 15, 2004, the Massachusetts District Court decided the remaining issues remanded from the U.S. Court of Appeals for the Federal Circuit in Amgen's favor. In the October 15 decision, the court ruled that claims 4-9 of the '698 patent are valid and infringed, claims 2-4 of the '080 claims are valid, claim 1 of the '422 is valid and claim 7 of the '349 patent is valid and infringed. On December 10, 2004, TKT filed a Notice of Appeal to the U.S. Court of Appeals for the Federal Circuit. After the parties briefed the issues, on December 6, 2005, the U.S. Court of Appeals for the Federal Circuit heard oral argument on the appeal filed by TKT.

Israel Bio-Engineering Project Litigation

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

On March 31, 2004, judgment was entered in favor of the defendants including Amgen and Immunex. IBEP filed a Notice of Appeal. Oral argument was heard by the Court of Appeals for the Federal Circuit on January 11, 2005.

On March 15, 2005, the Court of Appeals affirmed in part, reversed in part and remanded to the U.S. District Court for the Central District of California. The Court of Appeals affirmed the District Court's findings that IBEP did not gain title to the U.S. Patent No. 5,981,701 under its contract interpretation theory. However, the Court of Appeals reversed and remanded the issue whether IBEP gained title under its employment theory.

On December 22, 2005, the U.S. District Court for the Central District of California granted Intervenor Yeda's motion for summary judgment that the plaintiff, IBEP, lacks standing to sue Amgen, Immunex and Wyeth for patent infringement. On January 26, 2006, IBEP filed a Notice of Appeal with the U.S. Court of Appeals for the Federal Circuit.

Average Wholesale Price Litigation

Amgen and Immunex are named as defendants, either separately or together, in numerous civil actions broadly alleging that they, together with many other pharmaceutical manufacturers, reported prices for certain products in a manner that allegedly inflated reimbursement under the Medicare and/or Medicaid programs, and commercial insurance plans, including co-payments paid to providers who prescribe and administer the products. The complaints generally assert varying claims under the federal RICO statutes, their state law corollaries, as well as state law claims for deceptive trade practices, common law fraud, and various related state law claims. The complaints seek an undetermined amount of damages, as well as other relief, including declaratory and injunctive relief.

The AWP litigation was commenced against Amgen and Immunex on December 19, 2001 with the filing of Citizens for Consumer Justice et al. v. Abbott Laboratories, Inc., et al. Additional cases have been filed since that time. Most of these actions, as discussed below, have been consolidated, or are in the process of being consolidated, in a federal Multi-District Litigation proceeding ("the MDL Proceeding"), captioned In Re: Pharmaceutical Industry Average Wholesale Price Litigation MDL No. 1456 and pending in the U.S. District Court for the District of Massachusetts ("the Massachusetts District Court").

These cases that are, or are in the process of being consolidated into the MDL Proceeding, are being brought by consumer classes and certain state and local governmental entities. The cases consist of the following:

- *Citizens for Consumer Justice, et al., v. Abbott Laboratories, Inc., et al.; Teamsters Health & Welfare Fund of Philadelphia, et al., v. Abbott Laboratories, Inc., et al.; Action Alliance of Senior Citizens of Greater Philadelphia v. Immunex Corp.; Constance Thompson, et al. v. Abbott Laboratories, Inc., et al.; Ronald Turner, et al. v. Abbott Laboratories, Inc., et al.; Congress of California Seniors v. Abbott Laboratories, et al.; State of Montana v. Abbott Laboratories, Inc., et al.; State of Nevada v. American Home Products Corp., et al.; County of Suffolk v. Abbott Laboratories, Inc., et al.; IUOE, Local 68 v. AstraZeneca, PLC, et al.; County of Westchester v. Abbott Laboratories, Inc., et al.; County of Rockland v. Abbott Laboratories, Inc., et al.; City of New York v. Abbott Laboratories, Inc., et al.; County of Nassau v. Abbott Laboratories, Inc., et al; County of Onondaga v. Abbott Laboratories, Inc., et al.;.; County of Erie v. Abbott Laboratories, Inc., et al.; County of Chenango v. Abbott Laboratories, Inc., et al.; County of Chautauqua v. Abbott Laboratories, Inc., et al.; County of Tompkins v. Abbott Laboratories, Inc., et al.; County of Wayne v. Abbott Laboratories, Inc., et al.; County of Monroe v. Abbott Laboratories, Inc., et al.; County of Washington v. Abbott Laboratories, Inc., et al.; County of Herkimer v. Abbott Laboratories, Inc., et al.; County of Cayuga v. Abbott Laboratories, Inc., et al.; County of Allegany v. Abbott Laboratories, Inc., et al.; County of Rensselaer v. Abbott Laboratories, Inc., et al.; County of Albany v. Abbott Laboratories, Inc., et al.; County of Cattaraugus v. Abbott Laboratories, Inc., et al.; County of Yates v. Abbott Laboratories, Inc., et al.; County of Broome v. Abbott Laboratories, Inc., et al.; County of Warren v. Abbott Laboratories, Inc., et al.; County of Greene v. Abbott Laboratories, Inc., et al.; County of Saratoga v. Abbott Laboratories, Inc., et al.; County of St. Lawrence v. Abbott Laboratories, Inc., et al.; County of Oneida v. Abbott Laboratories, Inc., et al.; County of Genesee v. Abbott Laboratories, Inc., et al.; Count of Fulton v. Abbott Laboratories, Inc., et al.; County of Steuben v. Abbott Laboratories, Inc., et al.; County of Putnam v. Abbott Laboratories, Inc., et al.; County of Niagara v. Abbott Laboratories, Inc., et al.; County of Jefferson v. Abbott Laboratories, Inc., et al.; County of Madison v. Abbott Laboratories, Inc., et al; County of Lewis v. Abbott Laboratories, Inc., et al.; County of Columbia v. Abbott Laboratories, Inc., et al.; County of Essex v. Abbott Laboratories, Inc., et al.; County of Cortland v. Abbott Laboratories, Inc., et al.; County of Seneca v. Abbott Laboratories, Inc., et al.; County of Orleans v. Abbott Laboratories, Inc., et al.; County of Duchess v. Abbott Laboratories, Inc., et al.; County of Ontario v. Abbott Laboratories, Inc., et al.; County of Schuyler v. Abbott Laboratories, Inc., et al.; County of Wyoming v. Abbott Laboratories, Inc., et al.; State of California ex rel. Ven-A-Care of the Florida Keys, Inc v. Abbott Laboratories, Inc., et al.*

In the MDL Proceeding, the Massachusetts District Court has set various deadlines relating to motions to dismiss the complaints, discovery, class certification, summary judgment and other pre-trial issues. For the class action cases, the Court has divided the defendant companies into a Phase I group and a Phase II group. The class certification hearing for the Phase I group was held on February 10, 2004. On January 30, 2006, the Massachusetts District Court certified three classes (one nationwide class and two Massachusetts-only classes) with respect to the Phase I group. Both Amgen and Immunex are in the Phase II group. On March 2, 2006, plaintiffs filed a fourth amended master consolidated complaint, which did not include their motion for class certification as to the Phase II companies.

Certain AWP cases are not a part of the MDL Proceeding. These cases are:

- *Robert J. Swanston v. TAP Pharmaceutical Products, Inc., et al.* This Arizona state class action was filed against Amgen and Immunex on December 20, 2002 in the Maricopa County, Arizona Superior Court. The Court has set a hearing on plaintiffs' motion to certify a statewide class for May 13, 2005; however, the Court stayed the entire case on March 10, 2005. A status conference was held on December 12, 2005 in which the Court extended the stay until May 2006.

- *Commonwealth of Pennsylvania v. TAP Pharmaceutical Products, Inc., et al.* This case was filed against Amgen in the Commonwealth Court for Pennsylvania in Harrisburg, Pennsylvania on March 10, 2004. On March 10, 2005, the Commonwealth of Pennsylvania filed an amended complaint, adding Immunex, and defendants filed Preliminary Objections. A hearing on the Preliminary Objections was held on June 8, 2005. On July 13, 2005, defendants filed a notice of removal from Commonwealth Court to U.S. District Court for the Eastern District of Pennsylvania. The case was remanded to state court by Order dated September 9, 2005. Amgen and Immunex filed answers to the complaint on January 5, 2006.
- *State of Wisconsin v. Amgen, Inc., et al.* An amended complaint was filed against Amgen and Immunex on November 1, 2004 in the Circuit Court for Dane County, Wisconsin. Defendants' filed their motions to dismiss the complaint on January 20, 2005. On July 13, 2005, defendants filed a notice of removal from Circuit Court to U.S. District Court for the Western District of Wisconsin. This case has been remanded to state court by Order dated September 29, 2005.
- *Commonwealth of Kentucky v. Alphapharma, Inc., et al.* This case was filed against Amgen and Immunex on November 4, 2004 in the Franklin County Circuit Court, Franklin County, Kentucky. Defendants filed their motions to dismiss the complaint on February 1, 2005. On July 13, 2005, defendants filed a notice of removal from County Circuit Court to U.S. District Court for the Eastern District of Kentucky. A hearing on plaintiffs' opposition to the proposed transfer of this case to the MDL proceeding in Boston was considered by the Joint Panel on Multidistrict Litigation on November 17, 2005.
- *State of Alabama v. Abbott Laboratories, Inc., et. al.* This case was filed against Amgen and Immunex on January 26, 2005, in the Circuit Court of Montgomery County, Alabama. On July 13, 2005, defendants filed a notice of removal from Circuit Court to U.S. District Court for the Middle District of Alabama. The case was remanded to state court by Order dated August 11, 2005. Defendants' motions to dismiss were denied on October 13, 2005. Amgen and Immunex filed their answer to plaintiff's second amended complaint on January 30, 2006.
- *People of State of Illinois v. Abbott Laboratories, Inc., et. al* This case was filed against Amgen and Immunex on February 7, 2005 in the Circuit Court for Cook County, Illinois. Defendants filed their motions to dismiss the complaint on June 7, 2005. A hearing on plaintiffs' opposition to the proposed transfer of this case to the MDL proceeding in Boston was considered by the Joint Panel on Multidistrict Litigation on November 17, 2005.
- *County of Erie v. Abbott Laboratories, Inc., et al.* This case was filed against Amgen and Immunex on March 8, 2005, in the Supreme Court of New York, Erie County. The complaint alleges that all defendants participated in a scheme to market the spread between the true wholesale price (i.e., selling price) and the false and inflated AWP reported, in order to increase market share, thus defrauding the county Medicaid program. On April 15, 2005, defendants filed a notice of removal from the Supreme Court of New York to the U.S. District Court for the Western District of New York. The case was remanded to state court by Order dated January 10, 2006.
- *State of Mississippi v. Abbott Laboratories, Inc., et al.* On or about October 20, 2005, the State of Mississippi filed a complaint naming Amgen and Immunex, along with several other pharmaceutical manufacturers, as defendants in this litigation. The complaint was filed in the Chancery Court of Hinds County, Mississippi, First Judicial District. The complaint alleges that Amgen and Immunex, together with many other pharmaceutical manufacturers, reported prices for certain products in a manner that allegedly inflated reimbursement under the Mississippi state Medicaid program.
- *State of Arizona, etc., et al., vs. Abbott Laboratories, Inc., et al.* On December 7, 2005, the State of Arizona filed a complaint naming Amgen and Immunex, along with several other pharmaceutical

manufacturers, as defendants in this litigation. The complaint was filed in Maricopa County. It alleges that Amgen and Immunex, together with many other pharmaceutical manufacturers, reported prices for certain products in a manner that allegedly inflated reimbursement under the Arizona state Medicaid program.

Immunex Governmental Investigations

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

State Attorney General Investigations

Amgen and/or Immunex have been advised by the Attorneys General for 14 states of pending investigations regarding drug pricing practices pertaining to the calculation of Average Manufacturer Price ("AMP") and Best Price calculations under the Medicaid Drug Rebate Act, as those terms are defined in 42 U.S.C. 1396r-8. These states have requested that Amgen and Immunex preserve records relating to AMP and best price calculations. Immunex has also been advised that the Attorney General for the State of Idaho is investigating claims relating to AWP as to numerous companies, including Immunex. The Company does not know what actions, if any, may be taken as a result of these investigations.

Johnson & Johnson Matters

Arbitration/Demand for Separate BLA

On November 11, 2003, Ortho Biotech Products, L.P., Ortho Biotech Inc., and Ortho-McNeil Pharmaceutical (wholly owned subsidiaries of Johnson & Johnson, collectively, "Ortho") filed a demand for arbitration against the Company before the American Arbitration Association in Chicago, Illinois. In its demand, Ortho seeks declaratory relief that, among other things, (1) Ortho has the right under the parties' Product License Agreement to apply for its own FDA license to market its brand of recombinant erythropoietin, PROCRIT®, based on bulk product supplied by the Company, (2) the Company must cooperate with Ortho to achieve Ortho's separate FDA licensure, (3) pending FDA approval of Ortho's separate license, the Company must continue to supply Ortho with Ortho's commercial requirements of finished erythropoietin products, and (4) pending FDA approval of Ortho's separate license, the Company must cooperate with Ortho on erythropoietin development projects, including Ortho's proposal for a 120,000 unit per ml formulation. Amgen contests Ortho's claims and will respond accordingly. The parties are currently undertaking discovery and a final arbitration hearing date has been set for September 6, 2006.

Ortho Biotech Litigation

On October 11, 2005, Ortho Biotech Products, L.P. ("Ortho Biotech") filed suit in the United States District Court for the District of New Jersey against Amgen alleging violations of Sections 1 and 2 of the Sherman Act, §15 U.S.C. Sections 1 and 2. The complaint seeks a preliminary injunction enjoining Amgen from offering discounts to oncology clinics on its G-CSF products (NEUPOGEN® (Filgrastim) and Neulasta® (pegfilgrastim)) and Aranesp® (darbepoetin alfa), if customers purchase certain amounts of both

types of products. Ortho Biotech also seeks a permanent injunction against such discounts, as well as damages it has allegedly sustained by virtue of Amgen's contracting program. The court has ordered completion of discovery on Ortho Biotech's preliminary injunction motion by April 10, 2006, and an additional period for briefing, before deciding whether an evidentiary hearing on that motion will be necessary.

Amgen Inc. v. F. Hoffmann-La Roche Ltd., et al.

On November 8, 2005, Amgen filed a lawsuit in the United States District Court in Boston, Massachusetts against F. Hoffmann-La Roche Ltd., Roche Diagnostics GmbH, and Hoffmann-La Roche, Inc. seeking a declaration by the Court that defendants' importation, use, sale or offer to sell a pegylated version of recombinant human erythropoietin infringes Amgen's patents. Amgen alleges infringement of six of its U.S. Patents that claim erythropoietin products ("EPO"), pharmaceutical compositions, and processes for making erythropoietin, specifically U.S. Patent Nos. 5,756,349; 5,621,080; 5,618,698; 5,955,422; 5,547,933; and 5,441,868. Amgen is seeking a permanent injunction preventing the defendants from making, importing, using, offering for sale or selling recombinant human EPO, including pegylated EPO, in the United States. On March 9, 2006, Ortho Biotech Products, L.P. filed a motion to intervene as a plaintiff in the lawsuit.

Other

In February 2006, Amgen received service of a subpoena from the U.S. Attorney's Office for the District of Massachusetts for the production of documents relating to Amgen's business relationship with a long-term care pharmacy organization concerning several of our products. We intend to cooperate in responding to the subpoena.

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

No matters were submitted to a vote of our security holders during the last quarter of our fiscal year ended December 31, 2005.

PART II

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

Our common stock trades on The NASDAQ Stock Market under the symbol AMGN. As of February 3, 2006, there were approximately 14,000 holders of record of our common stock. No cash dividends have been paid on the common stock to date, and we currently intend to utilize any earnings for development of our business and to repurchase our common stock.

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

	High	Low
Year ended December 31, 2005		
4th Quarter	$ 84.42	$ 73.37
3rd Quarter	86.17	60.86
2nd Quarter	63.18	57.20
1st Quarter	64.87	57.98
Year ended December 31, 2004		
4th Quarter	$ 64.76	$ 52.70
3rd Quarter	59.98	53.23
2nd Quarter	60.43	52.82
1st Quarter	66.23	57.83

Item 5(c). CHANGES IN SECURITIES, USE OF PROCEEDS AND ISSUER PURCHASES OF EQUITY SECURITIES

During the three months ended December 31, 2005, we had two outstanding stock repurchase programs. The manner of purchases, the amount we spend and the number of shares repurchased will vary based on a variety of factors including the stock price and blackout periods in which we are restricted from repurchasing shares and may include private block purchases as well as market transactions. Repurchases under our stock repurchase program reflect, in part, our confidence in the long-term value of Amgen common stock. Additionally, we believe that it is an effective way of returning cash to our stockholders. A summary of our repurchase activity for the three months ended December 31, 2005 is as follows:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs	Maximum $ Value that May Yet Be Purchased Under the Programs(1)
October 1 — October 31	21,131	$ 76.11	—	$ 2,774,930,757
November 1 — November 30	9,586,325	81.97	9,585,700	1,989,159,938
December 1 — December 31	5,179,900	87.02	5,172,414	6,539,004,766
Total	14,787,356(2)	$ 83.73	14,758,114(2)	

(1) In December 2004, the Board authorized us to repurchase up to $5.0 billion of common stock. Additionally, in December 2005, the Board authorized us to repurchase up to an additional $5.0 billion of common stock.

(2) The difference between total number of shares purchased and the total number of shares purchased as part of publicly announced programs is due to repurchases of common stock from certain employees in connection with their exercise of stock options issued prior to June 23, 1998 as well as shares of

common stock withheld by us for the payment of taxes upon vesting of certain employees' restricted stock.

Item 6. SELECTED FINANCIAL DATA

Consolidated Statement of Operations Data:	Years ended December 31, 2005	2004	2003	2002	2001
	(In millions, except per share data)				
Revenues:					
Product sales(1)	$ 12,022	$ 9,977	$ 7,868	$ 4,991	$ 3,511
Other revenues	408	573	488	532	505
Total revenues .	12,430	10,550	8,356	5,523	4,016
Operating expenses(2):					
Cost of sales (excludes amortization of acquired intangible assets presented below)	2,082	1,731	1,341	736	443
Research and development	2,314	2,028	1,655	1,117	865
Write off of acquired in-process research and development(3)	—	554	—	2,992	—
Selling, general and administrative	2,790	2,556	1,957	1,449	974
Amortization of acquired intangible assets .	347	333	336	155	—
Other items, net	49	—	(24)	(141)	203
Net income (loss) .	3,674	2,363	2,259	(1,392)	1,120
Diluted earnings (loss) per share	2.93	1.81	1.69	(1.21)	1.03
Cash dividends declared per share	—	—	—	—	—

Consolidated Balance Sheet Data:	At December 31, 2005	2004	2003	2002	2001
			(In millions)		
Total assets(4)	$ 29,297	$ 29,221	$ 26,113	$ 24,456	$ 6,443
Long-term debt(5)(6)	3,957	3,937	3,080	3,048	223
Stockholders' equity(4)	20,451	19,705	19,389	18,286	5,217

In addition to the following notes, see Item 7., "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements and accompanying notes for further information regarding our consolidated results of operations and financial position for periods reported therein and for known factors that will impact comparability of future results.

(1) We began recording Enbrel® sales subsequent to our acquisition of Immunex Corporation in July 2002.

(2) Included in operating expenses are acquisition charges of $12 million, $53 million, $70 million, and $87 million, in 2005, 2004, 2003, and 2002, respectively. Acquisition charges consist of the incremental compensation provided to certain employees under short-term retention plans, including non-cash compensation expense associated with stock options assumed in connection with the acquisition, non-cash expense related to valuing the inventory acquired at fair value, and external, incremental consulting and systems integration costs directly associated with integrating the acquisition.

(3) As part of the accounting for the Tularik Inc. and Immunex Corporation acquisitions, we recorded a charge to write-off acquired IPR&D of $554 million in 2004 and $2,992 million in 2002, respectively. The IPR&D charge represents an estimate of the fair value of the in-process research and development for projects and technologies that, as of the acquisition date, had not reached technological feasibility and had no alternative future use.

(4) In August 2004, we acquired all of the outstanding common stock of Tularik Inc. for a purchase price of approximately $1.5 billion. In July 2002, we acquired all of the outstanding common stock of Immunex Corporation for a purchase price of approximately $17.8 billion.

(5) In March 2002, we issued convertible notes with a face amount at maturity of $3.95 billion. Holders of the convertible notes may require us to purchase all or a portion of the notes on specific dates, the earliest of which was March 1, 2005, at the accreted principal amount through the purchase dates. On March 2, 2005, as a result of certain holders of the convertible notes exercising their March 1, 2005 put option, we repurchased $1.2 billion, or approximately 40%, of the outstanding convertible notes at their then-accreted value for cash. Accordingly, the convertible notes repurchased were classified as current liabilities at December 31, 2004. Holders of the remaining outstanding convertible notes may require us to purchase, generally for cash, all or a portion of the notes on various dates at a price equal to the accreted principal amount through the purchase date. The next available put date was March 1, 2006, however, the holders of substantially all of the then outstanding convertible notes did not require us to repurchase such notes on this date. The next date that the holders of these notes may require us to repurchase all or a portion of these notes is on March 1, 2007. Accordingly, as of December 31, 2005, the convertible notes have been classified as non-current liabilities.

(6) In November 2004, we issued $1.0 billion aggregate principal amount of 4.00% senior notes due in 2009 and $1.0 billion aggregate principal amount of 4.85% senior notes due in 2014.

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

Forward looking statements

This report and other documents we file with the Securities and Exchange Commission ("SEC") contain forward looking statements that are based on current expectations, estimates, forecasts and projections about us, our future performance, our business or others on our behalf, our beliefs and our management's assumptions. In addition, we, or others on our behalf, may make forward looking statements in press releases or written statements, or in our communications and discussions with investors and analysts in the normal course of business through meetings, webcasts, phone calls, and conference calls. Words such as "expect," "anticipate," "outlook," "could," "target," "project," "intend," "plan," "believe," "seek," "estimate," "should," "may," "assume," "continue," variations of such words and similar expressions are intended to identify such forward looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties, and assumptions that are difficult to predict. We describe our respective risks, uncertainties, and assumptions that could affect the outcome or results of operations in "Item 1A. Risk Factors." We have based our forward looking statements on our management's beliefs and assumptions based on information available to our management at the time the statements are made. We caution you that actual outcomes and results may differ materially from what is expressed, implied, or forecast by our forward looking statements. Reference is made in particular to forward looking statements regarding product sales, reimbursement, expenses, earnings per share, liquidity and capital resources, and trends. Except as required under the federal securities laws and the rules and regulations of the SEC, we do not have any intention or obligation to update publicly any forward looking statements after the distribution of this report, whether as a result of new information, future events, changes in assumptions, or otherwise.

Overview

The following management's discussion and analysis ("MD&A") is intended to assist the reader in understanding Amgen. MD&A is provided as a supplement to, and should be read in conjunction with, our consolidated financial statements and accompanying notes.

We are a global biotechnology company that discovers, develops, manufactures, and markets human therapeutics based on advances in cellular and molecular biology. Our mission is to serve patients. As a science-based, patient-focused organization, we discover and develop innovative therapies to treat grievous illness. We operate in one business segment — human therapeutics. Therefore, our results of operations are discussed on a consolidated basis.

We primarily earn revenues and income and generate cash from sales of human therapeutic products in the areas of inflammation, nephrology and supportive cancer care. For the year ended December 31, 2005, total revenues were $12,430 million and net income was $3,674 million, or $2.93 per share on a diluted basis. As of December 31, 2005, cash, cash equivalents and marketable securities totaled $5,255 million.

For the years ended December 31, 2005 and 2004, product sales represented 97% and 95% of total revenues, respectively. Over the last several years, our product sales growth has been primarily driven by sales of Aranesp® (darbepoetin alfa), Enbrel® (etanercept), and Neulasta® (pegfilgrastim), which have benefited from share gains and/or market growth. We expect these products to continue to drive year over year sales growth in the near term. However, we expect that continued share gains will be more of a challenge than those achieved in previous years as we operate in a highly competitive environment. (See "Competition" in "Item 1. Business" for further information on the impact of competition on our business.) Going forward, we will continue to focus on share gains, but we will also increase our focus on both growing and penetrating the therapeutic areas in which our products are used. Our principal products have

attained significant sales levels, and for certain of our products, in a relatively short period of time. As a result, although we have experienced significant year over year sales growth as a result of share gains and/or market growth, in the near term, we expect our product sales growth to be lower than that achieved in the past several years.

Most patients receiving our principal products for approved indications are covered by both government and private payer health care programs. (Through 2005, primary reimbursement for ENBREL was obtained from private payers but, beginning in 2006, ENBREL and Sensipar® will be eligible for coverage from the U.S. government under Medicare Program Part D.) Therefore, our principal product sales and sales growth are and will be affected by government and private payer reimbursement policies. While we believe that our 2005 product sales were not significantly impacted by the reimbursement changes resulting from the Medicare Prescription Drug Improvement and Modernization Act (or the "Medicare Modernization Act" ("MMA")) that went into effect in 2005, additional provisions of the MMA and other regulations affecting reimbursement that went into effect on January 1, 2006 could affect our product sales and related sales growth in the future. However, we believe that such changes are not likely to be significant to our business in 2006. For additional information on reimbursement and its impact on our business, see "Reimbursement" in "Item 1. Business".

International product sales for the years ended December 31, 2005 and 2004 represented 18% and 17% of total product sales and consisted principally of European sales. International product sales have grown significantly over the last several years driven by Aranesp® and Neulasta® reflecting continued penetration. However, we anticipate facing greater competition in Europe from the availability of biosimilar products. We expect that biosimilar erythropoietin products may be approved in the European Union ("EU") beginning in late 2006 and could be available in the EU shortly after approval which would compete with Aranesp®. We also expect that the first biosimilar G-CSF product may be approved as early as mid-2007 and that it would compete with Neulasta® and NEUPOGEN® (Filgrastim). We cannot predict whether or to what extent the entry of biosimilar products would impact future Aranesp®, Neulasta® or NEUPOGEN® sales in the EU. (See "Competition" in "Item 1. Business" for further information regarding biosimilar products.) In order to maintain commercial success in Europe, we plan to continue to support the development of new standards of care and continue to actively convert NEUPOGEN® patients to Neulasta®, emphasizing its less frequent dosing requirements as compared to NEUPOGEN®.

Our international product sales are impacted by foreign currency changes (see "Results of Operations" discussion below). International product sales growth during 2005 and 2004 benefited by $46 million and $164 million, respectively, from foreign currency exchange rate changes. During 2005, international product sales for the first three quarters of the year benefited from foreign currency exchange rate changes, but were adversely affected in the fourth quarter. However, both the positive and negative impacts that movements in foreign exchange rates have on our international product sales are mitigated, in part, by the natural, opposite impact these exchange rate movements have on our international operating expenses and as a result of our foreign currency hedging activities. Our hedging activities seek to offset the impact, both positive and negative, that foreign exchange rate changes may have on our net income. As such, the impact to our net results of operations from changes in foreign currency exchange rates has been largely mitigated.

For 2005 and 2004, operating income increased $1,500 million and $257 million over their respective prior year periods, primarily as a result of our product sales growth. Operating income as a percentage of product sales was 40% for 2005 and 34% for 2004. Operating income for 2004 was impacted by the IPR&D charge of $554 million relating to the acquisition of Tularik during 2004 (see Note 7, "Acquisitions" in the Consolidated Financial Statements). During 2005, we increased our operating expenses to advance our product pipeline and support our product sales growth. During 2005, selling, general and administrative ("SG&A") expenses as a percentage of product sales decreased from 26% to 23% as we leveraged our prior year SG&A spending. In 2006, we expect our R&D expenses to grow 30-40%, principally as a result

of significant increases in our clinical development activities discussed below. To support this increased investment in our pipeline, SG&A expenses in 2006 are expected to grow at a rate comparable to the 2005 growth rate. As a result of the significant anticipated growth in R&D expenses, we expect our 2006 operating expenses to grow at a higher rate than our anticipated 2006 product sales growth.

We focus our R&D on novel human therapeutics for the treatment of grievous illness. (See "Research and Development and Selected Product Candidates" in "Item 1. Business" for further information on our R&D vision and product pipeline.) In December 2005, we signed a definitive merger agreement under which we will pay shareholders of Abgenix, Inc. ("Abgenix") $22.50 in cash per common share for a total value of approximately $2.2 billion and will assume Abgenix's outstanding debt. Abgenix is a company specializing in the discovery, development and manufacture of human therapeutic antibodies and is our co-development partner for panitumumab. The Federal Trade Commission approved the merger on January 19, 2006 and we expect to close the merger, subject to Abgenix shareholder approval, by April 2006. (See "Joint Ventures and Business Relationships — Abgenix, Inc." in "Item 1. Business" for further information on the co-development agreement with Abgenix.) We have expanded and will need to continue to significantly expand our clinical development resources, including human capital, to manage and execute increasingly larger and more complex clinical trials. In 2006, we are expecting a significant increase in the number, size, duration and complexity of our clinical trials, in particular with respect to denosumab, our late-stage investigational product for osteoporosis, and we expect total research and development expenses to increase by 30-40%. For example, testing denosumab in the osteoporosis setting requires large clinical trials, substantial time and resources to recruit patients and significant expense to execute. We expect to start eleven "mega-site" trials (involving 200 or more sites) in 2006 to support denosumab and our other late-stage programs. To execute our clinical trial programs, we need to accelerate the growth of our development organization, implement new management structures and approaches and increase dependence on third-party contract clinical trial providers. Further, to increase the number of patients available for enrollment for our clinical trials, we are planning to open clinical sites and enroll patients in a number of new geographic locations where our experience conducting clinical trials is more limited, including Russia, China, India and some South American countries. We plan to conduct clinical trial activities in these new territories through third-party contract clinical trial providers.

There are many economic and industry-wide factors that affect our business, including, among others, those relating to increased complexity and cost of R&D, increasingly intense competition for our currently marketed products and product candidates, broad reimbursement changes, complex and expanding regulatory requirements, and intellectual property protection. (See "Item 1. Business" and "Item 1A. Risk Factors" for further information on these economic and industry-wide factors and their impact and potential impact on our business.)

In addition to these economic and industry-wide factors, we, as a company, face certain additional challenges and have a number of opportunities as well. We have established leadership positions with all of our principal products, attaining significant sales levels, and for certain of our products, in a relatively short period of time. As a result, we expect our product sales growth rates in the near term will be lower than those achieved in the past several years. We expect increasing competition internationally as the first biosimilar products may be available in Europe shortly after the anticipated approval in late 2006 and in the anemia area worldwide, as the related business opportunities are significant and growing. We believe that future sales growth for certain of our principal products should benefit from increased penetration and market growth through new areas of treatment and/or greater awareness. Further, over the last several years, our pipeline has substantially increased and with that comes the challenge of delivering on the pipeline, including executing on large and complex clinical trials. Our strategy to overcome these challenges and to be successful in taking advantage of our opportunities is straightforward. We plan to:

- Focus solely on human therapeutics

- Invest heavily in R&D and be productive
- Pursue organic growth supplemented by external investments and partnerships
- Secure and defend our intellectual property
- Hire and retain the best people

In the near term, our 2006 objectives are straightforward as well. We intend to balance short-term financial performance with significant R&D investment to drive long-term growth. We plan to grow our markets and hold or increase share. We will continue to vigorously defend our intellectual property and plan to take steps to grow our anemia business. We will continue to proactively manage and expand our production capacity ensuring that our commercial and clinical manufacturing is reliable and not subject to a single-point failure. As always, compliance with regulations and laws is of the utmost importance to us and we intend to sustain and enhance our very good compliance record. Lastly, remaining entrepreneurial, aggressive, and patient-focused as we grow larger will enable us to fulfill these objectives and our mission to serve patients.

Results of Operations

Product sales

For the years ended December 31, 2005, 2004, and 2003, total product sales by geographic region were as follows (amounts in millions):

	2005	Change	2004	Change	2003
Total U.S.	$ 9,892	19%	$ 8,279	22%	$ 6,764
Total International	2,130	25%	1,698	54%	1,104
Total product sales.	$ 12,022	20%	$ 9,977	27%	$ 7,868

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

Sales growth in 2005 was principally driven by demand for Aranesp®, ENBREL, and Neulasta®, which have benefited from share gains and/or market growth. International product sales growth benefited by $46 million from foreign currency exchange rate changes. During 2005, the first three quarters of the year benefited from foreign currency exchange rate changes, but were adversely affected in the fourth quarter.

Sales growth in 2004 was principally driven by demand for Aranesp®, ENBREL, and Neulasta®. U.S. sales for Aranesp® and Neulasta® were impacted by higher incentives earned by customers under performance-based contracts. International product sales growth benefited by $164 million from foreign currency exchange rate changes.

We expect Aranesp®, ENBREL, and Neulasta® to continue to drive year over year sales growth in the near term. However, we expect that continued share gains will be more of a challenge than those achieved in previous years as we operate in a highly competitive environment. Going forward, we will continue to focus on share gains, but we will also increase our focus on both growing and penetrating the therapeutic areas in which our products are used.

In 2005, we believe that our product sales were not significantly impacted by the reimbursement changes resulting from the MMA. We believe this was, in part, due to the effects of CMS's oncology demonstration project (the "2005 Demonstration Project") on sales of our products used in supportive cancer care, especially Aranesp®. Furthermore, we believe this was also, in part, due to increased reimbursement rates to physicians from CMS for services associated with drug administration. The 2005 Demonstration Project, which provided financial incentives to physicians for collecting and reporting oncology patient survey data, expired on December 31, 2005. In November 2005, CMS announced a new demonstration project (the "2006 Demonstration Project") that uses different criteria for how patients with cancer are evaluated and treated and that is targeted at approximately half of the funding originally targeted for the 2005 Demonstration Project. The final rule for the 2006 Medicare Physician Fee Schedule Payment Final Rule issued in November 2005 reduced payments for physician services in 2006 by approximately 4.4% on average. However recently passed legislation will eliminate this reduction for 2006. Because we cannot accurately predict the impact of any such changes on how, or under what circumstances, healthcare providers will prescribe or administer our products, we cannot estimate the full impact of the MMA on our business. However, we believe that it is not likely to be significant to our business in 2006. For additional information on reimbursement and its impact on our business, see "Reimbursement" in "Item 1. Business."

Aranesp®

For the years ended December 31, 2005, 2004, and 2003, total Aranesp® sales by geographic region were as follows (amounts in millions):

	2005	Change	2004	Change	2003
Aranesp® — U.S.	$ 2,104	37%	$ 1,533	56%	$ 980
Aranesp® — International	1,169	24%	940	67%	564
Total Aranesp®	$ 3,273	32%	$ 2,473	60%	$ 1,544

The increase in U.S. Aranesp® sales for the year ended December 31, 2005 was primarily driven by market growth and share gains. Sales growth for 2005 was slightly impacted by higher incentives earned by customers attaining higher sales volumes and growth under performance-based contracts. Although the ASPs for U.S. Aranesp® trended downward during 2005, we believe that they began to stabilize during the fourth quarter of 2005. In 2005, Aranesp® usage in U.S. hospital dialysis clinics increased, reflecting a conversion from EPOGEN® (Epoetin alfa). This conversion is expected to stabilize by mid 2006. International Aranesp® sales growth for 2005 was principally driven by demand, benefiting only slightly, $20 million, from changes in foreign currency exchange rates.

The increase in U.S. Aranesp® sales for the year ended December 31, 2004 was driven by demand, which benefited from share gains in both oncology and nephrology and market growth. Sales growth was impacted by higher incentives earned by customers attaining higher sales volumes and growth under performance-based contracts. The increase in international Aranesp® sales for the year ended December 31, 2004 was principally driven by demand, and to a lesser extent, favorable changes in foreign currency exchange rates. International Aranesp® sales growth for 2004 also benefited by $92 million from foreign currency exchange rate changes.

For 2006, we believe Aranesp® sales growth will be driven primarily by market growth and greater penetration from extended dosing. However, we believe future worldwide Aranesp® sales growth will be dependent, in part, on such factors as: reimbursement by third-party payers (including governments and private insurance plans) (see "Item 1A. Risk Factors — Our sales depend on payment and reimbursement from third-party payers, and, to the extent that reimbursement for our products is reduced, this could negatively impact the utilization of our products."); cost containment pressures from governments and private insurers on health care providers; governmental or private organization regulations or guidelines

relating to the use of our products; government programs such as the 2006 Demonstration Project; penetration of new and existing markets; patient population growth; the effects of pricing strategies; competitive products or therapies, including biosimilar products in Europe; the development of new treatments for cancer; and changes in foreign currency exchange rates. Further, sales of Aranesp® have been and may continue to be benefited by its use in U.S. hospital dialysis clinics to treat anemia associated with chronic renal failure instead of EPOGEN®. This conversion is expected to stabilize by mid 2006.

EPOGEN®

	2005	Change	2004	Change	2003
	(Amounts in millions)				
EPOGEN® — U.S.	$ 2,455	(6)%	$ 2,601	7%	$ 2,435

EPOGEN® sales for the year ended December 31, 2005 decreased primarily due to lower demand, unfavorable changes in wholesaler inventory levels, and an unfavorable revised estimate of dialysis demand, primarily spillover, for prior quarters. Demand for 2005 was affected by conversion to Aranesp® in the U.S. hospital dialysis clinics, which has represented approximately 10% of the EPOGEN® business, and reflects higher sales incentives. This conversion to Aranesp® is expected to stabilize by mid 2006. Demand for EPOGEN® in the freestanding dialysis clinics remains consistent with patient population growth at approximately 3% to 4%. Spillover is a result of our contractual relationship with Johnson & Johnson (see "Summary of Critical Accounting Policies — EPOGEN® revenue recognition" and Note 1, "Summary of significant accounting policies — Product sales" to the Consolidated Financial Statements).

For the year ended December 31, 2004, the growth in reported EPOGEN® sales was primarily driven by demand, which reflects dialysis patient population growth and a continued focus in the renal community on patient outcomes, and to a lesser extent, increases in wholesaler inventory levels.

We believe EPOGEN® should experience sales growth in 2006 primarily as a result of patient population growth and the stabilization of conversion to Aranesp® in the U.S. hospital dialysis clinics by mid 2006. Patients receiving treatment for anemia associated with end stage renal disease with EPOGEN® are covered primarily under medical programs provided by the federal government. Therefore, we believe EPOGEN® sales growth will further depend on changes in reimbursement rates or a change in the basis for reimbursement by the federal government (see "Item 1A. Risk Factors — Our sales depend on payment and reimbursement from third-party payers, and, to the extent that reimbursement for our products is reduced, this could negatively impact the utilization of our products."). We believe EPOGEN® sales growth will also be dependent, in part, on future governmental or private organization regulations or guidelines relating to the use of our products, cost containment pressures from the federal government on health care providers and the effects of pricing.

Neulasta®/NEUPOGEN®

For the years ended December 31, 2005, 2004, and 2003, total Neulasta® and NEUPOGEN® (Filgrastim) sales by geographic region were as follows (amounts in millions):

	2005	Change	2004	Change	2003
Neulasta® — U.S.	$ 1,900	29%	$ 1,476	26%	$ 1,175
NEUPOGEN® — U.S.	805	3%	778	(12)%	881
U.S. Neulasta®/NEUPOGEN® — Total	2,705	20%	2,254	10%	2,056
Neulasta® — International	388	47%	264	230%	80
NEUPOGEN® — International	411	4%	397	3%	386
International Neulasta®/NEUPOGEN® — Total	799	21%	661	42%	466
Total Worldwide Neulasta®/NEUPOGEN®	$ 3,504	20%	$ 2,915	16%	$ 2,522

The increase in U.S. Neulasta®/NEUPOGEN® sales for the year ended December 31, 2005 was driven primarily by demand for Neulasta®, which benefited from recent guidelines recommending earlier use. U.S. Neulasta®/NEUPOGEN® sales, Neulasta® in particular, also benefited from a label extension based on new clinical data demonstrating the value of first cycle use in moderate risk chemotherapy regimens. In addition, U.S. sales growth was slightly impacted by higher incentives earned by customers attaining higher sales volumes and growth under performance-based contracts. Although the ASPs for U.S. Neulasta® have trended downward during 2005, we believe that they began to stabilize during the fourth quarter of 2005. The increase in international Neulasta®/NEUPOGEN® sales for the year ended December 31, 2005, was driven primarily by demand for Neulasta®. International Neulasta®/NEUPOGEN® sales for 2005 also benefited by $18 million from foreign currency exchange rate changes.

The increase in U.S. Neulasta®/NEUPOGEN® sales for the year ended December 31, 2004 was primarily driven by demand for Neulasta®, which benefited from new clinical data demonstrating the value of first cycle use. Sales growth was impacted by higher incentives earned by customers attaining higher sales volumes and growth under performance-based contracts. The increase in international Neulasta®/NEUPOGEN® sales for the year ended December 31, 2004 was primarily due to demand for Neulasta®, which reflects continued market penetration since the January 2003 launch of Neulasta® in Europe, and to a lesser extent, favorable changes in foreign currency exchange rates. International Neulasta®/NEUPOGEN® sales growth for 2004 benefited by $65 million from favorable changes in foreign currency exchange rates.

We believe that 2006 sales growth for Neulasta®/NEUPOGEN® will be primarily driven by greater first cycle use due to increased awareness of febrile neutropenia. However, future worldwide Neulasta®/NEUPOGEN® sales growth will be dependent, in part, on such factors as: reimbursement by third-party payers (including governments and private insurance plans) (see “Item 1A. Risk Factors — Our sales depend on payment and reimbursement from third-party payers, and, to the extent that reimbursement for our products is reduced, this could negatively impact the utilization of our products.”); cost containment pressures from governments and private insurers on health care providers; governmental or private organization regulations or guidelines relating to the use of our products; government programs such as the 2006 Demonstration Project; penetration of existing markets; patient population growth; the effects of pricing strategies; competitive products or therapies, including follow-on biologic products in Europe; the development of new treatments for cancer; and changes in foreign currency exchange rates. Future chemotherapy treatments that are less myelosuppressive may require less Neulasta®/NEUPOGEN®, however, other future chemotherapy treatments that are more myelosuppressive, such as dose dense chemotherapy, could require more Neulasta®/NEUPOGEN®. NEUPOGEN® competes with Neulasta® in the United States and Europe. U.S. NEUPOGEN® sales have been adversely impacted by conversion to

Neulasta®. However, we believe that most of the conversion in the United States has occurred. In Europe, we plan to continue actively converting NEUPOGEN® patients to Neulasta®, emphasizing its less frequent dosing requirements as compared to NEUPOGEN®. However, we cannot accurately predict the rate or timing of future conversion of NEUPOGEN® patients to Neulasta® in Europe.

ENBREL

For the years ended December 31, 2005, 2004, and 2003, total ENBREL sales by geographic region were as follows (amounts in millions):

	2005	Change	2004	Change	2003
ENBREL — U.S.	$ 2,470	35%	$ 1,827	46%	$ 1,254
ENBREL — International	103	41%	73	59%	46
Total ENBREL	$ 2,573	35%	$ 1,900	46%	$ 1,300

ENBREL sales growth for the years ended December 31, 2005 and 2004 was driven by demand, reflecting strong growth in both rheumatology and dermatology. ENBREL sales growth has benefited from its competitive profile and significant growth of biologics in both the rheumatology and dermatology settings. In dermatology, ENBREL has grown significantly since its approval for moderate to severe psoriasis in April of 2004 and is the number one prescribed systemic therapy in this area.

We believe 2006 sales growth will be driven by increased penetration in both the rheumatology and dermatology settings and as a result of ENBREL being eligible for coverage from the U.S. government under Medicare Program Part D beginning in 2006. However, future ENBREL sales growth will be dependent, in part, on such factors as: the effects of competing products or therapies; penetration of existing and new markets, including potential new indications; the availability and extent of reimbursement by government and third-party payers; and governmental or private organization regulations or guidelines relating to the use of our products (see “Item 1A. Risk Factors — Our sales depend on payment and reimbursement from third-party payers, and, to the extent that reimbursement for our products is reduced, this could negatively impact the utilization of our products”).

Selected operating expenses

The following table summarizes selected operating expenses for the years ended December 31, 2005, 2004, and 2003 (amounts in millions):

	2005	Change	2004	Change	2003
Product sales	$ 12,022	20%	$ 9,977	27%	$ 7,868
Operating expenses:					
Cost of sales (excludes amortization of acquired intangible assets)	$ 2,082	20%	$ 1,731	29%	$ 1,341
% of product sales	17%		17%		17%
Research and development	$ 2,314	14%	$ 2,028	23%	$ 1,655
% of product sales	19%		20%		21%
Write-off of acquired in-process research and development	—		$ 554		—
Selling, general and administrative	$ 2,790	9%	$ 2,556	31%	$ 1,957
% of product sales	23%		26%		25%

Cost of sales

Cost of sales, which excludes the amortization of acquired intangible assets (see "Consolidated Statements of Operations"), increased 20% for the year ended December 31, 2005, primarily due to higher sales volumes. Costs of sales for 2005 was also impacted by the $47 million write-off of a semi-completed manufacturing asset that will not be used due to a change in manufacturing strategy. Cost of sales as a percentage of sales for 2006 is expected to be comparable to 2005.

Cost of sales for the year ended December 31, 2004, increased 29% primarily driven by higher sales volumes, and to a lesser extent, higher manufacturing costs due to changes in the product mix.

Research and development

R&D expenses are primarily comprised of salaries and benefits associated with R&D personnel, overhead and occupancy costs, clinical trial and related clinical manufacturing costs, contract services, and other outside costs. R&D expenses increased 14% for the year ended December 31, 2005, primarily driven by higher staff-related costs, which included the full year integration of the Tularik operations and the buildup of our R&D organization to support the growth in our pipeline. The 2005 growth also reflects higher costs relating to key clinical trials and clinical manufacturing, including the continued ramp up of large-scale phase 3 trials for denosumab (formally known as AMG 162), Amgen's investigational therapy for bone loss. In 2005, staff-related costs and clinical trial and clinical manufacturing costs increased approximately $171 million and $118 million, respectively. In 2006, we expect our total R&D expenses to increase 30-40% primarily due to higher staff-related costs and a significant increase in clinical trial and clinical manufacturing costs. Staff-related costs are expected to increase due to a significant increase in personnel throughout 2006. Clinical trial and clinical manufacturing costs are expected to increase due to several large ongoing late-stage clinical trials initiated in 2005 as well as additional planned trials for 2006. These include trials in denosumab, panitumumab, AMG 706, Aranesp®, Sensipar®, and ENBREL (see "Item 1. Business — Research and Development and Selected Product Candidates.") Our expected increase in R&D costs for 2006 does not include any incremental R&D costs associated with the proposed acquisition of Abgenix (see "Item 1. Business — Joint Ventures and Business Relationships — Abgenix, Inc.")

In 2004, R&D expenses increased 23% over the prior year, primarily driven by higher staff-related costs including the addition of R&D personnel from Tularik, and to a lesser extent, higher costs relating to clinical manufacturing and key clinical trials costs, including the commencement of large-scale phase 3 trials for AMG 162, Amgen's investigational therapy for bone loss. In 2004, staff-related costs and clinical manufacturing and clinical trial costs increased approximately $233 million and $122 million, respectively.

Acquired in-process research and development

IPR&D represents an estimate of the fair value of the various R&D projects and technologies in the acquired company's pipeline that, as of the acquisition date, had not reached technological feasibility and had no alternative future use. In 2004, we incurred a charge of $554 million, associated with writing off the fair value of IPR&D acquired in the Tularik acquisition (see Note 7, "Acquisitions" in the Consolidated Financial Statements). Assuming successful completion of the proposed acquisition of Abgenix expected to close by April 2006, we would expect to incur a charge for IPR&D. However, the amount of this charge has not yet been determined.

Selling, general and administrative

SG&A expenses are primarily comprised of salaries and benefits associated with sales and marketing, finance, legal, and other administrative personnel; outside marketing expenses; overhead and occupancy costs; and other general and administrative costs. SG&A increased 9% for the year ended December 31, 2005, primarily due to higher outside marketing expenses in support of our principal products. Outside marketing expenses include the Wyeth profit share related to ENBREL, which has increased due to ENBREL sales growth. In 2005, outside marketing expenses and staff-related costs increased approximately $241 million and $42 million, respectively. During 2005, SG&A as a percentage of sales decreased from 26% to 23% as we leveraged our prior year SG&A spending. In 2006, we expect higher Wyeth profit share expense due to expected ENBREL sales growth. However, total SG&A expense growth for 2006 is expected to be comparable to 2005 growth to allow greater investment in the pipeline.

In 2004, SG&A increased 31% for the year ended December 31, 2004, primarily due to higher staff-related costs and higher outside marketing expenses, which reflects higher spending to support our products in competitive markets and sales growth. In 2004, staff-related costs and outside marketing expenses increased approximately $255 million and $236 million, respectively.

Other items, net

In 2005, other items, net consisted of a $49 million charge, net of amounts previously accrued, for settling certain legal matters associated with a patent legal proceeding.

In 2003, other items, net consisted of a benefit for the recovery of costs and expenses associated with a legal award related to an arbitration proceeding with Johnson & Johnson of $74 million, partially offset by a charitable contribution to the Amgen Foundation of $50 million.

(See Note 12, “Other items, net”, to the Consolidated Financial Statements for further discussion.)

Income taxes

Our effective tax rate was 24.5%, 30.4%, and 28.8% for 2005, 2004, and 2003 respectively.

Our effective tax rate for 2005 has decreased primarily due to favorable resolution of prior year foreign tax credit claims and research and development tax credits with the Internal Revenue Service (“IRS”), and the absence of the write-off of non-deductible IPR&D costs in connection with the acquisition of Tularik in 2004. This decrease was partially offset by the tax on the repatriation of foreign earnings in 2005 under the American Jobs Creation Act of 2004.

The 2004 effective tax rate was higher than the 2003 effective tax rate due to the write-off of non-deductible IPR&D costs of $554 million in connection with the acquisition of Tularik. This increase was partially offset by an increase in the amount of foreign earnings intended to be invested indefinitely outside of the United States. As permitted in Accounting Principles Board Opinion (“APB”) No. 23, “Accounting for Income Taxes — Special Areas”, we do not provide U.S. income taxes on our controlled foreign corporations’ undistributed earnings that are intended to be invested indefinitely outside the United States.

On October 22, 2004, the President of the United States signed the American Jobs Creation Act, which provided a temporary incentive to repatriate undistributed foreign earnings. One provision of the American Jobs Creation Act effectively reduced the tax rate by providing an 85% dividend-received deduction for certain dividends from controlled foreign corporations. In the fourth quarter of 2005, we repatriated $500 million of foreign earnings, which was the maximum amount of foreign earnings qualifying for the reduced tax rate. The tax expense incurred on the repatriation was approximately $43 million.

(See Note 3, “Income taxes”, to the Consolidated Financial Statements for further discussion.)

Stock option expense

In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard ('SFAS") No. 123R, "Share-Based Payment." Subsequently, the Securities and Exchange Commission ("SEC") provided for a phase-in implementation process for SFAS No. 123R, which required us to adopt the new accounting standard no later than January 1, 2006. SFAS No. 123R requires us to account for our stock options using a fair-value-based method as described in such statement and recognize the resulting compensation expense in our financial statements. Prior to January 1, 2006, we accounted for our employee stock options using the intrinsic value method under APB No. 25, "Accounting for Stock Issued to Employees" and related Interpretations, which generally results in no employee stock option expense. We adopted SFAS No. 123R on January 1, 2006 and do not plan to restate our financial statements for prior periods. We plan to continue to use the Black-Scholes option valuation model in estimating the fair value of the stock option awards issued under SFAS No. 123R. The adoption of SFAS No. 123R will have a material impact on our results of operations. The actual annual stock option expense in 2006 is dependent on a number of factors including the number of stock options granted, our common stock price and related expected volatility, and other inputs utilized in estimating the fair value of the stock options at the time of grant. We expect the impact of stock option compensation expense to be in the range of $0.12 to $0.14 per share in 2006 compared to $0.19 for 2005 (see Note 1, "Summary of significant accounting policies — Employee stock options" in the Consolidated Financial Statements). The estimated impact of stock option expense for 2006 is less than the corresponding pro forma expense amount for 2005 principally due to a reduction in the estimated number of stock options to be granted in 2006 in favor of a combination of other equity awards. Other equity awards are comprised of restricted stock, restricted stock units, and performance units. Stock-based compensation expense relating to these other equity awards for the years ended December 31, 2005 and 2004 was $106 million and $45 million, respectively. For the year ended December 31, 2003, stock-based compensation expense relating to other equity awards was not significant.

Financial Condition, Liquidity and Capital Resources

The following table summarizes selected financial data (amounts in millions):

	December 31, 2005	December 31, 2004
Cash, cash equivalents, and marketable securities	$ 5,255	$ 5,808
Total assets	29,297	29,221
Current debt	—	1,173
Non-current debt	3,957	3,937
Stockholders' equity	20,451	19,705

We believe that existing funds, cash generated from operations, and existing sources of and access to financing are adequate to satisfy our working capital, capital expenditure and debt service requirements for the foreseeable future, as well as to support our stock repurchase programs and other business initiatives, including acquisitions and licensing activities (see "Item 1. Business — Joint Ventures and Business Relationships — Abgenix, Inc." for further discussion regarding the proposed Abgenix acquisition). However, in order to provide for greater financial flexibility and liquidity, we may raise additional capital from time to time by accessing both public and private markets. (See "Financing Arrangements" for a discussion regarding February 2006 financing activities.)

Cash, cash equivalents, and marketable securities

Of the total cash, cash equivalents, and marketable securities at December 31, 2005, approximately $3.1 billion was generated from operations in foreign tax jurisdictions and is intended for use outside the

United States. If these funds are repatriated for use in our U.S. operations, additional taxes on certain of these amounts would be required to be paid. In the fourth quarter of 2005, we repatriated $500 million of foreign earnings, which was the maximum amount of foreign earnings qualifying for the reduced tax rate under the American Jobs Act. The repatriation of these funds resulted in an increase in our tax provision of $43 million.

The primary objectives for our marketable securities portfolio, which is primarily comprised of fixed income investments, are liquidity and safety of principal. Investments are made with the objective of achieving the highest rate of return, consistent with these two objectives. Our investment policy limits investments to certain types of instruments issued by institutions primarily with investment grade credit ratings and places restrictions on maturities and concentration by type and issuer.

Financing arrangements

As of December 31, 2005 we had convertible notes (30-year, zero-coupon convertible notes) with an accreted value of $1.8 billion outstanding and having an aggregate face amount of $2.36 billion and yield to maturity of 1.125% ("convertible notes"). The holders of the convertible notes may require us to purchase, generally for cash, all or a portion of their convertible notes on various dates (the "Put Option"), at a price equal to the original issuance price plus the accrued original issue discount through the purchase date. The earliest date was on March 1, 2006, however, the holders of substantially all of the convertible notes did not require us to repurchase such notes on that date. The next date that the holders of these notes may require us to repurchase all or a portion of these notes is on March 1, 2007. Accordingly, the convertible notes were classified as non-current in the accompanying Consolidated Balance Sheet as of December 31, 2005. Holders of the convertible notes may convert each of their convertible notes according to the terms as outlined in Note 4, "Financing arrangements" in the Consolidated Financial Statements. Moody's and Standard & Poor's rate our outstanding convertible notes A2 and A+, respectively.

As of December 31, 2005 we had $2.0 billion of long-term notes outstanding. These long-term notes consisted of: 1) $1.0 billion of notes that bear interest at a fixed rate of 4.0% and mature in 2009 (the "2009 Notes,"), and 2) $1.0 billion of notes that bear interest at a fixed rate of 4.85% and mature in 2014 (the "2014 Notes.") Moody's and Standard & Poor's rate our outstanding long-term senior notes A2 and A+, respectively.

As of December 31, 2005, we had $200 million of additional long-term debt securities outstanding. These long-term debt securities consisted of: 1) $100 million of debt securities that bear interest at a fixed rate of 6.5% and mature in 2007 (the "2007 Notes") under a $500 million debt shelf registration (the "$500 Million Shelf"), and 2) $100 million of debt securities that bear interest at a fixed rate of 8.1% and mature in 2097 (the "Century Notes"). Our outstanding long-term debt is rated A2 by Moody's and A+ by Standard & Poor's. Under the $500 Million Shelf, all of the remaining $400 million of debt securities available for issuance may be offered from time to time under our medium-term note program with terms to be determined at the time of issuance.

In February 2006, we issued $2.5 billion principal amount of convertible notes due in 2011 (the "2011 Convertible Notes") and $2.5 billion principal amount of convertible notes due in 2013 (the "2013 Convertible Notes") in a private placement. The 2011 Convertible Notes and the 2013 Convertible Notes were issued at par and pay interest at a rate of 0.125% and 0.375%, respectively. The 2011 Convertible Notes and the 2013 Convertible Notes may be convertible based on an initial conversion rate of 12.5247 shares and 12.5814 shares, respectively, per $1,000 principal amount of notes (which represents an initial conversion price of approximately $79.84 and $79.48 per share, respectively). The 2011 Convertible Notes and the 2013 Convertible Notes may only be converted: 1) during any calendar quarter beginning after June 30, 2006 if the closing price of our common stock exceeds 130% of the respective conversion price per share during a defined period at the end of the previous quarter, 2) if we make specified distributions to holders

of our common stock or specified corporate transactions occur, or 3) one month prior to the respective maturity date. Upon conversion, a holder would receive: 1) cash equal to the lesser of the principal amount of the note or the conversion value, as defined, and 2) to the extent the conversion value exceeds the principal amount of the note, shares of our common stock, cash, or a combination of common stock and cash, at our option (the "excess conversion value"). In addition, upon a change in control, as defined, the holders may require us to purchase for cash all or a portion of their notes for 100% of the principal amount of the notes plus accrued and unpaid interest, if any. A total of $3.0 billion of the net proceeds from these debt issuances were used to repurchase common stock under our stock repurchase program.

Concurrent with the issuance of the 2011 Convertible Notes and the 2013 Convertible Notes, we purchased convertible note hedges in private transactions. The convertible note hedges allow us to receive shares of our common stock and/or cash from the counterparties to the transactions equal to the amounts of common stock and/or cash related to the excess conversion value that we would pay to the holders of the 2011 Convertible Notes and the 2013 Convertible Notes upon conversion. These transactions will terminate the earlier of the maturity dates of the related notes or the first day none of the related notes remain outstanding due to conversion or otherwise. The convertible note hedges, which cost an aggregate of approximately $1.5 billion, will be recorded as a reduction of equity.

Also concurrent with the issuance of the 2011 Convertible Notes and the 2013 Convertible Notes, we sold warrants to acquire shares of our common stock at an exercise price of $107.90 per share in a private placement. Pursuant to these transactions, warrants for 31.3 million shares of our common stock may be settled in May 2011 and warrants for 31.5 million shares of our common stock may be settled in May 2013 (the "settlement dates"). If the average price of our common stock during a defined period ending on or about the respective settlement dates exceeds the exercise price of the warrants, the warrants will be settled, at our option, in cash or shares of our common stock. Proceeds received from the issuance of the warrants totaled approximately $774 million.

We have a $1.0 billion unsecured revolving credit facility to be used for general corporate purposes, including commercial paper support, which matures in November 2010. Additionally, we have a commercial paper program, which provides for unsecured, short-term borrowings of up to an aggregate of $1.2 billion. No amounts were outstanding under the credit facility or commercial paper program as of December 31, 2005.

We have a $1.0 billion shelf registration (the "$1 Billion Shelf") which allows us to issue debt securities, common stock, and associated preferred share purchase rights, preferred stock, warrants to purchase debt securities, common stock or preferred stock, securities purchase contracts, securities purchase units and depositary shares. The $1 Billion Shelf was established to provide for further financial flexibility and the securities available for issuance may be offered from time to time with terms to be determined at the time of issuance. As of December 31, 2005, no securities had been issued under the $1 Billion Shelf.

Certain of our financing arrangements contain non-financial covenants and as of December 31, 2005, we are in compliance with all applicable covenants.

Cash flows

The following table summarizes our cash flow activity for the years ended December 31, 2005, 2004, and 2003 (amounts in millions):

	2005	2004	2003
Net cash provided by operating activities	$ 4,911	$ 3,697	$ 3,567
Net cash used in investing activities	(59)	(1,399)	(3,210)
Net cash used in financing activities	(4,538)	(1,609)	(1,372)

Operating

Cash provided by operating activities has been and is expected to continue to be our primary recurring source of funds. The increase in cash provided by operating activities during the year ended December 31, 2005 resulted primarily from higher cash receipts from customers driven by the growth in product sales and timing differences of cash payments relating to our tax and other accrued liabilities (see Consolidated Statements of Cash Flows).

The increase in cash provided by operations for 2004 resulted primarily from higher cash receipts from customers driven by growth in product sales. This increase was partially offset primarily by the timing of cash payments related to our tax liabilities (see Consolidated Statements of Cash Flows).

Investing

Capital expenditures totaled $867 million in 2005 compared with $1.3 billion in 2004 and $1.4 billion in 2003. Capital expenditures in 2005 primarily related to the Puerto Rico manufacturing expansion which included a new manufacturing plant for the commercial production of Neulasta® and NEUPOGEN® approved by the FDA in September 2005, Thousand Oaks site expansion, Colorado manufacturing expansion, and site development to support the new ENBREL manufacturing plant in Rhode Island, also approved by the FDA in September 2005.

Capital expenditures in 2004 primarily related to the Thousand Oaks site expansion, the new ENBREL manufacturing plant in Rhode Island, and the Puerto Rico manufacturing expansion. Capital expenditures in 2003 related to the new ENBREL manufacturing plant in Rhode Island, the Puerto Rico manufacturing expansion, and the Seattle research center which was completed in January 2004.

We currently estimate 2006 spending on capital projects and equipment to be in excess of $1 billion as we continue to increase our manufacturing and R&D operations globally. The most significant of these expenditures are expected to be incurred with the start of engineering and construction of a new process development, bulk manufacturing and formulation, fill, and finish facility in Ireland, the further expansion of the Puerto Rico bulk manufacturing, formulation, fill, and finish facilities, the expansion of R&D operations at existing sites in the United States and the United Kingdom and the construction of a new development center in Uxbridge, United Kingdom. For additional information on our planned capital projects, see “Item 1. Business — Manufacturing and Raw Materials.”

In addition, we expect to spend approximately $2.2 billion by the end of April 2006, in conjunction with our proposed acquisition of Abgenix. We will also assume Abgenix’s debt in connection with this proposed transaction.

Financing

In December 2004, the Board of Directors (the "Board") authorized us to repurchase up to $5.0 billion of common stock. Additionally, in December 2005, the Board authorized us to repurchase up to an additional $5.0 billion of common stock. As of December 31, 2005, $6.5 billion was available for stock repurchases under these programs. The manner of purchases, amount we spend, and the number of shares repurchased will vary based on a variety of factors including the stock price and blackout periods in which we are restricted from repurchasing shares, and may include private block purchases as well as market transactions. Repurchases under our stock repurchase programs reflect, in part, our confidence in the long-term value of Amgen common stock. Additionally, we believe that it is an effective way of returning cash to our stockholders. A summary of our repurchase activity for the years ended December 31, 2005, 2004, and 2003 is as follows (amounts in millions):

	2005		2004		2003	
	Shares	Dollars	Shares	Dollars	Shares	Dollars
First quarter	26.8	$ 1,675	10.1	$ 650	8.2	$ 451
Second quarter	12.1	750	17.4	1,000	7.3	449
Third quarter	9.5	769	24.0	1,398	4.8	323
Fourth quarter	14.8	1,236	17.6	1,024	9.4	578
Total	63.2	$ 4,430	69.1	$ 4,072	29.7	$ 1,801

(See "Item 5. Market for Registrant's Common Equity and Related Stockholder Matters — Item 5(c). Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities" for additional information regarding our stock repurchase programs.)

On March 2, 2005, as a result of certain holders of the convertible notes exercising their March 1, 2005 put option, we repurchased $1.6 billion aggregate principal amount of convertible notes at their then-accreted value for $1.2 billion in cash, or approximately 40%, of the outstanding convertible notes.

We receive cash from the exercise of employee stock options and proceeds from the sale of stock pursuant to the employee stock purchase plan. Employee stock option exercises and proceeds from the sale of stock by us pursuant to the employee stock purchase plans provided $1.1 billion, $453 million, and $529 million of cash during the years ended December 31, 2005, 2004, and 2003 respectively. Proceeds from the exercise of employee stock options will vary from period to period based upon, among other factors, fluctuations in the market value of our stock relative to the exercise price of such options.

In November 2004, we issued $1.0 billion aggregate principal amount of 4.00% senior notes due 2009 and $1.0 billion aggregate principal amount of 4.85% senior notes due 2014. The net proceeds totaled $1,989 million and were intended for purchases of stock under the stock repurchase program then in affect and for general corporate purposes, including capital expenditures and working capital.

In February 2006, we raised $5.0 billion of cash proceeds by issuing convertible notes at par in a private placement. Of the $5.0 billion convertible notes, $2.5 billion pay interest at 0.125 percent and are due in 2011 and $2.5 billion pay interest at 0.375 percent and are due in 2013. A total of $3.0 billion of the net proceeds from these debt issuances were used to repurchase common stock under our stock repurchase program. Concurrent with the issuance of the convertible notes, we purchased convertible note hedges at a cost of approximately $1.5 billion. Also in February 2006, we sold 62.8 million warrants to acquire shares of our common stock for proceeds of $774 million, 31.3 million of which may be settled in May 2011 and 31.5 million of which may be settled in May 2013. For further information on these transactions, see "Financing arrangements" above.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that are currently material or reasonably likely to be material to our financial position or results of operations.

Contractual Obligations

Contractual obligations represent future cash commitments and liabilities under agreements with third parties, and exclude contingent liabilities for which we cannot reasonably predict future payment. Accordingly, the table below excludes contractual obligations relating to milestone and royalty payments due to third parties and purchase price consideration for proposed mergers and acquisitions (see "Item 1. Business — Joint Ventures and Business Relationships — Abgenix, Inc."), all of which are contingent upon certain future events. Such events could include, but are not limited to, development milestones, regulatory approvals, product sales, and shareholder approval for proposed transactions. Additionally, the expected timing of payment of the obligations presented below is estimated based on current information. Timing of payments and actual amounts paid may be different depending on the timing of receipt of goods or services or changes to agreed-upon terms or amounts for some obligations.

The following chart represents our contractual obligations as of December 31, 2005, aggregated by type (in millions):

	Payments due by period				
Contractual obligations	Total	Less than 1 year	1-3 Years	3-5 Years	More than 5 years
Long-term debt obligations(1)	$ 5,326	$ 103	$ 2,081(2)	$ 1,150	$ 1,992
Operating lease obligations	658	74	129	94	361
Purchase obligations(3)	2,879	1,249	1,014	331	285
Total contractual obligations	$ 8,863	$ 1,426	$ 3,224	$ 1,575	$ 2,638

(1) The long-term obligation amounts in the above table differ from the related carrying amounts on the Consolidated Balance Sheet as of December 31, 2005 due to the accretion of the original issue discount on the convertible notes and the inclusion of future interest payments. Future interest payments are included on the 2007 Notes, the 2009 Notes, the 2014 Notes, and the Century Notes at fixed rates of 6.5%, 4.00%, 4.85%, and 8.1%, respectively, through maturity in 2007, 2009, 2014, and 2097, respectively.

(2) Holders of the convertible notes could have required us to purchase all or a portion of the notes on specific dates as early as March 1, 2006 at the original issuance price plus accrued original issue discount ("accreted value") through the purchase dates. However, the holders of substantially all of the convertible notes did not require us to repurchase such notes on this date. Consequently, the amounts above reflect the convertible notes' accreted value on March 1, 2007, the next put date. (See Note 4, "Financing arrangements" to the Consolidated Financial Statements for further discussion of the terms of the convertible notes.)

(3) Purchase obligations primarily relate to (1) our long-term supply agreement with BI Pharma for the manufacture of commercial quantities of ENBREL, which are based on firm commitments for the purchase of production capacity for ENBREL and reflect certain estimates such as production run success rates and bulk drug yields achieved; (2) R&D commitments (including those related to clinical trials) for new and existing products; (3) capital expenditures for engineering and construction which primarily relate to the Colorado manufacturing projects, Thousand Oaks research and development expansion and site development, Rhode Island site development, and certain ongoing Puerto Rico manufacturing projects; and (4) open purchase orders for the acquisition of goods and services in the

ordinary course of business. Our obligation to pay certain of these amounts may be reduced based on certain future events.

Summary of Critical Accounting Policies

The preparation of our consolidated financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the notes to the financial statements. Some of those judgments can be subjective and complex, and therefore, actual results could differ materially from those estimates under different assumptions or conditions.

Product sales, sales incentives and returns

Sales of our products other than EPOGEN® (see "EPOGEN® revenue recognition" below) are recognized when shipped and title and risk of loss have passed. This typically occurs at the time products are shipped to the customer, generally a wholesale distributor.

In the United States, we utilize these wholesalers as the principal means of distributing our products to healthcare providers such as clinics, hospitals, and pharmacies. Products we sell outside the United States are principally distributed to hospitals and/or wholesalers depending upon the distribution practice in each country for which the product has been launched. We monitor the inventory levels of our products at our wholesale distributors using third-party data, and we believe that wholesaler inventories have been maintained at appropriate levels (generally two to three weeks) given end-user demand. Accordingly, historical fluctuations in wholesaler inventory levels have not significantly impacted our method of estimating sales incentives and returns.

Accruals for estimated rebates, wholesaler chargebacks, discounts, and other incentives (collectively "sales incentives") are recorded in the same period that the related sales are recorded and are recognized as a reduction in product sales. Sales incentive accruals are based on reasonable estimates of the amounts earned or to be claimed on the related sales. These estimates take into consideration current contractual and statutory requirements, specific known market events and trends, internal and external historical data, and forecasted customer buying patterns. Sales incentives are product-specific and, therefore, for any given year, can be impacted by the mix of products sold.

Reductions in product sales relating to sales incentives are comprised of the following (amounts in millions):

	2005	2004	2003
Rebates	$ 1,344	$ 1,033	$ 520
Wholesaler chargebacks	1,559	1,069	553
Discounts and other incentives	891	490	286
Total sales incentives	$ 3,794	$ 2,592	$ 1,359
Percent of gross product sales	24%	20%	15%

Rebates earned by healthcare providers such as clinics, hospitals and pharmacies in the United States are the sales incentives that are most difficult to estimate. These rebates are performance-based offers that are primarily based on attaining contractually-specified sales volumes and growth. As a result, the calculation of the accrual for these rebates is complicated by the need to estimate customer buying patterns and the resulting applicable contractual rebate rate(s) to be earned over a contractual period. These rebates totaled $1,344 million in 2005, $1,033 million in 2004, and $520 million in 2003. We believe that the methodology we use to accrue for rebates is reasonable and appropriate given current facts and circumstances. However, actual results may differ. For example, a 5% change in the revenue reduction

attributable to rebates recognized in 2005 would have had an approximate $65 million effect on our reported product sales in 2005.

Wholesaler chargebacks are another type of arrangement included in "sales incentives" that relate to our contractual agreements to sell products to healthcare providers in the United States at fixed prices that are lower than the list prices we charge wholesalers. When the healthcare providers purchase our products through wholesalers at these reduced prices, the wholesaler charges us for the difference between the prices they pay us and the prices they sold the products to the healthcare providers. These chargebacks from wholesalers totaled $1,559 million in 2005, $1,069 million in 2004, and $553 million in 2003. Accruals for wholesaler chargebacks are less difficult to estimate than rebates and closely approximate actual results since chargeback amounts are fixed at the date of purchase by the healthcare provider and we settle these deductions generally within a few weeks of incurring the liability.

Amounts accrued for sales incentives are adjusted when trends or significant events indicate that adjustment is appropriate. Accruals are also adjusted to reflect actual results. However, such adjustments to date have not been material to our results of operations or financial position. The following table summarizes amounts recorded in accrued liabilities regarding sales incentives (amounts in millions):

	Balance at Beginning of Period	Amounts Charged Against Product Sales*	Payments	Balance at End of Period
Year ended:				
December 31, 2005	$ 589	$ 3,794	$ 3,519	$ 864
December 31, 2004	$ 358	$ 2,592	$ 2,361	$ 589

* Includes immaterial amounts related to prior year product sales based on changes in estimates. Such amounts represented approximately 1% of incentive amounts charged against product sales for both 2005 and 2004.

Accruals for estimated sales returns are recorded in the same period that the related product sales are recorded and are recognized as reductions in product sales. Returns are estimated through comparison of historical return data to their related sales on a production lot basis. Historical rates of return are determined for each product and are adjusted for known or expected changes in the marketplace specific to each product when appropriate. Historically, sales returns have been insignificant, amounting to approximately 1% of gross product sales.

EPOGEN® revenue recognition

We have the exclusive right to sell Epoetin alfa for dialysis, certain diagnostics, and all non-human, non-research uses in the United States. We granted to Johnson & Johnson a license relating to Epoetin alfa for sales in the United States for all human uses except dialysis and diagnostics. Pursuant to this license, Amgen and Johnson & Johnson are required to compensate each other for Epoetin alfa sales that either party makes into the other party's exclusive market, sometimes referred to as "spillover." Accordingly, we do not recognize product sales we make into the exclusive market of Johnson & Johnson and do recognize the product sales made by Johnson & Johnson into our exclusive market. Sales in our exclusive market are derived from our sales to our customers, as adjusted for spillover. We are employing an arbitrated audit methodology to measure each party's spillover based on independent third-party data on shipments to end users and their estimated usage. Data on end user usage is derived in part using market sampling techniques, and accordingly, the results of such sampling can produce variability in the amount of recognized spillover. We initially recognize spillover based on estimates of shipments to end users and their usage, utilizing historical third-party data and subsequently adjust such amounts based on revised third-party data as received. Differences between initial estimates of spillover and amounts based

on revised third-party data could produce materially different amounts for recognized EPOGEN® sales. However, such differences to date have not been material.

Deferred income taxes

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

The American Jobs Creation Act was enacted on October 22, 2004. One provision of the American Jobs Creation Act effectively reduced the tax rate on a qualifying repatriation of earnings by providing for an 85% dividend-received deduction. In the fourth quarter of 2005, we repatriated $500 million under the American Jobs Creation Act, which was the maximum amount of foreign earnings qualifying for the reduced rate. The tax expense incurred on this repatriation was approximately $43 million. We intend to continue to indefinitely reinvest any undistributed earnings of foreign subsidiaries that were not repatriated under the American Jobs Creation Act.

Contingencies

In the ordinary course of business, we are involved in various types of legal proceedings such as intellectual property disputes, contractual disputes, tax claims, and governmental investigations. Certain of these proceedings are discussed in "Item 3. Legal Proceedings." We record accruals for such contingencies to the extent we conclude their occurrence is both probable and estimable. We consider all relevant factors when making assessments regarding these contingencies.

Our income tax returns are routinely audited by the IRS and various state and foreign tax authorities. Significant disputes may arise with these tax authorities involving issues of the timing and amount of deductions and allocations of income among various tax jurisdictions because of differing interpretations of tax laws and regulations. We periodically evaluate our exposures associated with tax filing positions. While we believe our positions comply with applicable laws, we record liabilities based upon estimates of the ultimate outcomes of these matters.

While it is not possible to predict accurately or determine the eventual outcome of these matters, we do not believe any such items currently pending will have a material adverse effect on our annual consolidated financial statements, although an adverse resolution in any quarterly reporting period of one or more of these items could have a material impact on the results of operations for that period.

Valuation of acquired intangible assets

We have acquired and continue to acquire intangible assets primarily via the acquisition of biotechnology companies. These intangible assets primarily consist of technology associated with human therapeutic products and in-process product candidates as well as goodwill arising in business combinations. When significant identifiable intangible assets are acquired, an independent third-party valuation firm is engaged to assist in determining the fair values of these assets as of the acquisition date. Discounted cash flow models are typically used in these valuations, and these models require the use of significant estimates and assumptions including but not limited to:

- determining the timing and expected costs to complete the in-process projects,
- projecting regulatory approvals,

- estimating future cash flows from product sales resulting from completed products and in-process projects,
- and developing appropriate discount rates and probability rates by project.

We believe the fair values assigned to the intangible assets acquired are based upon reasonable estimates and assumptions given available facts and circumstances as of the acquisition dates.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following tables provide information about our financial instruments that are sensitive to changes in interest rates. For our investment portfolio and debt obligations, the tables present principal cash flows and related weighted-average interest rates by expected maturity dates. Additionally, we have assumed our available-for-sale debt securities, comprised primarily of corporate debt instruments and treasury securities, are similar enough to aggregate for presentation purposes. Interest income earned on our fixed income investment portfolio is impacted by fluctuations in U.S. interest rates upon reinvestment of funds received on maturity or sale of securities at the then current market rates. Changes in interest rates do not affect interest expense incurred on our 2007 Notes, 2009 Notes, 2014 Notes, Century Notes and convertible notes because they bear interest at fixed rates. However, in 2003 and 2004, we entered into interest rate swap agreements, which qualify and are designated as fair value hedges, to protect against possible increases in value of our non-convertible notes, which swapped fixed interest payments for variable interest payments over the lives of the respective notes. For the interest rate swaps, the tables present the notional amounts and related weighted-average interest rates by contractual maturity date. Variable rates relating to the interest rate swaps are the average estimated forward rates for the term of each contract. The notional amount is used to calculate the contractual cash flows to be exchanged under the contract. The interest rate swaps related to the available-for-sale debt securities shown in the 2004 table were liquidated in 2005 when the underlying available-for-sale fixed income securities either matured or were sold.

Interest Rate Sensitivity
Principal (Notional) Amount by Expected Maturity as of December 31, 2005
(Dollars in millions)
Average Interest Rate

	2006	2007	2008	2009	2010	There-after	Total	Fair value 12/31/05
Available-for-sale debt securities	$ 2,926	$ 470	$ 585	$ 309	$ 248	$ 541	$ 5,079	$ 5,049
Average interest rate	1.7%	4.4%	4.1%	4.2%	4.1%	4.3%		
Medium and long-term notes	—	$ 100	—	$ 1,000	—	$ 1,100	$ 2,200	$ 2,201
Average interest rate	—	6.5%	—	4.0%	—	5.1%		
Convertible notes(1)	—	$ 1,782	—	—	—	—	$ 1,782	$ 1,837
Interest rate	—	1.125%	—	—	—	—		
Interest rate swaps related to debt:								
Pay variable/receive fixed	—	$ 100	—	$ 500	—	$ 1,100	$ 1,700	$ (35)
Average pay rate	—	4.4%	—	4.6%	—	4.5%		
Average receive rate	—	3.6%	—	3.9%	—	4.7%		

Interest Rate Sensitivity
Principal (Notional) Amount by Expected Maturity as of December 31, 2004
(Dollars in millions)
Average Interest Rate

	2005	2006	2007	2008	2009	There-after	Total	Fair value 12/31/04
Available-for-sale debt securities	$ 4,021	$ 630	$ 241	$ 268	$ 221	—	$ 5,381	$ 5,390
Average interest rate	1.9%	3.3%	5.1%	4.3%	3.9%	—		
Medium and long-term notes	—	—	$ 100	—	$ 1,000	$ 1,100	$ 2,200	$ 2,242
Average interest rate	—	—	6.5%	—	4.0%	5.1%		
Convertible notes(1)	$ 1,175	$ 1,762	—	—	—	—	$ 2,937	$ 2,933
Interest rate	1.125%	1.125%	—	—	—	—		
Interest rate swaps related to available-for-sale debt securities:								
Pay fixed/receive variable	$ 120	$ 25	—	—	—	—	$ 145	$ (1)
Average pay rate	4.2%	4.5%	—	—	—	—		
Average receive rate	2.2%	2.2%	—	—	—	—		
Interest rate swaps related to debt:								
Pay variable/receive fixed	—	—	$ 100	—	$ 500	$ 1,100	$ 1,700	—
Average pay rate	—	—	2.4%	—	2.5%	2.5%		
Average receive rate	—	—	3.6%	—	3.9%	4.7%		

(1) Holders of the convertible notes were able to require us to purchase all or a portion of the notes on specific dates as early as March 1, 2005 at the original issuance price plus accrued original issue discount ("accreted value") through the purchase dates. On March 2, 2005, as a result of certain holders of the convertible notes exercising their March 1, 2005 Put Option, we repurchased $1.2 billion, or approximately 40%, of the outstanding convertible notes at their then-accreted value for cash. Concurrently, we amended the terms of the convertible notes to add an additional put date in order to permit the remaining holders, at their option, to cause us to repurchase the remaining convertible notes on March 1, 2006 at the then-accreted value. However, the holders of substantially all of the convertible notes did not require us to repurchase such notes on this date. Consequently, for the December 31, 2004 table the amounts above reflect the convertible notes' accreted value repurchased on March 2, 2005 and the remaining notes accreted value on March 1, 2006 (the then next available put date) and for the December 31, 2005 table the remaining convertible notes' accreted value on March 1, 2007, the next available put date. In the event the holders of the convertible notes convert their convertible notes, we generally are required to pay the accreted value in cash. (See Note 4, "Financing arrangements" to the Consolidated Financial Statements for further discussion of the terms of the convertible notes.)

We are exposed to equity price risks on the marketable portion of equity securities included in our portfolio of investments entered into for the promotion of business and strategic objectives. These investments are generally in small capitalization stocks in the biotechnology industry sector. At December 31, 2005 and 2004, we had equity forward contracts to hedge against changes in the fair market value of a portion of our equity investment portfolio. We did not have material equity price risk on the unhedged portion of our equity investment portfolio at December 31, 2005 and 2004.

Our results of operations are affected by fluctuations in the value of the U.S. dollar as compared to foreign currencies, predominately the Euro, as a result of the sales of our products in foreign markets. Foreign currency forward and option contracts are used to hedge against the effects of such fluctuations. Both positive and negative impacts to our international product sales from movements in foreign exchange rates have been mitigated by the natural, opposite impact that the investments in foreign exchange rates have on our international operating expenses and as a result of our foreign currency hedging activities. Our hedging activities seek to offset the impact, both positive and negative, that foreign exchange rate changes may have on our results of operations. As such, the impact to our results of operations from changes in foreign currency exchange rates has been largely mitigated.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is incorporated herein by reference to the financial statements and schedule listed in Item 15 (a)1 and (a)2 of Part IV and included in this Form 10-K Annual Report.

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

None.

Item 9A. CONTROLS AND PROCEDURES

We maintain "disclosure controls and procedures", as such term is defined under Exchange Act Rule 13a-15(e), that are designed to ensure that information required to be disclosed in Amgen's Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to Amgen's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, Amgen's management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and in reaching a reasonable level of assurance Amgen's management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. We have carried out an evaluation under the supervision and with the participation of our management, including Amgen's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of Amgen's disclosure controls and procedures. Based upon their evaluation and subject to the foregoing, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2005.

Further, management determined that, as of December 31, 2005, there were no changes in our internal control over financial reporting that occurred during the fiscal quarter then ended that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management's Report On Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States. However, all internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and reporting.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2005. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on our assessment, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2005, based on those criteria.

Management's assessment of the effectiveness of the Company's internal control over financial reporting has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report appearing below, which expresses unqualified opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting as of December 31, 2005.

Report Of Independent Registered Public Accounting Firm
On Internal Control Over Financial Reporting

The Board of Directors and Stockholders of Amgen Inc.

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that Amgen Inc. (the "Company") maintained effective internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Amgen Inc. maintained effective internal control over financial reporting as of December 31, 2005, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, Amgen Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on the COSO criteria.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Consolidated Balance Sheets of Amgen Inc. as of December 31, 2005 and 2004 and related Consolidated Statements of Operations, Stockholders' Equity and Cash Flows for each of the three years in the period ended December 31, 2005 of Amgen Inc. and our report dated March 2, 2006 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Los Angeles, California
March 2, 2006

Item 9B. OTHER INFORMATION

Not applicable.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information about our Directors is incorporated by reference from the section entitled "ELECTION OF DIRECTORS " in our Proxy Statement for the 2006 Annual Meeting of Stockholders to be filed with the SEC within 120 days of December 31, 2005 (the "Proxy Statement"). Information about compliance with Section 16(a) of the Securities Exchange Act of 1934 is incorporated by reference from the section entitled "OTHER MATTERS — Section 16(a) Beneficial Ownership Reporting Compliance" in our Proxy Statement. Information about our Audit Committee, including members of the committee, and our Audit Committee financial experts is incorporated by reference from the section entitled "ELECTION OF DIRECTORS — Board Independence, Meetings and Committees" in our Proxy Statement. Information about our executive officers is contained in the discussion entitled "Executive Officers of the Registrant" in "Item 1. Business."

Code of Ethics

We maintain a code of ethics applicable to our principal executive officer, principal financial officer, principal accounting officer or controller, and other persons performing similar functions. To view this code of ethics free of charge, please visit our website at *www.amgen.com* (This website address is not intended to function as a hyperlink, and the information contained in our website is not intended to be a part of this filing). We intend to satisfy the disclosure requirements under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of this code of ethics, if any, by posting such information on our website as set forth above.

Item 11. EXECUTIVE COMPENSATION

Information about director and executive compensation is incorporated by reference from the Section entitled "EXECUTIVE COMPENSATION" in our Proxy Statement.

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

Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth certain information as of December 31, 2005 concerning our common stock that may be issued upon the exercise of options or pursuant to purchases of stock under all of our equity compensation plans approved by stockholders and equity compensation plans not approved by stockholders in effect as of December 31, 2005:

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options and Rights	(b) Weighted Average Exercise Price Outstanding Options and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by Amgen security holders:			
Amended and Restated 1987 Directors' Stock Option Plan(1)	38,400	$ 14.72	—
Amended and Restated 1991 Equity Incentive Plan	15,714,092	$ 47.65	34,952,828
Amended and Restated Employee Stock Purchase Plan	—	$ —(2)	11,047,202
Total Approved Plans	15,752,492	$ 47.57	46,000,030
Equity compensation plans not approved by Amgen security holders:			
Amended and Restated 1993 Equity Incentive Plan(3)	3,004,872	$ 29.84	—
Amended and Restated 1999 Equity Incentive Plan(3)	12,172,643	$ 61.79	3,340,677
Amgen Inc. Amended and Restated 1997 Equity Incentive Plan(4)	3,020,498	$ 38.12	179,165
Tularik Inc. 1991 Stock Plan(4)	15,017	$ 1.98	—
Amended and Restated 1997 Special Non-Officer Equity Incentive Plan	36,426,414	$ 57.15	1,962,902
Foreign Affiliate Plans:			
Amgen Limited Sharesave Plan	—	$ —(5)	372,839
The Amgen Limited 2000 UK Company Employee Share Option Plan(6)	—	$ —	300,000
Total Unapproved Plans	54,639,444	$ 55.61	6,155,583
Total All Plans	70,391,936	$ 53.81	52,155,613

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

(2) The purchase occurred on December 31, 2005 (the "Purchase Date") with a purchase of an aggregate 1,384,425 shares of Common Stock at a purchase price of $54.64 per share, such purchase price reflects the lesser of 85% of either the closing price of the Common Stock on the Purchase Date or the closing price of the Common Stock on the start date of the applicable employee's participation in the plan.

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

(4) This plan was assumed by Amgen in connection with the merger of Tularik Inc. with and into Amgen SF, LLC, a wholly owned subsidiary of Amgen, on August 13, 2004 (the "Merger"). This plan was previously approved by Tularik Inc.'s shareholders. The Tularik Inc. 1991 Stock Plan (the "Tularik 1991 Plan") was terminated on March 14, 1997 by Tularik Inc. Although there are options still outstanding under the Tularik 1991 Plan, no shares are available for issuance under these plans for future grants.

(5) As of December 31, 2003, there were no further offerings under the Amgen Limited Sharesave Plan and last share purchase under this plan was March 31, 2003.

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

Summary of Equity Compensation Plans Not Approved by Stockholders

The following is a summary of the equity compensation plans, which have shares available for issuance for future grants as of December 31, 2005 and were adopted or assumed by the Board without the approval of our stockholders:

Amended and Restated 1999 Equity Incentive Plan

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

Stock Subject to the 1999 Plan. Subject to adjustments upon certain changes in the common stock, the shares available for issuance under the 1999 Plan upon exercise of the outstanding grants made pursuant to the 1999 Plan are Amgen's common stock. The number of shares authorized for issuance under the 1999 Plan is 19,273,852. Awards of (i) incentive stock options, (ii) nonqualified stock options, (iii) stock bonuses, and (iv) rights to purchase restricted stock ("Stock Award") may be granted under the 1999 Plan.

Administration. The 1999 Plan is administered by the Board of Directors. The Board of Directors has delegated administration of the 1999 Plan to the committees of the Board.

Eligibility. Incentive stock options may be granted under the 1999 Plan to all employees (including officers) of Amgen or its affiliates. All employees (including officers) and directors of Amgen or its affiliates and consultants to Amgen or its affiliates, or trusts for the benefit of such an employee, director or consultant or his or her spouse or members of their immediate family ("permitted trusts") designated by any such employee, director or consultant, are eligible to receive Stock Awards other than incentive stock options under the 1999 Plan.

For incentive stock options granted under the 1999 Plan, the aggregate fair market value, determined at the time of grant, of the shares of common stock with respect to which such options are exercisable for the first time by an optionee during any calendar year (under all such plans of Amgen or any affiliate of Amgen) may not exceed $100,000. No person may receive Stock Awards for more than 649,455 shares of common stock in any calendar year.

Terms of Discretionary Options. The following is a description of the permissible terms of options granted under the 1999 Plan, other than options awarded to non-employee directors which are described

below under the heading "Terms of Non-Discretionary Options Awarded to Non-Employee Directors" (the options described in this section are referred to as "Discretionary Options"). Individual Discretionary Option grants may be more restrictive as to any or all of the permissible terms described below.

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

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

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

Discretionary Options either become exercisable in cumulative increments or are exercisable in full immediately. The Board has the power to accelerate the beginning of the period during which an option may be exercised (the "vesting date"). Options granted from the Restatement Date under the 1999 Plan typically vest at the rate of 25% per year during the optionee's employment or service as a consultant. Stock options typically provide for the acceleration of the vesting of options if the optionee voluntarily retires at or after age 60 after having been an employee of Amgen or its affiliate for at least fifteen consecutive years and such retirement is not the result of permanent and total disability ("Voluntary Retirement"). Generally, if any optionee shall terminate his or her employment or relationship as a director or consultant with Amgen or an affiliate due to death or disability, then, in such event, the vesting date for those Discretionary Options granted to such employee, director or consultant or to the permitted trust of such employee, director or consultant which have not vested as of the date of such employee's, director's or consultant's termination for reasons of death or disability shall automatically be accelerated in full for those with five or more years or to December 31 of the year following the year in which the termination occurs for those with less than five years of employment or relationship with Amgen of such employee, director or consultant. Upon Voluntary Retirement, Discretionary Options shall not terminate until the earlier of the termination date set forth in the applicable grant agreement or eighteen months following the date of Voluntary Retirement. The Board also has the power to accelerate the time during which a Discretionary Option may be exercised. To the extent provided by the terms of a Discretionary Option, an optionee may satisfy any federal, state or local tax withholding obligations relating to the exercise of such option by (1) a cash payment upon exercise, (2) by authorizing Amgen to withhold a portion of the stock otherwise issuable to the optionee, (3) by delivering already-owned stock of Amgen or (4) by a combination of these means.

Terms of Non-Discretionary Options Awarded to Non-Employee Directors. The Board may from time to time adopt award programs under the 1999 Plan providing for the grant of formula or non-discretionary Stock Awards to directors of Amgen who are not employees of Amgen or any affiliate. The terms and conditions of any such program shall be established by the Board in its sole discretion, subject to the terms and conditions of the 1999 Plan.

Terms of Stock Bonuses and Purchases of Restricted Stock. Stock bonuses and purchases of restricted stock shall be in such form and contain such terms and conditions as the Board shall deem appropriate. The following is a description of some of the permissible terms of stock bonuses and purchases of restricted stock under the 1999 Plan. Individual stock bonuses or purchases of restricted stock may be more restrictive as to any or all of the permissible terms described below or on different terms and conditions.

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

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

Shares of common stock sold or awarded under the 1999 Plan may, but need not, be subject to a repurchase option in favor of the Company in accordance with a vesting schedule determined by the Board. To the extent provided by the terms of a stock bonus or restricted stock purchase agreement, a participant may satisfy any federal, state or local tax withholding obligations relating to the lapsing of a repurchase option or vesting of a stock bonus or a restricted stock award in the same manner as that of Discretionary Options. See "Terms of Discretionary Options."

Generally, rights under a stock bonus or restricted stock purchase agreement shall not be assignable by any participant under the 1999 Plan.

Adjustment Provisions. If there is any change in the stock subject to the 1999 Plan or subject to any Stock Award granted under the 1999 Plan (through merger, consolidation, reorganization, recapitalization, stock dividend, dividend in property other than cash, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other transaction not involving the receipt of consideration by the Company), the 1999 Plan and outstanding Stock Awards thereunder will be appropriately adjusted as to the class and the maximum number of shares subject to such plan, the maximum number of shares which may be granted to a participant in a calendar year, the class, number of shares and price per share of stock subject to such outstanding Stock Awards.

Change in Control. For purposes of the 1999 Plan, a Change in Control occurs at the following times: (i) upon the acquisition of beneficial ownership of 50% or more of either the then outstanding shares of common stock or the combined voting power of the Company's then outstanding voting securities entitled to vote generally in the election of directors; or (ii) at the time individuals making up the Incumbent Board (as defined in the 1999 Plan) cease for any reason to constitute at least a majority of the Board; or (iii) immediately prior to the consummation by the Company of a reorganization, merger, or consolidation with respect to which persons who were the stockholders of the Company immediately prior to such transaction do not, immediately thereafter, own more than 50% of the combined voting power of the reorganized, merged or consolidated company's voting securities entitled to vote generally in the election of directors, or a liquidation or dissolution of the Company or the sale of all or substantially all of the assets of the Company; or (iv) the occurrence of any other event which the incumbent Board determines is a Change of Control. Upon the occurrence of a Change in Control, to the extent permitted by applicable law, the vesting and exercisability of any outstanding Stock Awards under the 1999 Plan will accelerate. Upon and following such acceleration, at the election of the holder of the Stock Award, the Stock Award may be (a) exercised with respect to stock options or, if the surviving or acquiring corporation agrees to assume the Stock Awards or substitute similar awards, (b) assumed or (c) replaced with substitute Stock Awards. Options not exercised, substituted or assumed prior to or upon the Change in Control shall be terminated.

Duration, Amendment and Termination. The Board may suspend or terminate the 1999 Plan without stockholder approval or ratification at any time or from time to time. No incentive stock options may be granted under the 1999 Plan after February 22, 2009. No amendment, suspension or termination may impair the rights or obligations under any Stock Award except with the consent of the person to whom the Stock Award was granted.

Amgen Inc. Amended and Restated 1997 Equity Incentive Plan

The Amgen Inc. Amended and Restated 1997 Equity Incentive Plan (formerly known as the Tularik Inc. 1997 Equity Incentive Plan, as amended) (the "Acquired 1997 Plan") was assumed by Amgen in connection with the merger of Tularik Inc. with and into Amgen SF, LLC, a wholly owned subsidiary of Amgen on August 13, 2004. The Acquired 1997 Plan was previously approved by Tularik Inc.'s shareholders. The Acquired 1997 Plan consists of two articles — Article I which governs awards granted prior to August 13, 2004 (the "Restatement Date") and Article II which governs awards granted on or after the Restatement Date. As the terms of options grants made pursuant to the Acquired 1997 Plan going forward are governed exclusively by Article II of the plan, the following is a description of the material provisions of Article II of the Acquired 1997 Plan. This description is qualified in its entirety by reference to the Acquired 1997 Plan itself, which was filed as an exhibit to the Company's Form S-8 dated August 16, 2004. Except as described below, the material provisions of Article II of the Acquired 1997 Plan are substantially similar to those of Article II of the 1999 Plan described above (reference to the 1999 Plan are deemed to be replaced with references to the Acquired 1997 Plan, as applicable):

- The Acquired 1997 Plan will terminate on March 2, 2007;
- Subject to adjustments upon certain changes in the common stock, the number of shares authorized for issuance under Article II of the Acquired 1997 Plan is 1,153,152;
- No Stock Award may be granted to any person under Article II of the Acquired 1997 Plan who is an employee or director of or consultant to the Company or its affiliates (other than Tularik Inc.) on the Restatement Date;
- Under Article II of the Acquired 1997 Plan, no person may receive Stock Awards for more than 451,000 shares of common stock in any calendar year;
- Subject to adjustments upon certain changes in the common stock, under Article II of the Acquired 1997 Plan no more than 902,006 of the shares eligible for issuance under the plan in any calendar year may be issued upon exercise of Incentive Stock Options under the plan;
- The purchase price under each stock purchase agreement shall be not less than fifty (50%) of the fair market value of the Company's Common Stock on the date such award is made; and
- The Board shall have the power to condition the grant or vesting of stock bonuses and rights to purchase restricted stock under Article II of the Acquired 1997 Plan upon attainment of performance goals with respect to any one or more of the following business criteria with respect to the Company, any affiliate, any division, any operating unit or any product line: (i) return on capital, assets or equity, (ii) sales or revenue, (iii) net income, (iv) cash flow, (v) earnings per share, (vi) adjusted earnings or adjusted net income (as defined by the plan), (vii) working capital, (vii) total shareholder return, (ix) economic value or (x) product development, research, in-licensing, out-licensing, litigation, human resources, information services, manufacturing, manufacturing capacity, production, inventory, site development, plant, building or facility development, government relations, product market share, mergers, acquisitions or sales of assets or subsidiaries.

Terms of Restricted Stock Units (RSUs). The following is a description of the permissible terms of RSUs granted under the Acquired 1997 Plan after the Restatement Date. Individual grants of RSUs may be more restrictive as to any or all of the permissible terms described below.

RSUs granted under the Acquired 1997 Plan shall constitute stock bonuses and shall be in such form and contain such terms and conditions as the Board shall deem appropriate. RSUs vest in cumulative increments or vest fully after a specified holding period. RSUs granted from the Restatement Date under the Acquired 1997 Plan typically vest at the rate of 25% per year during the grantee's employment or service as a consultant. Absent death, disability or Voluntary Retirement, in certain circumstances, unvested RSUs shall automatically expire and terminate on the date of termination of employment. The Board also has the power to accelerate the vesting period for RSUs or suspend vesting during leaves of absences.

Upon a grantee's Voluntary Retirement, the RSUs scheduled to vest between and including the date of such retirement and December 31 of the second year following the year in which the retirement occurs shall accelerate to vest immediately. If the grantee terminates his or her employment or relationship as a consultant with Amgen or an affiliate due to death or disability and has been employed for less than five full years, the RSUs scheduled to vest between and including the date of such death or disability and December 31 in the first year following such termination, shall accelerate to vest immediately. If the grantee terminates his or her employment or relationship as a consultant with Amgen or an affiliate due to death or disability and has been employed for five or more years, the RSUs scheduled to vest between and including the date of such death or disability and December 31 in the second year following such termination, shall accelerate to vest immediately.

To the extent provided by the terms of the RSUs, the grantee may satisfy any federal, state or local tax withholding obligations by (1) authorizing Amgen to withhold a portion of the stock otherwise issuable to grantee, (2) deducting such obligations from compensation, (3) a cash payment upon vesting or (4) by a combination of these means.

Amended and Restated 1997 Special Non-Officer Equity Incentive Plan

The Amended and Restated 1997 Special Non-Officer Equity Incentive Plan (the "1997 Plan") was adopted by the Company on December 8, 1997. This description is qualified in its entirety by reference to the 1997 Plan itself, which was filed as an exhibit to the Company's Form 10-Q for the quarter ended September 30, 2002. Except as described below, the material provisions of the 1997 Plan are substantially similar to those of Article II of the 1999 Plan described above (reference to the 1999 Plan are deemed to be replaced with references to the 1997 Plan, as applicable):

- The 1997 Plan terminates on December 9, 2007;
- Officers who are appointed by the Board are excluded from the 1997 Plan;
- The 1997 Plan does not provide for non-discretionary grants to Directors of the Company;
- Subject to adjustments upon certain changes in the common stock, the number of shares authorized for issuance under the 1997 Plan is 101,000,000; and
- Under the 1997 Plan, no person may receive Stock Awards for more than 2,000,000 shares of common stock in any calendar year.

The Amgen Limited Sharesave Plan

The Amgen Limited Sharesave Plan (the "Sharesave Plan") was adopted by the Board of Directors of Amgen Limited, the Company's indirectly wholly-owned UK subsidiary, and approved by the Board of Directors of the Company in October 1998. In general, the Sharesave Plan authorizes Amgen Limited to grant options to certain employees of Amgen Limited to buy shares of the Company's common stock

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

Amgen Limited 2000 UK Company Employee Share Option Plan

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

Common Stock and Contractual Contingent Payment Rights

Information about security ownership of certain beneficial owners and management is incorporated by reference from the sections entitled "SECURITY OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS AND CERTAIN BENEFICIAL OWNERS — Common Stock" and "SECURITY OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS AND CERTAIN BENEFICIAL OWNERS — Contractual Contingent Payment Rights" in our Proxy Statement.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information about certain relationships and transactions with related parties is incorporated by reference from the section entitled "CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS" in our Proxy Statement.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information about the fees for professional services rendered by our independent registered public accountants is incorporated by reference from the section entitled "AUDIT MATTERS — Independent Registered Public Accountants" in our Proxy Statement.

PART IV

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

(a)1. Index to Financial Statements

The following Consolidated Financial Statements are included herein:

(a)2. Index to Financial Statement Schedules

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

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

(a)3. Exhibits

Exhibit No.	Description
3.1*	Amended and Restated Certificate of Incorporation (as amended and restated December 6, 2005).
3.2	Amended and Restated Bylaws of Amgen Inc. (as amended and restated May 11, 2005).(56)
3.3	Certificate of Designations of Series A Junior Participating Preferred Stock.(22)
4.1	Indenture dated January 1, 1992 between the Company and Citibank N.A., as trustee.(3)
4.2	6.50% Notes Due December 1, 2007.(11)
4.3	First Supplemental Indenture, dated February 26, 1997, to Indenture, dated January 1, 1992, between the Company and Citibank N.A., as trustee.(6)
4.4	Officer's Certificate pursuant to Sections 2.1 and 2.3 of the Indenture, dated as of January 1, 1992, as supplemented by the First Supplemental Indenture, dated as of February 26, 1997, each between Amgen Inc. and Citibank, N.A., as Trustee, establishing a series of securities entitled "6.50% Notes Due December 1, 2007"(11)
4.5	$8^{1}/_{8}$% Debentures due April 1, 2097.(8)
4.6	Officer's Certificate pursuant to Sections 2.1 and 2.3 of the Indenture, dated as of January 1, 1992, as supplemented by the First Supplemental Indenture, dated as of February 26, 1997, each between the Company and Citibank, N.A., as Trustee, establishing a series of securities entitled "$8^{1}/_{8}$% Debentures due April 1, 2097."(8)

4.7	Form of Liquid Yield Option™ Note due 2032.(29)
4.8	Indenture, dated as of March 1, 2002, between Amgen Inc. and LaSalle Bank National Association.(29)
4.9	Supplemental Indenture, dated as of March 2, 2005, between Amgen Inc. and LaSalle Bank National Association.(48)
4.10	Registration Rights Agreement, dated as of March 1, 2002, between Amgen Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated.(29)
4.11	Indenture, dated as of August 4, 2003, between the Company and JP Morgan Chase Bank, N.A., as trustee.(39)
4.12	Form of 4.00% Senior Note due 2009.(45)
4.13	Form of 4.85% Senior Notes due 2014.(45)
4.14	Officers Certificate of Amgen Inc. dated November 18, 2004, including forms of the Company's 4.00% Senior Notes due 2009 and 4.85% Senior Notes due 2014.(45)
4.15	Registration Rights Agreement, dated as of November 18, 2004, among Amgen Inc. and Morgan Stanley & Co. and Merrill Lynch, Pierce, Fenner & Smith Incorporated as representatives of the several initial purchasers.(45)
4.16	Form of Zero Coupon Convertible Note due 2032(54)
4.17	Indenture, dated as of May 6, 2005, between Amgen Inc. and LaSalle Bank National Association.(54)
4.18	Indenture, dated as of February 17, 2006, between Amgen Inc. and JP Morgan Chase Bank, N.A., as trustee (including form of 0.125% Convertible Senior Note due 2011).(60)
4.19	Indenture, dated as of February 17, 2006, between Amgen Inc. and JP Morgan Chase Bank, N.A., as trustee (including form of 0.375% Convertible Senior Note due 2013).(60)
4.20	Registration Rights Agreement, dated as of February 17, 2006, among Amgen Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated, Citigroup Global Markets Inc., J.P. Morgan Securities Inc., Lehman Brothers Inc., Bear, Stearns & Co. Inc., Credit Suisse Securities (USA) LLC.(60)
10.1	Corporate Commercial Paper - Master Note between and among Amgen Inc., as Issuer, Cede & Co., as nominee of The Depository Trust Company and Citibank, N.A. as Paying Agent.(12)
10.2	Form of stock certificate for the common stock, par value $.0001 of the Company.(9)
10.3+	Amended and Restated 1991 Equity Incentive Plan (as of December 5, 2005).(59)
10.4+ 10.5+	Forms of Stock Option Grant Agreements and Restricted Stock Unit Agreements for the Amended and Restated 1991 Equity Incentive Plan (Amended and Restated effective December 5, 2005).(59)
10.6+	Amgen Inc. Director Equity Incentive Program (Amended and Restated effective December 6, 2005).(59)
10.7+	Forms of Stock Option and Restricted Stock Unit Agreements pursuant to the Director Equity Incentive Plan.(59)
10.8+	Amgen Inc. Amended and Restated 1997 Equity Incentive Plan (as of December 5, 2005).(59)
10.9+	Forms of Stock Option Grant Agreements and Restricted Stock Unit Agreements for the 1997 Equity Incentive Plan (Amended and Restated effective December 5, 2005).(59)

10.10+	Amended and Restated 1999 Equity Incentive Plan (as of December 5, 2005).(59)
10.11+	Forms of Stock Option Grant Agreements for 1999 Equity Incentive Plan (Amended and Restated December 5, 2005).(59)
10.13+	Amgen Inc. Amended and Restated Employee Stock Purchase Plan.(19)
10.14+	First Amendment, effective July 12, 2005, to the Amgen Inc. Amended and Restated Employee Stock Purchase Plan.(55)
10.15+	Amgen Retirement and Savings Plan (As Amended and Restated effective January 1, 2006).(57)
10.16+	Amgen Supplemental Retirement Plan (As Amended and Restated effective January 1, 2005).(44)
10.17+	First Amendment to Amgen Supplemental Retirement Plan.(57)
10.18+	Amgen Inc. Change of Control Severance Plan.(14)
10.19+	First Amendment to Amgen Inc. Change of Control Severance Plan.(19)
10.20+	Second Amendment to the Amgen Inc. Change of Control Severance Plan.(25)
10.21+	Third Amendment to the Amgen Inc. Change of Control Severance Plan.(50)
10.22+	Fourth Amendment to the Amgen Inc. Change of Control Severance Plan.(50)
10.23+	Fifth Amendment to the Amgen Inc. Change of Control Severance Plan.(46)
10.24+	Amgen Inc. Executive Incentive Plan.(30)
10.25+	First Amendment to the Amgen Inc. Executive Incentive Plan.(46)
10.26+	Amgen Inc. Executive Nonqualified Retirement Plan.(28)
10.27+	Amgen Nonqualified Deferred Compensation Plan (As Amended and Restated effective January 1, 2005).(44)
10.28+	First Amendment to Amgen Nonqualified Deferred Compensation Plan.(57)
10.29+	Amended and Restated Amgen Inc. Performance Award Program (Amended and Restated effective December 5, 2005).(59)
10.30+	Form of Performance Unit Agreement (Amended and Restated effective December 5, 2005).(59)
10.31+	Amended and Restated 1987 Directors' Stock Option Plan of Amgen Inc.(7)
10.32+	2002 Special Severance Pay Plan for Amgen Employees.(35)
10.33+	Agreement between Amgen Inc. and Mr. George J. Morrow, dated March 3, 2001.(23)
10.34+	Promissory Note of Mr. George J. Morrow, dated March 11, 2001.(23)
10.35+	Agreement between Amgen Inc. and Dr. Roger M. Perlmutter, M.D., Ph.D., dated March 5, 2001.(23)
10.36+	Promissory Note of Dr. Roger M. Perlmutter, dated June 29, 2001.(24)
10.37+	Agreement between Amgen Inc. and Mr. Brian McNamee, dated May 5, 2001.(24)
10.38+	Promissory Note of Mr. Brian McNamee, dated May 30, 2001.(25)
10.39+	Restricted Stock Purchase Agreement between Amgen Inc. and Brian M. McNamee, dated March 3, 2003.(38)
10.40+	Agreement between Amgen Inc. and Mr. Richard Nanula, dated May 15, 2001.(24)

10.41+	Promissory Note of Mr. Richard Nanula, dated June 27, 2001.(24)
10.42+	Restricted Stock Purchase Agreement between Amgen Inc. and Mr. Richard Nanula, dated May 16, 2001.(25)
10.43+	Promissory Note of Dr. Hassan Dayem, dated July 10, 2002.(35)
10.44+	Amended and Restated Agreement between Amgen Inc. and David J. Scott, dated February 16, 2004.(40)
10.45+*	Restricted Stock Purchase Agreement between Amgen Inc. and Dennis M. Fenton, dated December 6, 2004.
10.46	Product License Agreement, dated September 30, 1985, and Technology License Agreement, dated, September 30, 1985 between Amgen Inc. and Ortho Pharmaceutical Corporation.(19)
10.47	Shareholder's Agreement of Kirin-Amgen, Inc., dated May 11, 1984, between the Company and Kirin Brewery Company, Limited.(22)
10.48	Amendment Nos. 1, 2, and 3, dated March 19, 1985, July 29, 1985 and December 19, 1985, respectively, to the Shareholder's Agreement of Kirin-Amgen, Inc., dated May 11, 1984.(19)
10.49	Amendment Nos. 4, 5, 6, 7, 8, 9, 10 and 11 dated October 16, 1986 (effective July 1, 1986), December 6, 1986 (effective July 1, 1986), May 11, 1984, July 17, 1987 (effective April 1, 1987), May 28, 1993 (effective November 13, 1990), December 9, 1994 (effective June 14, 1994), March 1, 1996 and March 20, 2000 respectively, to the Shareholders Agreement of Kirin-Amgen, Inc. dated May 11, 1984.(22)
10.50	Amendment No. 12 dated January 31, 2001 to the Shareholders Agreement of Kirin-Amgen, Inc. dated May 11, 1984.(56)
10.51	Product License Agreement, dated September 30, 1985, and Technology License Agreement, dated September 30, 1985 between Kirin-Amgen, Inc. and Ortho Pharmaceutical Corporation.(19)
10.52	Research, Development Technology Disclosure and License Agreement PPO, dated January 20, 1986, by and between Amgen Inc. and Kirin Brewery Co., Ltd.(1)
10.53	Amendment, dated June 30, 1988, to Research, Development, Technology Disclosure and License Agreement: GM-CSF dated March 31, 1987, between Kirin Brewery Company, Limited and Amgen Inc.(2)
10.54	Assignment and License Agreement, dated October 16, 1986, between Amgen Inc. and Kirin-Amgen, Inc.(22)
10.55	G-CSF United States License Agreement dated June 1, 1987 (effective July 1, 1986), Amendment No. 1 dated October 20, 1988 and Amendment No. 2 dated October 17, 1991 (effective November 13, 1990) between Kirin-Amgen, Inc. and Amgen Inc.(22)
10.56	G-CSF European License Agreement, dated December 30, 1986, Amendment No. 1 dated June 1, 1987, Amendment No. 2 dated March 15, 1998, Amendment No. 3 dated October 20, 1988, and Amendment No. 4 dated December 29, 1989 between Kirin-Amgen, Inc. and Amgen Inc.(22)
10.57	Partnership Purchase Agreement dated March 12, 1993, between Amgen Inc., Amgen Clinical Partners, L.P., Amgen Development Corporation, the Class A limited partners and the Class B limited partner.(4)

10.58	ENBREL® Supply Agreement among Immunex Corporation, American Home Products Corporation and Boehringer Ingelheim Pharma KG, dated as of November 5, 1998 (with certain confidential information deleted therefrom).(15)
10.59	Amendment No. 1 to the ENBREL® Supply Agreement among Immunex Corporation, American Home Products Corporation and Boehringer Ingelheim Pharma KG, dated June 27, 2000 (with certain confidential information deleted therefrom).(33)
10.60	Amendment No. 2 to the ENBREL® Supply Agreement among Immunex Corporation, American Home Products Corporation and Boehringer Ingelheim Pharma KG, dated June 3, 2002 (with certain confidential information deleted therefrom).(35)
10.61	Amendment No. 3 to the ENBREL® Supply Agreement among Immunex Corporation, American Home Products Corporation and Boehringer Ingelheim Pharma KG, dated December 18, 2002 (with certain confidential information deleted therefrom).(37)
10.62	Amendment No. 4 to the ENBREL® Supply Agreement among Immunex Corporation, American Home Products Corporation and Boehringer Ingelheim Pharma KG, dated May 21, 2004.(56)
10.63	Amendment No. 5 to the ENBREL® Supply Agreement among Immunex Corporation, American Home Products Corporation and Boehringer Ingelheim Pharma KG, dated August 30, 2005.(58)
10.64	Agreement Regarding Governance and Commercial Matters by and among Wyeth (formerly American Home Products Corporation), American Cyanamid Company and Amgen Inc. dated December 16, 2001 (with certain confidential information deleted therefrom).(30)
10.65	Asset Purchase Agreement dated May 2, 2002, by and between Immunex Corporation and Schering Aktiengesellschaft (with certain confidential information deleted therefrom).(35)
10.66	Amendment No. 1 dated as of September 25, 2002 and Amendment No. 2 dated as of July 17, 2002to the Asset Purchase Agreement dated as of September 25, 2002, by and between Immunex Corporation and Schering Aktiengesellschaft.(35)
10.67	Amended and Restated Promotion Agreement By and Among Wyeth, Amgen Inc. and Immunex Corporation entered into as of December 16, 2001 (with certain confidential information deleted therefrom).(30)
10.68	Description of Amendment No. 1 to Amended and Restated Promotion Agreement By and Among Wyeth, Amgen Inc. and Immunex Corporation, effective as of July 8, 2003 (with certain confidential information deleted therefrom).(40)
10.69	Description of Amendment No. 2 to Amended and Restated Promotion Agreement By and Among Wyeth, Amgen Inc. and Immunex Corporation, effective as of April 20, 2004.(42)
10.70	Description of Amendment No. 3 To Amended and Restated Promotion Agreement By and Among Wyeth, Amgen Inc. and Immunex Corporation, effective as of January 1, 2005, (with certain confidential information deleted therefrom).(53)
10.71	Amgen Inc. Credit Agreement, dated as of July 16, 2004, among Amgen Inc. the Banks therein named, Citibank N.A., as Issuing Bank, Citicorp USA, Inc., as Administrative Agent and Barclays Bank PLC, as Syndication Agent.(43)
10.72	First Amendment dated as of December 6, 2004, to the Credit Agreement, dated as of July 16, 2004, among Amgen Inc. the Banks therein named, Citibank N.A., as Issuing Bank, Citicorp USA, Inc., as Administrative Agent and Barclays Bank PLC, as Syndication Agent.(59).

10.73	Purchase Agreement, dated as of November 15, 2004, among Amgen Inc. and Morgan Stanley & Co. and Merrill Lynch, Pierce, Fenner & Smith Incorporated as representatives of the several initial purchasers.(45)
10.74	Purchase Agreement, dated as of February 14, 2006, among Amgen Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. Incorporated, Citigroup Global Markets Inc., J.P. Morgan Securities Inc., Lehman Brothers Inc., Bear, Stearns & Co. Inc., Credit Suisse Securities (USA) LLC.(60)
10.75*	Confirmation of OTC Convertible Note Hedge related to 2011 Notes, dated February 14, 2006, between Amgen Inc. and Merrill Lynch International.
10.76*	Confirmation of OTC Convertible Note Hedge related to 2013 Notes, dated February 14, 2006, between Amgen Inc. and Merrill Lynch International.
10.77*	Confirmation of OTC Convertible Note Hedge related to 2011 Notes, dated February 14, 2006, between Amgen Inc. and Morgan Stanley & Co. International Limited and Morgan Stanley Bank as agent.
10.78*	Confirmation of OTC Warrant Transaction, dated February 14, 2006, between Amgen Inc. and Merrill Lynch International for warrants expiring in 2011.
10.79*	Confirmation of OTC Warrant Transaction, dated February 14, 2006, between Amgen Inc. and Merrill Lynch International for warrants expiring in 2013.
10.80*	Confirmation of OTC Warrant Transaction, dated February 14, 2006, between Amgen Inc. and Morgan Stanley & Co. International Limited and Morgan Stanley Bank as agent for warrants expiring in 2011.
10.81*	Accelerated Share Repurchase Agreement, dated February 16, 2006, between Amgen Inc. and Citigroup Global Markets Inc.
21*	Subsidiaries of the Company.
23	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm. The consent set forth on page 97 is incorporated herein by reference.
24	Power of Attorney. The Power of Attorney set forth on page 96 is incorporated herein by reference.
31*	Rule 13a-14(a) Certifications.
32**	Section 1350 Certifications.

(* = filed herewith)

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

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

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

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

(3) Filed as an exhibit to Form S-3 Registration Statement dated December 19, 1991 and incorporated herein by reference.

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

(5) Filed as an exhibit to the Form 10-Q for the quarter ended September 30, 1996 on November 5, 1996 and incorporated herein by reference.

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

(7) Filed as an exhibit to the Annual Report on Form 10-K for the year ended December 31, 1996 on March 24, 1997 and incorporated herein by reference.

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

(9) Filed as an exhibit to the Form 10-Q for the quarter ended March 31, 1997 on May 13, 1997 and incorporated herein by reference.

(10) Filed as an exhibit to the Form 10-Q for the quarter ended June 30, 1997 on August 12, 1997 and incorporated herein by reference.

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

(12) Filed as an exhibit to the Form 10-Q for the quarter ended March 31, 1998 on May 13, 1998 and incorporated herein by reference.

(13) Filed as an exhibit to the Form 10-Q for the quarter ended June 30, 1998 on August 14, 1998 and incorporated herein by reference.

(14) Filed as an exhibit to the Annual Report on Form 10-K for the year ended December 31, 1998 on March 16, 1999 and incorporated herein by reference.

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

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

(17) Filed as an exhibit to the Form 10-Q for the quarter ended June 30, 1999 on August 3, 1999 and incorporated herein by reference.

(18) Filed as an exhibit to the Annual Report on Form 10-K for the year ended December 31, 1999 on March 7, 2000 and incorporated herein by reference.

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

(20) Filed as an exhibit to the Form 10-Q for the quarter ended September 30, 2000 on November 14, 2000 and incorporated herein by reference.

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

(22) Filed as an exhibit to the Annual Report on Form 10-K for the year ended December 31, 2000 on March 7, 2001 and incorporated herein by reference.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(39) Filed as an exhibit to Form S-3 Registration Statement dated August 4, 2003 and incorporated herein by reference.

(40) Filed as an exhibit to the Annual Report on Form 10-K for the year ended December 31, 2003 on March 11, 2004 and incorporated herein by reference.

(41) Filed as an exhibit to the Form S-4 dated April 26, 2004 and incorporated herein by reference.

(42) Filed as an exhibit to the Form S-4/A dated June 29, 2004 and incorporated herein by reference.

(43) Filed as an exhibit to the Form 10-Q for the quarter ended June 30, 2004 on August 6, 2004 and incorporated herein by reference.

(44) Filed as an exhibit to the Form 8-K Current Report dated October 5, 2004 on October 12, 2004 and incorporated herein by reference.

(45) Filed as an exhibit to Form 8-K dated November 15, 2004 and incorporated herein by reference.

(46) Filed as an exhibit to Form 8-K dated December 6, 2004 and incorporated herein by reference.

(47) Filed as an exhibit to Form S-8 dated August 16, 2004 and incorporated herein by reference.

(48) Filed as an exhibit to Form 8-K dated March 2, 2005 and incorporated herein by reference.

(49) Filed as an exhibit to Form 8-K dated March 7, 2005 and incorporated herein by reference.

(50) Filed as an exhibit to Form 10-K for the year ended December 31, 2004 on March 9, 2005 and incorporated herein by reference.

(51) Filed as an exhibit to Form S-4 dated March 14, 2005 and incorporated by reference.

(52) Filed as an exhibit to Form S-4 dated April 5, 2005 and incorporated by reference.

(53) Filed as an exhibit to Form 10-Q for the quarter ended March 31, 2005 on May 4, 2005 and incorporated herein by reference.

(54) Filed as an exhibit to Form 8-K dated May 5, 2005 and incorporated herein by reference.

(55) Filed as an exhibit to Form 8-K dated July 11, 2005 and incorporated herein by reference.

(56) Filed as an exhibit to Form 10-Q for the quarter ended June 30, 2005 on August 8, 2005 and incorporated herein by reference.

(57) Filed as an exhibit to Form 8-K dated October 19, 2005 and incorporated herein by reference.

(58) Filed as an exhibit to Form 10-Q for the quarter ended September 30, 2005 on November 9, 2005.

(59) Filed as an exhibit to Form 8-K dated December 8, 2005 and incorporated herein by reference.

(60) Filed as an exhibit to Form 8-K dated February 21, 2006 and incorporated herein by reference.

SIGNATURES

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

AMGEN INC.
(Registrant)

Date:03/10/06 By: /s/ RICHARD D. NANULA

Richard D. Nanula
Executive Vice President
and Chief Financial Officer

EXHIBIT 24

POWER OF ATTORNEY

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

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

Signature	Title	Date
/s/ KEVIN W. SHARER Kevin W. Sharer	Chairman of the Board, Chief Executive Officer and President, and Director (Principal Executive Officer)	3/10/06
/s/ RICHARD D. NANULA Richard D. Nanula	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	3/10/06
/s/ MICHAEL A. KELLY Michael A. Kelly	Vice President Corporate Planning and Control and Chief Accounting Officer (Principal Accounting Officer)	3/10/06
/s/ DAVID BALTIMORE David Baltimore	Director	3/10/06
/s/ FRANK J. BIONDI, JR. Frank J. Biondi, Jr.	Director	3/10/06
/s/ JERRY D. CHOATE Jerry D. Choate	Director	3/10/06
/s/ FREDERICK W. GLUCK Frederick W. Gluck	Director	3/10/06
/s/ FRANK C. HERRINGER Frank C. Herringer	Director	3/10/06
/s/ FRANKLIN P. JOHNSON, JR. Franklin P. Johnson, Jr.	Director	3/10/06
/s/ GILBERT S. OMENN Gilbert S. Omenn	Director	3/10/06
/s/ JUDITH C. PELHAM Judith C. Pelham	Director	3/10/06
/s/ J. PAUL REASON J. Paul Reason	Director	3/10/06
/s/ DONALD B. RICE Donald B. Rice	Director	3/10/06
/s/ LEONARD D. SCHAEFFER Leonard D. Schaeffer	Director	3/10/06

EXHIBIT 23

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-5111) pertaining to the 1984 Stock Option Plan, 1981 Incentive Stock Option Plan and Nonqualified Stock Option Plan of Amgen Inc., in the Registration Statement (Form S-8 No. 33-24013) pertaining to the Amended and Restated 1988 Stock Option Plan of Amgen Inc., in the Registration Statement (Form S-8 No. 33-39183) pertaining to the Amended and Restated Employee Stock Purchase Plan, in the Registration Statement (Form S-8 No. 33-39104) pertaining to the Amended and Restated Amgen Retirement and Savings Plan, in the Registration Statements (Form S-3/S-8 No. 33-29791 and Form S-8 No. 33-42501) pertaining to the Amended and Restated 1987 Directors' Stock Option Plan, in the Registration Statement (Form S-8 No. 33-42072) pertaining to the Amgen Inc. Amended and Restated 1991 Equity Incentive Plan, in the Registration Statement (Form S-8 No. 33-47605) pertaining to the Retirement and Savings Plan for Amgen Puerto Rico, Inc., in the Registration Statement (Form S-8 No. 333-44727) pertaining to the Amgen Inc. 1997 Special Non-Officer Equity Incentive Plan, in the Registration Statement (Form S-3 No. 333-19931) of Amgen Inc., in the Registration Statement (Form S-3 No. 333-40405) of Amgen Inc., in the Registration Statement (Form S-8 No. 333-62735) pertaining to the Amgen Inc. Amended and Restated 1997 Special Non-Officer Equity Incentive Plan, in the Registration Statement (Form S-3 No. 333-53929) pertaining to the Amgen Inc. 1997 Special Non-Officer Equity Incentive Plan, the Amgen Inc. Amended and Restated 1991 Equity Incentive Plan, the Amended and Restated 1988 Stock Option Plan of Amgen Inc. and the Amended and Restated 1987 Directors' Stock Option Plan, in the Registration Statement (Form S-8 No. 333-74585) pertaining to the Amgen Limited Sharesave Plan, in the Registration Statement (Form S-8 No. 333-81284) pertaining to the Amgen Nonqualified Deferred Compensation Plan, in the Registration Statement (Form S-8 No. 333-56672) pertaining to the Amended and Restated 1997 Special Non-Officer Equity Incentive Plan, in the Registration Statement (Form S-3 No. 333-56664 and Amendment No. 1 thereto) pertaining to the Amgen Inc. 1997 Special Non-Officer Equity Incentive Plan, the Amgen Inc. Amended and Restated 1991 Equity Incentive Plan, the Amended and Restated 1988 Stock Option Plan of Amgen Inc., and the Amended and Restated 1987 Directors' Stock Option Plan, in the Registration Statement (Form S-8 No. 333-83824) pertaining to the Amgen Inc. Amended and Restated 1997 Special Non-Officer Equity Incentive Plan, in the Registration Statement (Form S-3 No. 333-88834) pertaining to Amgen Inc.'s Liquid Yield Option™ Notes, in the Registration Statement (Form S-3 No. 333-92450 and Amendment No. 1 thereto) pertaining to Amgen Inc.'s Common Stock, in the Registration Statement (Form S-8 No. 333-92424 and Amendment No. 1 thereto) pertaining to the Amgen Inc. Amended and Restated 1993 Equity Incentive Plan (formerly known as the Immunex Corporation 1993 Stock Option Plan), the Amgen Inc. Amended and Restated 1999 Equity Incentive Plan (formerly known as the Immunex Corporation 1999 Stock Option Plan), the Amgen Inc. Amended and Restated 1999 Employee Stock Purchase Plan (formerly known as the Immunex Corporation 1999 Employee Stock Purchase Plan), the Immunex Corporation Stock Option Plan for Nonemployee Directors, and the Amgen Inc. Profit Sharing 401(k) Plan and Trust (formerly known as the Immunex Corporation Profit Sharing 401(k) Plan and Trust), in the Registration Statement (Form S-3 No. 333-107639 and Amendment 1 thereto) relating to debt securities, common stock and associated preferred share repurchase rights, preferred stock, warrants to purchase debt securities, common stock or preferred stock, securities purchase contracts, securities purchase units and depositary shares of Amgen Inc. and in the related Prospectuses, and in the Registration Statement (Form S-8 No. 333-118254) pertaining to the Amgen Inc. Amended and Restated 1997 Equity Incentive Plan (formerly known as the Tularik Inc. 1997 Equity Incentive Plan, as amended), the Tularik Inc. 1991 Stock Plan, as amended, the Tularik Inc. Amended and Restated 1997 Non-Employee Directors' Stock Option Plan, as amended, the Amgen Salary Savings Plan (formerly known as Tularik Salary Savings Plan), a Nonstatutory Stock Option Agreement, and in the Registration Statement (Form S-3 No. 333-132286) relating to the potential resale of securities acquired from Amgen Inc. by selling security holders in unregistered private offerings, of our

reports dated March 2, 2006, with respect to the consolidated financial statements and schedule of Amgen Inc., Amgen Inc. management's assessment of the effectiveness of internal control over financial reporting, and the effectiveness of internal control over financial reporting of Amgen Inc., included in this Annual Report (Form 10-K) for the year ended December 31, 2005.

/s/ Ernst & Young LLP

Los Angeles, California
March 7, 2006

Report of Independent Registered Public Accounting Firm
on the Financial Statements

The Board of Directors and Stockholders of Amgen Inc.

We have audited the accompanying Consolidated Balance Sheets of Amgen Inc. (the "Company") as of December 31, 2005 and 2004, and the related Consolidated Statements of Operations, Stockholders' Equity, and Cash Flows for each of the three years in the period ended December 31, 2005. Our audits also included the financial statement schedule listed in the Index at Item 15(a)2. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amgen Inc. at December 31, 2005 and 2004, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2005, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Amgen Inc.'s internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 2, 2006 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Los Angeles, California
March 2, 2006

AMGEN INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended December 31, 2005, 2004, and 2003

(In millions, except per share data)

	2005	2004	2003
Revenues:			
Product sales	$ 12,022	$ 9,977	$ 7,868
Other revenues	408	573	488
Total revenues	12,430	10,550	8,356
Operating expenses:			
Cost of sales (excludes amortization of acquired intangible assets presented below)	2,082	1,731	1,341
Research and development	2,314	2,028	1,655
Write-off of acquired in-process research and development	—	554	—
Selling, general and administrative	2,790	2,556	1,957
Amortization of acquired intangible assets	347	333	336
Other items, net	49	—	(24)
Total operating expenses	7,582	7,202	5,265
Operating income	4,848	3,348	3,091
Other income (expense):			
Interest and other income, net	119	85	113
Interest expense, net	(99)	(38)	(31)
Total other income	20	47	82
Income before income taxes	4,868	3,395	3,173
Provision for income taxes	1,194	1,032	914
Net income	$ 3,674	$ 2,363	$ 2,259
Earnings per share:			
Basic	$ 2.97	$ 1.86	$ 1.75
Diluted	$ 2.93	$ 1.81	$ 1.69
Shares used in calculation of earnings per share:			
Basic	1,236	1,271	1,288
Diluted	1,258	1,320	1,346

See accompanying notes.

AMGEN INC.

CONSOLIDATED BALANCE SHEETS

December 31, 2005 and 2004

(In millions, except per share data)

	2005	2004
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,840	$ 1,526
Marketable securities	3,415	4,282
Trade receivables, net	1,769	1,461
Inventories	1,258	888
Other current assets	953	1,013
Total current assets	9,235	9,170
Property, plant, and equipment, net	5,038	4,712
Intangible assets, net	3,742	4,033
Goodwill	10,495	10,525
Other assets	787	781
	$ 29,297	$ 29,221
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 596	$ 507
Accrued liabilities	2,999	2,477
Convertible notes	—	1,173
Total current liabilities	3,595	4,157
Deferred tax liabilities	1,163	1,294
Convertible notes	1,759	1,739
Other long-term debt	2,198	2,198
Other non-current liabilities	131	128
Commitments and contingencies		
Stockholders' equity:		
Preferred stock; $0.0001 par value; 5 shares authorized; none issued or outstanding	—	—
Common stock and additional paid-in capital; $0.0001 par value; 2,750 shares authorized; outstanding — 1,224 shares in 2005 and 1,260 shares in 2004	23,561	22,078
Accumulated deficit	(3,132)	(2,376)
Accumulated other comprehensive income	22	3
Total stockholders' equity	20,451	19,705
	$ 29,297	$ 29,221

See accompanying notes.

AMGEN INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years ended December 31, 2005, 2004, and 2003

(In millions)

	Number of shares	Common stock and additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income	Total
Balance at December 31, 2002	1,289	$ 19,344	$ (1,125)	$ 67	$ 18,286
Comprehensive income:					
Net income	—	—	2,259	—	2,259
Other comprehensive loss, net of tax:					
Unrealized losses on securities, net of reclassification adjustments	—	—	—	(57)	(57)
Foreign currency translation adjustments	—	—	—	51	51
Total other comprehensive loss	—	—	—	—	(6)
Comprehensive income	—	—	—	—	2,253
Issuance of common stock upon the exercise of employee stock options and in connection with an employee stock purchase plan	25	538	—	—	538
Tax benefits related to employee stock options	—	113	—	—	113
Repurchases of common stock	(30)	—	(1,801)	—	(1,801)
Balance at December 31, 2003	1,284	19,995	(667)	61	19,389
Comprehensive income:					
Net income	—	—	2,363	—	2,363
Other comprehensive loss, net of tax:					
Unrealized losses on securities, net of reclassification adjustments	—	—	—	(82)	(82)
Foreign currency translation adjustments	—	—	—	24	24
Total other comprehensive loss	—	—	—	—	(58)
Comprehensive income	—	—	—	—	2,305
Issuance of common stock for the acquisition of Tularik Inc.	24	1,332	—	—	1,332
Fair value of options assumed from Tularik	—	71	—	—	71
Issuance of common stock upon the exercise of employee stock options and in connection with an employee stock purchase plan	21	513	—	—	513
Tax benefits related to employee stock options	—	167	—	—	167
Repurchases of common stock	(69)	—	(4,072)	—	(4,072)
Balance at December 31, 2004	1,260	22,078	(2,376)	3	19,705
Comprehensive income:					
Net income	—	—	3,674	—	3,674
Other comprehensive income, net of tax:					
Unrealized gains on securities, net of reclassification adjustments	—	—	—	65	65
Foreign currency translation adjustments	—	—	—	(46)	(46)
Total other comprehensive income	—	—	—	—	19
Comprehensive income	—	—	—	—	3,693
Issuance of common stock upon the exercise of employee stock options and in connection with an employee stock purchase plan	27	1,207	—	—	1,207
Tax benefits related to employee stock options	—	276	—	—	276
Repurchases of common stock	(63)	—	(4,430)	—	(4,430)
Balance at December 31, 2005	1,224	$ 23,561	$ (3,132)	$ 22	$ 20,451

See accompanying notes.

AMGEN INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2005, 2004, and 2003

(In millions)

	2005	2004	2003
Cash flows from operating activities:			
Net income	$ 3,674	$ 2,363	$ 2,259
Depreciation and amortization	841	734	687
Write-off of acquired in-process research and development	—	554	—
Tax benefits related to employee stock options	315	203	269
Deferred income taxes	(95)	57	(442)
Other items, net	166	161	100
Cash provided by (used in) changes in operating assets and liabilities, net of acquisitions:			
Trade receivables, net	(308)	(453)	(256)
Inventories	(370)	(175)	(168)
Other current assets	(47)	(85)	(33)
Accounts payable	72	179	74
Accrued income taxes	81	(318)	683
Other accrued liabilities	582	477	394
Net cash provided by operating activities	4,911	3,697	3,567
Cash flows from investing activities:			
Purchases of property, plant, and equipment	(867)	(1,336)	(1,357)
Purchases of marketable securities	(9,597)	(6,869)	(5,320)
Proceeds from sales of marketable securities	9,835	6,606	3,339
Proceeds from maturities of marketable securities	603	208	371
Cash paid for acquisitions, net of cash acquired	—	115	—
Other	(33)	(123)	(243)
Net cash used in investing activities	(59)	(1,399)	(3,210)
Cash flows from financing activities:			
Repurchases of common stock	(4,430)	(4,072)	(1,801)
Repayment of debt	(1,175)	—	(123)
Net proceeds from issuance of common stock upon the exercise of employee stock options and in connection with an employee stock purchase plan	1,087	453	529
Issuance of debt, net of issuance costs	—	1,989	—
Other	(20)	21	23
Net cash used in financing activities	(4,538)	(1,609)	(1,372)
Increase (decrease) in cash and cash equivalents	314	689	(1,015)
Cash and cash equivalents at beginning of year	1,526	837	1,852
Cash and cash equivalents at end of year	$ 1,840	$ 1,526	$ 837

See accompanying notes.

1. Summary of significant accounting policies

Business

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

Principles of consolidation

The consolidated financial statements include the accounts of Amgen as well as its wholly owned subsidiaries. We do not have any significant interests in any variable interest entities. All material intercompany transactions and balances have been eliminated in consolidation.

Use of estimates

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

Cash equivalents

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

Available-for-sale securities

We consider our investment portfolio and marketable equity investments available-for-sale as defined in Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Accordingly, these investments are recorded at fair value, which is based on quoted market prices. For the years ended December 31, 2005, 2004, and 2003, realized gains totaled $25 million, $23 million, and $28 million, respectively, and realized losses totaled $20 million, $27 million, and $16 million, respectively. The cost of securities sold is based on the specific identification method. The fair values of available-for-sale investments by type of security, contractual maturity, and classification in the balance sheets are as follows (in millions):

December 31, 2005	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Type of security:				
Corporate debt securities	$ 1,556	$ 1	$ (15)	$ 1,542
U.S. Treasury securities and obligations of U.S. government agencies	2,699	—	(16)	2,683
Other interest bearing securities	824	—	—	824
Total debt securities	5,079	1	(31)	5,049
Equity securities	105	8	(1)	112
	$ 5,184	$ 9	$ (32)	$ 5,161

December 31, 2004	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Type of security:				
Corporate debt securities	$ 2,181	$ 4	$ (11)	$ 2,174
U.S. Treasury securities and obligations of U.S. government agencies	2,328	2	(7)	2,323
Other interest bearing securities	893	—	—	893
Total debt securities	5,402	6	(18)	5,390
Equity securities	119	26	—	145
	$ 5,521	$ 32	$ (18)	$ 5,535

	December 31,	
Contractual maturity:	2005	2004
Maturing in one year or less	$ 2,913	$ 2,374
Maturing after one year through three years	1,351	1,429
Maturing after three years	785	1,587
Total debt securities	5,049	5,390
Equity securities	112	145
	$ 5,161	$ 5,535

	December 31,	
Classification in balance sheets:	2005	2004
Cash and cash equivalents	$ 1,840	$ 1,526
Marketable securities	3,415	4,282
Other assets — noncurrent	83	167
	5,338	5,975
Less cash	(177)	(440)
	$ 5,161	$ 5,535

The primary objectives for our fixed income investment portfolio are liquidity and safety of principal. Investments are made with the objective of achieving the highest rate of return consistent with these two objectives. Our investment policy limits investments to certain types of instruments issued by institutions primarily with investment grade credit ratings and places restrictions on maturities and concentration by type and issuer.

Inventories

Inventories are stated at the lower of cost or market. Cost, which include amounts related to materials, labor, and overhead, is determined in a manner which approximates the first-in, first-out (FIFO) method. Inventories consisted of the following (in millions):

	December 31,	
	2005	2004
Raw materials	$ 145	$ 117
Work in process	758	565
Finished goods	355	206
	$ 1,258	$ 888

Depreciation

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

Asset Category	Years
Buildings and improvements	10-40
Manufacturing equipment	5-12
Laboratory equipment	5-12
Furniture, fixtures, and other equipment	3-15

Property, plant, and equipment

Property, plant, and equipment are recorded at historical cost and consisted of the following (in millions):

	December 31,	
	2005	2004
Land	$ 294	$ 285
Buildings and improvements	2,485	2,096
Manufacturing equipment	923	641
Laboratory equipment	618	624
Furniture, fixtures, and other equipment	2,043	1,844
Construction in progress	958	1,302
	7,321	6,792
Less accumulated depreciation and amortization	(2,283)	(2,080)
	$ 5,038	$ 4,712

We review our property, plant and equipment assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Intangible assets and goodwill

Intangible assets are recorded at cost, less accumulated amortization. Amortization of intangible assets is provided over their estimated useful lives ranging from 5 to 15 years on a straight-line basis (weighted average amortization period of 14.4 years at December 31, 2005). As of December 31, 2005, intangible assets consisted of the following (dollars in millions):

Intangible assets subject to amortization	Weighted average amortization period	December 31, 2005	December 31, 2004
Acquired product technology rights:			
Developed product technology	14.3 years	$ 3,077	$ 3,077
Core technology	15 years	1,348	1,348
Trade name	15 years	190	190
Other intangible assets	12 years	335	252
		4,950	4,867
Less accumulated amortization		(1,208)	(834)
		$ 3,742	$ 4,033

Acquired product technology rights relate to the identifiable intangible assets acquired in connection with the Immunex Corporation ("Immunex") acquisition in July 2002. Amortization of acquired product technology rights is included in "Amortization of acquired intangible assets" in the accompanying Consolidated Statements of Operations. Amortization of other intangible assets is principally included in "Selling, general and administrative" expense in the accompanying Consolidated Statements of Operations. We review our intangible assets for impairment periodically and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

We had $10,495 million and $10,525 million of goodwill at December 31, 2005 and 2004, respectively, which primarily relates to the acquisition of Immunex. The decrease in goodwill from the prior year is due primarily to tax benefits realized upon exercise of Immunex related stock options during the year ended December 31, 2005. We perform an impairment test annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill may not be recoverable.

Product sales

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

We have the exclusive right to sell Epoetin alfa for dialysis, certain diagnostics and all non-human, non-research uses in the United States. We sell Epoetin alfa under the brand name EPOGEN®. We have granted to Ortho Pharmaceutical Corporation (which has assigned its rights under the product license agreement to Ortho Biotech Products, L.P.), a subsidiary of Johnson & Johnson ("Johnson & Johnson"), a license relating to Epoetin alfa for sales in the United States for all human uses except dialysis and diagnostics. The license agreement, which is perpetual, can be terminated upon mutual agreement of the parties, or default. Pursuant to this license, Amgen and Johnson & Johnson are required to compensate each other for Epoetin alfa sales that either party makes into the other party's exclusive market, sometimes referred to as "spillover." Accordingly, we do not recognize product sales we make into the exclusive market of Johnson & Johnson and do recognize the product sales made by Johnson & Johnson into our exclusive market. Sales in our exclusive market are derived from our sales to our customers, as adjusted for

spillover. We are employing an arbitrated audit methodology to measure each party's spillover based on estimates of and subsequent adjustments thereto of third-party data on shipments to end users and their usage.

Sales of our other products are recognized when shipped and title and risk of loss have passed. Product sales are recorded net of accruals for estimated rebates, wholesaler chargebacks, discounts, and other incentives (collectively "sales incentives") and returns.

Other revenues

Other revenues consist of royalty income and corporate partner revenues. Royalties from licensees are based on third-party sales of licensed products and are recorded in accordance with contract terms when third-party results are reliably measurable and collectibility is reasonably assured. Royalty estimates are made in advance of amounts collected using historical and forecasted trends. Pursuant to the license agreement with Johnson & Johnson, noted above, we earn a 10% royalty on sales of Epoetin alfa by Johnson & Johnson in the United States. Corporate partner revenues are primarily comprised of amounts earned from Kirin-Amgen, Inc. ("KA") for certain research and development ("R&D") activities and are generally earned as the R&D activities are performed and the amounts become due (see Note 2, "Related party transactions"). In addition, corporate partner revenues include license fees and milestone payments associated with collaborations with third parties. Revenue from non-refundable, upfront license fees where we have continuing involvement is recognized ratably over the development or agreement period. Revenue associated with performance milestones is recognized based upon the achievement of the milestones, as defined in the respective agreements. Our collaboration agreements with third parties are performed on a "best efforts" basis with no guarantee of either technological or commercial success.

Research and development costs

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

Acquired in-process research and development

The fair value of acquired in-process research and development ("IPR&D") projects and technologies which have no alternative future use and which have not reached technological feasibility at the date of acquisition are expensed as incurred. In 2004, as part of the acquisition of Tularik Inc. ("Tularik"), we wrote off $554 million of IPR&D (see Note 7, "Acquisitions"). Acquired IPR&D is considered part of total R&D expense.

Selling, general and administrative costs

Selling, general and administrative expenses are primarily comprised of salaries and benefits associated with sales and marketing, finance, legal, and other administrative personnel; outside marketing expenses; overhead and occupancy costs; and other general and administrative costs.

We have a co-promotion agreement with Wyeth. Under the terms of this agreement, Amgen and Wyeth market and sell ENBREL in the United States and Canada and develop certain future indications of ENBREL for use in these geographic territories. The rights to detail and promote ENBREL in the United States and Canada for oncology indications are reserved for us. Wyeth is paid a share of the resulting profits on sales of ENBREL, after deducting the applicable costs of sales, including manufacturing costs and royalties paid to third parties, and expenses associated with R&D and sales and marketing. Such amounts paid to Wyeth are included in "Selling, general and administrative" expense in the accompanying Consolidated Statements of Operations. The rights to market ENBREL outside of the United States and Canada are reserved to Wyeth. We also have a global supply agreement with Wyeth related to the manufacture, supply, inventory, and allocation of supplies of ENBREL.

Advertising costs are expensed as incurred. For the years ended December 31, 2005, 2004, and 2003, advertising costs were $109 million, $73 million, and $56 million, respectively.

Interest costs

Interest costs are expensed as incurred, except to the extent such interest is related to construction in progress, in which case interest is capitalized. Interest expense, net for the years ended December 31, 2005, 2004, and 2003 were $99 million, $38 million, and $31 million, respectively. Interest costs capitalized for the years ended December 31, 2005, 2004, and 2003, were $30 million, $20 million, and $24 million, respectively. Interest paid, net of interest rate swap settlement activity, during the years ended December 31, 2005, 2004, and 2003, totaled $84 million, $13 million, and $19 million, respectively.

Earnings per share

Basic earnings per share ("EPS") is based upon the weighted-average number of common shares outstanding. Diluted EPS is based upon the weighted-average number of common shares and dilutive potential common shares outstanding. Potential common shares outstanding include stock options under our employee stock option plans and potential issuances of stock under our other equity incentive plans and under the assumed conversion of our Modified Convertible Notes utilizing the treasury stock method (collectively "Dilutive Securities"). Potential common shares outstanding also include common shares to be issued under the assumed conversion of our Convertible Notes under the if-converted method. For further information regarding our convertible notes, see Note 4, "Financing arrangements".

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

	Years ended December 31,		
	2005	2004	2003
Income (Numerator):			
Net income for basic EPS	$ 3,674	$ 2,363	$ 2,259
Adjustment for interest expense on Convertible Notes, net of tax	6	21	21
Income for diluted EPS, after assumed conversion of Convertible Notes	$ 3,680	$ 2,384	$ 2,280
Shares (Denominator):			
Weighted-average shares for basic EPS	1,236	1,271	1,288
Effect of Dilutive Securities	12	14	23
Effect of Convertible Notes, after assumed conversion of Convertible Notes	10	35	35
Adjusted weighted-average shares for diluted EPS	1,258	1,320	1,346
Basic earnings per share	$ 2.97	$ 1.86	$ 1.75
Diluted earnings per share	$ 2.93	$ 1.81	$ 1.69

As of December 31, 2005, 2004, and 2003, we had employee stock options to purchase 3 million, 51 million, and 38 million shares, respectively, with exercise prices greater than the average market prices of common stock for each of the respective years.

Employee stock options

In December 2004, the Financial Accounting Standards Board issued SFAS No. 123R, "Share-Based Payment." Subsequently, the Securities and Exchange Commission ("SEC") provided for a phase-in implementation process for SFAS No. 123R, which required us to adopt the new accounting standard no later than January 1, 2006. SFAS No. 123R requires us to account for our stock options using a fair-value-based method as described in such statement and recognize the resulting compensation expense in our financial statements. Prior to January 1, 2006, we accounted for our employee stock options using the intrinsic value method under APB No. 25, "Accounting for Stock Issued to Employees" and related Interpretations, which generally results in no employee stock option expense. We adopted SFAS No. 123R on January 1, 2006 and do not plan to restate our financial statements for prior periods. We plan to continue to use the Black-Scholes option valuation model in estimating the fair value of the stock option awards issued under SFAS No. 123R. The adoption of SFAS No. 123R will have a material impact on our results of operations. The actual annual stock option expense in 2006 is dependent on a number of factors including the number of stock options granted, our common stock price and related expected volatility, and other inputs utilized in estimating the fair value of the stock options at the time of grant. We expect the impact of stock option compensation expense to be in the range of $0.12 to $0.14 per share in 2006 compared to $0.19 for 2005. The estimated impact of stock option expense for 2006 is less than the corresponding pro forma expense amount for 2005 principally due to a reduction in the estimated number of stock options to be granted in 2006 in favor of a combination of other equity awards. Other equity awards are comprised of restricted stock, restricted stock units, and performance units. Stock-based compensation expense relating to these other equity awards for the years ended December 31, 2005 and

2004 was $106 million and $45 million, respectively. For the year ended December 31, 2003, stock-based compensation expense relating to other equity awards was not significant.

Prior to the adoption of SFAS No. 123R on January 1, 2006 and for all periods reported herein, we accounted for our employee stock options under the recognition and measurement principles of Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees," and related Interpretations and disclosed the effect on net income and EPS if we had applied the fair value recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation". We grant our employee stock options at exercise prices equal to the market value of the underlying common stock on the date of grant and the related number of shares granted is fixed at that point in time resulting in no employee stock option expense reflected in net income. Accordingly, the application of APB No. 25 for us generally resulted in no stock option expense.

The following table illustrates the effect on net income and EPS if we had applied the fair value recognition provisions of SFAS No. 123 (see Note 6, "Employee stock options")(in millions, except per share information):

	Years ended December 31,		
	2005	2004	2003
Net income	$ 3,674	$ 2,363	$ 2,259
Stock based compensation, net of tax	(233)	(292)	(198)
Pro forma net income	$ 3,441	$ 2,071	$ 2,061
Earnings per share:			
Basic	$ 2.97	$ 1.86	$ 1.75
Impact of stock option expense	(0.19)	(0.23)	(0.15)
Basic — pro forma	$ 2.78	$ 1.63	$ 1.60
Diluted	$ 2.93	$ 1.81	$ 1.69
Impact of stock option expense	(0.19)	(0.23)	(0.14)
Diluted — pro forma	$ 2.74	$ 1.58	$ 1.55

Derivative instruments

We use financial instruments, including foreign currency forward, foreign currency option, equity forward, and interest rate swap contracts to manage our exposures to movements in foreign exchange rates, equity market price fluctuations, and interest rates. The use of these financial instruments modifies the exposure of these risks with the intent to reduce the risk or cost to us. We do not use derivatives for trading purposes and are not a party to leveraged derivatives.

We recognize all of our derivative instruments as either assets or liabilities at fair value in our Consolidated Balance Sheets. Fair value is determined based on quoted market prices. The accounting for changes in the fair value (i.e., unrealized gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. For derivatives designated as hedges, we also formally assess, both at inception and periodically thereafter, whether the hedging derivatives are highly effective in offsetting changes in either the fair value or cash flows of the hedged item. Our derivatives that are not designated and do not qualify as hedges are adjusted to fair value through current earnings.

Periodically, we enter into foreign currency forward and option contracts to protect against possible changes in values of certain anticipated foreign currency cash flows, primarily resulting from sales in Europe. These contracts are designated as cash flow hedges and accordingly, the gains and losses on these forward and option contracts are reported as a component of other comprehensive income and reclassified into interest and other income, net in the same periods during which the hedged transactions affect earnings. No portions of these foreign currency forward and option contracts are excluded from the assessment of hedge effectiveness, and there are no material ineffective portions of these hedging instruments. At December 31, 2005 and 2004, amounts in accumulated other comprehensive income related to cash flow hedges were not material. We also enter into foreign currency forward contracts to reduce exposures to foreign currency fluctuations of certain assets and liabilities denominated in foreign currencies. These forward contracts have not been designated as hedges and accordingly, gains and losses on these foreign currency forward contracts are recognized in interest and other income, net in the current period. During the years ended December 31, 2005, 2004 and 2003, gains and losses on these foreign currency forward contracts were not material.

To protect against possible reductions in value of certain of our available-for-sale marketable equity securities and certain available-for-sale fixed income investments, we have entered into equity forward contracts and interest rate swap agreements which qualify and are designated as fair value hedges. The gains and losses on the equity forward contracts as well as the offsetting losses and gains on the hedged equity securities are recognized in interest and other income, net in the current period. During the years ended December 31, 2005, 2004, and 2003, gains and losses on the portions of these equity forwards excluded from the assessment of hedge effectiveness and the ineffective portions of these hedging instruments were not material. The interest rate swap agreements were liquidated in 2004 and in 2005 when the underlying available-for-sale fixed income securities either matured or were sold. The terms of the interest rate swap agreements corresponded to the related hedged investments for the periods that both the interest rate swap agreements and the related hedged investments were outstanding. As a result, there was no hedge ineffectiveness. During the years ended December 31, 2005, 2004, and 2003, gains and losses on these interest rate swap agreements were fully offset by the losses and gains on the hedged investments.

We also have interest rate swap agreements, which qualify and are designated as fair value hedges, to protect against possible increases in value of certain debt instruments. The terms of the interest rate swap agreements correspond to the related hedged debt instruments. As a result, there is no hedge ineffectiveness. During the years ended December 31, 2005, 2004, and 2003, gains and losses on these interest rate swap agreements were not material and were fully offset by the losses and gains on the hedged debt instruments.

Reclassifications

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

2. Related party transactions

We own a 50% interest in KA, a corporation formed in 1984 with Kirin Brewery Company, Limited (“Kirin”) for the development and commercialization of certain products based on advanced biotechnology. We account for our interest in KA under the equity method and include our share of KA’s profits or losses in “Selling, general and administrative” in the Consolidated Statements of Operations. For the years ended December 31, 2005, 2004, and 2003, our share of KA’s profits or losses were $58 million,

$25 million, and ($2) million, respectively. At December 31, 2005 and 2004, the carrying value of our equity method investment in KA was $180 million and $132 million, respectively, and is included in non-current other assets in the accompanying Consolidated Balance Sheets. KA's revenues consist of royalty income related to its licensed technology rights. All of our rights to manufacture and market certain products including erythropoietin, granulocyte colony-stimulating factor ("G-CSF"), darbepoetin alfa, and pegfilgrastim are pursuant to exclusive licenses from KA. We currently market certain of these products under the brand names EPOGEN® (erythropoietin), NEUPOGEN® (G-CSF), Aranesp® (darbepoetin alfa), and Neulasta® (pegfilgrastim). KA receives royalty income from us, as well as Kirin, Johnson & Johnson, F. Hoffmann-La Roche Ltd, and others under separate product license agreements for certain geographic areas outside of the United States. During the years ended December 31, 2005, 2004, and 2003, KA earned royalties from us of $288 million, $266 million, and $216 million, respectively, which are included in "Cost of sales (excludes amortization of acquired intangible assets)" in the Consolidated Statements of Operations.

KA's expenses primarily consist of costs related to R&D activities conducted on its behalf by Amgen and Kirin. KA pays Amgen and Kirin for such services at negotiated rates. During the years ended December 31, 2005, 2004, and 2003, we earned revenues from KA of $113 million, $187 million, and $68 million, respectively, for certain R&D activities performed on KA's behalf, which are included in "Other revenues" in the accompanying Consolidated Statements of Operations.

3. Income taxes

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

	Years ended December 31,		
	2005	2004	2003
Current provision:			
Federal	$ 1,079	$ 809	$ 1,155
State	82	88	93
Foreign	128	78	108
Total current provision	1,289	975	1,356
Deferred (benefit) provision:			
Federal	(90)	52	(402)
State	(7)	14	(40)
Foreign	2	(9)	—
Total deferred (benefit) provision	(95)	57	(442)
	$ 1,194	$ 1,032	$ 914

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

	December 31,	
	2005	2004
Deferred tax assets:		
Intercompany inventory related items	$ 454	$ 449
Expense accruals	205	208
Acquired net operating loss and credit carryforwards	189	233
Other	151	163
Total deferred tax assets	999	1,053
Valuation allowance	(102)	(57)
Net deferred tax assets	897	996
Deferred tax liabilities:		
Acquired intangibles	(1,356)	(1,486)
Financing debt instrument	(30)	(147)
Fixed assets	(85)	—
Other	(44)	(38)
Total deferred tax liabilities	(1,515)	(1,671)
	$ (618)	$ (675)

At December 31, 2005, we had net current deferred tax assets of $543 million, primarily composed of temporary differences related to inventory, accrued liabilities, and financing debt instruments, as well as acquired net operating losses and credits. At December 31, 2004, our net current deferred tax assets were $618 million.

At December 31, 2005, we had operating loss carryforwards of $138 million available to reduce future federal taxable income, which begin expiring in 2008. In addition, we had operating loss carryforwards of $310 million available to reduce future taxable income in various state taxing jurisdictions. We have provided a valuation allowance against $310 million of the state operating loss carryforwards. The state operating loss carryforwards will begin expiring in 2007.

The reconciliation between our effective tax rate and the federal statutory rate is as follows:

	Tax rate for the years ended December 31,		
	2005	2004	2003
Statutory rate applied to income before income taxes	35.0%	35.0%	35.0%
Foreign earnings including earnings invested indefinitely	(10.3)%	(12.8)%	(7.5)%
State taxes	1.5%	3.0%	1.7%
Acquired IPR&D	0.0%	5.7%	0.0%
Utilization of tax credits, primarily research and experimentation	(0.7)%	(0.5)%	(0.6)%
Other, net	(1.0)%	0.0%	0.2%
	24.5%	30.4%	28.8%

We do not provide for U.S. income taxes on undistributed earnings of our foreign operations that are intended to be invested indefinitely outside the United States. At December 31, 2005, these earnings amounted to approximately $3,635 million. If these earnings were repatriated to the United States, we would be required to accrue and pay approximately $1,330 million of additional taxes based on the current tax rates in effect. For the years ended December 31, 2005, 2004, and 2003, our total foreign profits before income taxes were approximately $1,830 million, $1,443 million, and $956 million, respectively. These earnings include income from manufacturing operations in Puerto Rico under tax incentive grants that expire in 2020.

On October 22, 2004, the President of the United States signed the American Jobs Creation Act of 2004, which provided a temporary incentive to repatriate undistributed foreign earnings. One provision of the American Jobs Creation Act effectively reduced the tax rate by providing an 85% dividend-received deduction for certain dividends from controlled foreign corporations. In the fourth quarter of 2005, we repatriated $500 million of foreign earnings, which was the maximum amount of foreign earnings qualifying for the reduced tax rate. The tax expense incurred on the repatriation was approximately $43 million.

Our income tax returns are routinely audited by the Internal Revenue Service and various state and foreign tax authorities. Significant disputes may arise with these tax authorities involving issues of the timing and amount of deductions and allocations of income among various tax jurisdictions because of differing interpretations of tax laws and regulations. We periodically evaluate our exposures associated with tax filing positions. While we believe our positions comply with applicable laws, we record liabilities based upon estimates of the ultimate outcomes of these matters.

Income taxes paid during the years ended December 31, 2005, 2004, and 2003, totaled $840 million, $1,138 million, and $397 million, respectively.

4. Financing arrangements

The following table reflects the carrying value of our long-term borrowings under our various financing arrangements as of December 31, 2005 and 2004 (in millions):

	December 31,	
	2005	2004
Convertible notes	$ 1,759	$ 2,912
4.85% notes due 2014 (2014 notes)	1,000	1,000
4.00% notes due 2009 (2009 notes)	998	998
6.5% debt securities due 2007 (2007 notes)	100	100
8.1% notes due 2097 (Century notes)	100	100
Total borrowings	3,957	5,110
Less current portion	—	1,173
Total non-current debt	$ 3,957	$ 3,937

Convertible notes

As of December 31, 2004, we had Convertible Notes (30-year, zero-coupon convertible notes) with an accreted value of $2.9 billion outstanding and having an aggregate face amount of $3.95 billion ($1,000 face amount per note) and yield to maturity of 1.125%. The original issue discount of $1.13 billion (prior to

repurchase of a portion of the Convertible Notes discussed below) or $285.77 per note is being accreted to the balance of the Convertible Notes and recognized as interest expense over the life of the Convertible Notes using the effective interest method.

The holders of the Convertible Notes had the right to require us to repurchase all or a portion of their notes on March 1, 2005. On March 2, 2005, as a result of certain holders of the Convertible Notes exercising this March 1, 2005 put option, we repurchased $1.59 billion aggregate principal amount of Convertible Notes for their then-accreted value of $1,175 million in cash, or approximately 40% of our then outstanding Convertible Notes. Upon the repurchase of such Convertible Notes, a pro rata portion, $20 million, of the related debt issuance costs were immediately charged to interest expense in the quarter ending March 31, 2005. We made an aggregate cash payment of $22 million to the holders of the Convertible Notes who did not exercise the put option and continued to hold outstanding Convertible Notes subsequent to March 1, 2005. This payment was approximately equal to 1.25% of each Convertible Note's then-accreted value and will be amortized to interest expense over the life of the remaining outstanding Convertible Notes using the effective interest method. Concurrently, we amended the terms of the Convertible Notes to add an additional put date in order to permit the remaining holders, at their option, to cause us to repurchase the Convertible Notes on March 1, 2006 at the then-accreted value. Accordingly, the portion of the Convertible Notes outstanding at December 31, 2004 not repurchased on March 2, 2005 was classified as long-term debt in the accompanying Consolidated Balance Sheet.

On May 6, 2005, we exchanged new zero-coupon senior convertible notes (the "Modified Convertible Notes") and a cash payment of approximately $6 million for approximately 95% of the remaining Convertible Notes then outstanding. In August 2005, we exchanged substantially all of the remaining Convertible Notes. The changes to the Convertible Notes outstanding as a result of the May and August 2005 exchanges combined with those made in March 2005 are being accounted for as a debt modification. Accordingly, all cash paid to the holders of the Modified Convertible Notes and Convertible Notes (collectively, the "convertible notes") is being amortized to interest expense over the life of the convertible notes using the effective interest method, and the costs incurred to modify the terms of the convertible notes were expensed as incurred. As of December 31, 2005, convertible notes with an accreted value of $1.8 billion and having an aggregate face amount of $2.36 billion remained outstanding. Because the holders of substantially all of the convertible notes did not require us to repurchase such notes on March 1, 2006, the next available put date, the convertible notes were classified as non-current in the accompanying Consolidated Balance Sheet as of December 31, 2005.

The significant terms of the convertible notes are as follows:

- Holders of Convertible Notes and Modified Convertible Notes may convert each of their notes based on a conversion rate of 8.8601 shares of common stock of Amgen as defined below. The conversion price per share of the convertible notes as of any day will equal the original issuance price plus the accrued original issue discount to that day, divided by the conversion rate or $84.15 as of December 31, 2005. The conversion price per share at issuance of the Convertible Notes was $80.61. While the Convertible Notes are convertible into common stock at any time, the Modified Convertible Notes can only be converted if: 1) the closing price of common stock exceeds the conversion price per share during a defined period at the end of the previous calendar quarter, 2) we call the Modified Convertible Notes for redemption, or 3) we make certain significant distributions to common stockholders or enter into specified types of corporate transactions.

- If converted, the Convertible Notes will be settled for a specified number of shares of common stock-based on the stated conversion rate. The conversion of the Modified Convertible Notes will be settled for a "conversion value" equal to the product of the conversion rate (8.8601 shares of Amgen common stock per note as of December 31, 2005) multiplied by the average closing price of our common stock during a specified period following the conversion date. The conversion value is paid in: 1) cash equal to the lesser of the accreted value of the Modified Convertible Notes at the conversion date or the conversion value, and 2) shares of common stock, if any, to the extent the conversion value exceeds the accreted value.
- The conversion rate of the Convertible Notes will be adjusted to the extent we pay cash dividends equal to, or in excess of, a specified amount in any 12-month period. The conversion rate of the Modified Convertible Notes will be adjusted for any cash dividend paid by an amount equal to the dividend divided by the average closing price of common stock during a specified period immediately prior to the ex-dividend date.
- The holders of the convertible notes may require us to purchase all or a portion of their notes on March 1, 2007, March 1, 2012, and March 1, 2017 at a price equal to the original issuance price plus the accrued original issue discount to the purchase dates. In such event, under the terms of the Convertible Notes, we have the right to pay the purchase price in cash and/or shares of common stock, which would be issued at the then current market price. If holders of the Modified Convertible Notes exercise their option, we must pay the accreted value solely in cash.
- If certain conditions are met, we are required to pay contingent interest on the Convertible Notes for a specified period of time equal to the greater of: 1) our cash dividends per share paid multiplied by the conversion rate or 2) a specified percentage of the market price of the Convertible Notes, as defined. Contingent interest on the Modified Convertible Notes must be paid if these same conditions are met but in an amount equal to a specified percentage of the market price of the Modified Convertible Notes, as defined, without regard to the amount of cash dividends paid, if any.
- We may redeem all or a portion of the convertible notes for cash at any time on or after March 1, 2007 at the original issuance price plus accrued original issue discount as of the redemption date.

Medium and long-term notes

In November 2004, we issued $1.0 billion aggregate principal amount of 4.00% notes due 2009 (the "2009 Notes") and $1.0 billion aggregate principal amount of 4.85% notes due 2014 (the "2014 Notes"). The net proceeds of these two issuances totaled $1,989 million.

We had $100 million of debt securities outstanding at December 31, 2005 and 2004 with a fixed rate of 6.5% that mature in 2007 (the "2007 Notes"), which were issued under our $500 million debt shelf registration statement (the "$500 Million Shelf") which was established in 1997. See below for additional information on the $500 Million Shelf.

We had $100 million of debt securities outstanding at December 31, 2005 and 2004 with a fixed interest rate of 8.1% that mature in 2097 (the "Century Notes"). These securities may be redeemed in whole or in part at our option at any time for a redemption price equal to the greater of the principal amount to be redeemed or the sum of the present values of the principal and remaining interest payments discounted at a determined rate plus, in each case, accrued interest.

Shelf registrations and other facilities

In July 2004, we established a $1.0 billion unsecured revolving credit facility to be used for general corporate purposes, including commercial paper support, which matures in November 2010. Additionally, we increased the size of our commercial paper authorization by $1.0 billion to $1.2 billion. No amounts were outstanding under the credit facility or commercial paper program as of December 31, 2005.

In October 2003, we established a $1.0 billion shelf registration (the "$1 Billion Shelf") to provide for financial flexibility. The $1 Billion Shelf allows us to issue debt securities, common stock, and associated preferred share purchase rights, preferred stock, warrants to purchase debt securities, common stock or preferred stock, securities purchase contracts, securities purchase units and depositary shares. Under the $1 Billion Shelf, all of the securities available for issuance may be offered from time to time with terms to be determined at the time of issuance. As of December 31, 2005, no securities had been issued under the $1 Billion Shelf.

In 1997, pursuant to the $500 Million Shelf, we established a $400 million medium-term note program. All of the $400 million of debt securities available for issuance may be offered from time to time under our medium-term note program with terms to be determined at the time of issuance. As of December 31, 2005, no securities were outstanding under the $400 million medium-term note program. We do have $100 million of long-term debt securities outstanding under the $500 million shelf, as discussed above.

Certain of our financing arrangements contain non-financial covenants and as of December 31, 2005, we are in compliance with all applicable covenants.

Contractual maturities of long-term debt obligations

The aggregate contractual maturities of all long-term debt obligations due subsequent to December 31, 2005, are as follows (in millions):

Maturity date	Amount
2006	$ —
2007(1)	1,882
2008	—
2009	1,000
2010	—
After 2010	1,100
	$ 3,982

(1) Included in this amount is the remaining convertible notes' accreted value on March 1, 2007, the next put date (see convertible notes above).

5. Stockholders' equity

Stockholder Rights Agreement

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

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

Stock repurchase program

In December 2004, the Board of Directors (the "Board") authorized us to repurchase up to $5.0 billion of common stock. Additionally, in December 2005, the Board authorized us to repurchase up to an additional $5.0 billion of common stock. As of December 31, 2005, $6.5 billion was available for stock repurchases under these two authorizations. The manner of purchases, amount we spend, and the number of shares repurchased will vary based on a variety of factors including the stock price and blackout periods in which we are restricted from repurchasing shares, and may include private block purchases as well as market transactions.

A summary of our repurchase activity for the years ended December 31, 2005, 2004, and 2003 is as follows (amounts in millions):

	2005		2004		2003	
	Shares	Dollars	Shares	Dollars	Shares	Dollars
First quarter	26.8	$ 1,675	10.1	$ 650	8.2	$ 451
Second quarter	12.1	750	17.4	1,000	7.3	449
Third quarter	9.5	769	24.0	1,398	4.8	323
Fourth quarter	14.8	1,236	17.6	1,024	9.4	578
Total	63.2	$ 4,430	69.1	$ 4,072	29.7	$ 1,801

Other comprehensive income/(loss)

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

	Unrealized gains/(losses) on securities	Foreign currency translation	Accumulated other comprehensive income
Balance at December 31, 2004	$ (49)	$ 52	$ 3
Current year other comprehensive income/(loss)	65	(46)	19
Balance at December 31, 2005	$ 16	$ 6	$ 22

Other

In addition to common stock, our authorized capital includes 5 million shares of preferred stock, $0.0001 par value, of which 0.7 million shares have been reserved and designated Series A Preferred Stock. At December 31, 2005 and 2004, no shares of preferred stock were issued or outstanding.

At December 31, 2005, we had reserved 145 million shares of our common stock, which may be issued through our employee stock option and stock purchase plans and through conversion of our convertible notes.

6. Employee stock options

Employee stock option plans

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

As of December 31, 2005, we had 39 million shares of common stock available for future grant under our employee stock option plans. Stock option information with respect to all of our employee stock option plans is as follows (shares in millions):

		Exercise price		
	Options	Low	High	Weighted-average
Balance unexercised at December 31, 2002	103	$ 1.97	$ 78.00	$ 36.25
Granted	19	$ 48.88	$ 71.54	$ 64.44
Exercised	(23)	$ 2.09	$ 69.31	$ 20.98
Forfeited	(4)	$ 5.05	$ 78.00	$ 55.59
Balance unexercised at December 31, 2003	95	$ 1.97	$ 78.00	$ 44.68
Granted	16	$ 37.68	$ 66.23	$ 59.32
Assumed from Tularik Inc. (including 2 million vested options)	4	$ 1.11	$ 129.16	$ 23.15
Exercised	(20)	$ 2.00	$ 64.56	$ 20.42
Forfeited	(6)	$ 12.67	$ 78.00	$ 59.93
Balance unexercised at December 31, 2004	89	$ 1.11	$ 129.16	$ 50.82
Granted	10	$ 57.33	$ 83.58	$ 63.47
Exercised	(25)	$ 1.11	$ 80.07	$ 39.73
Forfeited	(6)	$ 10.75	$ 81.65	$ 59.83
Balance unexercised at December 31, 2005	68	$ 1.67	$ 129.16	$ 56.03

At December 31, 2005, 2004, and 2003, employee stock options to purchase 34 million, 47 million, and 52 million shares were exercisable at weighted-average prices of $51.92, $44.69, and $34.38, respectively.

Information regarding employee stock options outstanding as of December 31, 2005 is as follows (shares in millions):

	Options outstanding			Options exercisable	
Price range	Options	Weighted-average exercise price	Weighted-average remaining contractual life (years)	Options	Weighted-average exercise price
Over $0.00 to $55.00	17	$ 33.79	3.3	13	$ 32.00
Over $55.00 to $65.00	30	$ 59.93	4.8	11	$ 60.58
Over $65.00	21	$ 68.20	3.7	10	$ 67.77

Fair value disclosures of employee stock options

The exercise price of employee stock option grants is set at the closing price of our common stock on the date of grant and the related number of shares granted is fixed at that point in time. Therefore, under the principles of APB No. 25, we do not recognize compensation expense associated with the grant of employee stock options. SFAS No. 123 requires the use of option valuation models to provide supplemental information regarding employee stock options. See Note 1, “Summary of significant accounting policies — Employee stock options” for further discussion on accounting for employee stock options.

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

	2005	2004	2003
Weighted average fair value of common stock	$ 63.47	$ 59.32	$ 64.44
Weighted average fair value of stock options granted	$18.46	$22.90	$26.04
Risk-free interest rate	4.0%	2.6%	2.4%
Expected life (in years)	5.0	4.3	4.0
Expected volatility	23.4%	44.0%	50.0%
Expected dividend yield	0%	0%	0%

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options. Our employee stock options have characteristics significantly different from those of traded options such as extremely limited transferability and, in most cases, vesting restrictions. In addition, the assumptions used in option valuation models (see above) are highly subjective, particularly the expected stock price volatility of the underlying stock. Changes in these subjective input assumptions can materially affect the fair value estimate of our employee stock options. For purposes of pro forma disclosures, the estimated fair values of the options are amortized over the options' vesting periods. See Note 1, "Summary of significant accounting policies - Employee stock options" for a detailed computation of pro forma net income and earnings per share.

During the quarter ended March 31, 2005, we revised our method of estimating expected volatility used in the Black-Scholes option valuation model to reflect the consideration of implied volatility in our publicly traded equity instruments.

7. Acquisitions

Tularik Inc.

On August 13, 2004, we acquired all of the outstanding common stock of Tularik in a transaction accounted for as a business combination. Tularik was a company engaged in drug discovery related to cell signaling and the control of gene expression. We issued 24 million shares in the acquisition. Additionally, we issued 4 million stock options in exchange for Tularik stock options assumed in the acquisition. The purchase price of $1.5 billion, which included the carrying value of our existing ownership interest in Tularik of approximately 21% or $82 million, was allocated to goodwill of $755 million, IPR&D of $554 million (see Note 1, "Summary of significant accounting policies — Acquired in-process research and development"), and other net assets acquired of $188 million. The amount allocated to IPR&D was immediately expensed in the Consolidated Statement of Operations during the three months ended September 30, 2004. The estimated fair value of these R&D projects was determined through the assistance of an independent valuation firm and was based on discounted cash flows. The results of Tularik's operations have been included in our consolidated financial statements commencing August 14, 2004. Pro forma results of operations for the year ended December 31, 2004 assuming the acquisition of Tularik had taken place at the beginning of 2004 would not differ significantly from actual reported results. The merger was structured to qualify as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code. There were no significant adjustments to the purchase price allocation in 2005.

Abgenix, Inc.

In December 2005, we signed a definitive merger agreement under which we will pay shareholders of Abgenix $22.50 in cash per common share for a total value of approximately $2.2 billion and will assume Abgenix's outstanding debt. The Federal Trade Commission approved the merger on January 19, 2006 and we expect to close the merger agreement, subject to Abgenix shareholder approval, by April 2006.

8. Commitments and contingencies

Commitments

We lease certain administrative and laboratory facilities under non-cancelable operating leases that expire through December 2021. The following table summarizes the minimum future rental commitments under non-cancelable operating leases at December 31, 2005 (in millions):

Year ended December 31,	Lease payments
2006	$ 74
2007	71
2008	58
2009	50
2010	44
Thereafter	361
Total	658
Less income from subleases	39
Net minimum operating lease payments	$ 619

Rental expense on operating leases, net of sublease rental income, for the years ended December 31, 2005, 2004, and 2003 was $48 million, $45 million, and $30 million, respectively. Sublease income for the years ended December 31, 2005, 2004, and 2003 was not material.

We have supply agreements with various third-party contract manufacturers for the production, vialing, and packaging of ENBREL. Under the terms of these various contracts, we are required to purchase certain minimum quantities of ENBREL each year through 2010. The following table summarizes the minimum contractual inventory commitments from all third-party contract manufacturers at December 31, 2005 (in millions):

Year ended December 31,	Inventory commitments
2006	$ 269
2007	139
2008	130
2009	132
2010	127
Thereafter	263
Total contractual purchases	$ 1,060

The amounts above primarily relate to our long-term supply agreement with Boehringer Ingelheim Pharma KG ("BI Pharma") for the manufacture of commercial quantities of ENBREL. Amounts owed to

BI Pharma are based on firm commitments for the purchase of ENBREL and reflect certain estimates such as production run success rates and bulk drug yields achieved.

Amounts purchased under contractual inventory commitments from third-party contract manufacturers for the years ended December 31, 2005, 2004, and 2003 were $386 million, $268 million, and $282 million, respectively.

Contingencies

In the ordinary course of business, we are involved in various legal proceedings and other matters, including those that are tax-related. While it is not possible to accurately predict or determine the eventual outcome of these items, we do not believe any such items currently pending will have a material adverse effect on our annual consolidated financial statements, although an adverse resolution in any quarterly reporting period of one or more of these items could have a material impact on the results of operations for that period.

9. Segment information

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

Revenues

Revenues consisted of the following (in millions):

	Years ended December 31,		
	2005	2004	2003
Product sales:			
Aranesp® — U.S.	$ 2,104	$ 1,533	$ 980
Aranesp® — International	1,169	940	564
EPOGEN® — U.S.	2,455	2,601	2,435
Neulasta® — U.S.	1,900	1,476	1,175
NEUPOGEN® — U.S.	805	778	881
Neulasta® — International	388	264	80
NEUPOGEN® — International	411	397	386
Enbrel® — U.S.	2,470	1,827	1,254
Enbrel® — International	103	73	46
Other	217	88	67
Total product sales	12,022	9,977	7,868
Other revenues	408	573	488
Total revenues	$ 12,430	$ 10,550	$ 8,356

Geographic information

Outside the United States, we principally sell Aranesp®, Neulasta® and NEUPOGEN® in Europe, Canada, and Australia. We sell ENBREL only in the United States and Canada. Information regarding

revenues and long-lived assets (consisting of property, plant, and equipment) attributable to the United States and to all foreign countries collectively is stated below. The geographic classification of product sales was based upon the location of the customer. The geographic classification of all other revenues was based upon the domicile of the entity from which the revenues were earned. Information is as follows (in millions):

	Years ended December 31,		
	2005	2004	2003
Revenues:			
United States	$ 10,298	$ 8,847	$ 7,246
Foreign countries	2,132	1,703	1,110
Total revenues	$ 12,430	$ 10,550	$ 8,356

	December 31,		
	2005	2004	2003
Long-lived assets:			
United States	$ 3,780	$ 3,647	$ 3,086
Foreign countries	1,258	1,065	713
Total long-lived assets	$ 5,038	$ 4,712	$ 3,799

Major customers

In the United States, we sell primarily to wholesale distributors of pharmaceutical products. With the exception of ENBREL, we utilize these wholesale distributors as the principal means of distributing our products to healthcare providers such as clinics, dialysis centers, hospitals, and pharmacies. For ENBREL wholesaler orders, we primarily drop-ship directly to pharmacies. Outside the United States, Aranesp®, Neulasta®, and NEUPOGEN® are principally distributed to hospitals and wholesalers depending upon the distribution practice in each country for which the product has been launched. We monitor the financial condition of our larger distributors and limit our credit exposure by setting appropriate credit limits, requiring collateral and obtaining credit insurance, where appropriate. We had net product sales to three large wholesaler distributors each accounting for more than 10% of total revenues for the years ended December 31, 2005, 2004, and 2003. On a combined basis, these distributors accounted for 74% and 94% of total revenues and U.S. product sales, respectively, for 2005, as noted in the following table (in millions).

	2005	2004	2003
AmerisourceBergen Corporation			
Net product sales	$ 4,760	$ 3,406	$ 2,686
% of total revenues	38%	32%	32%
% of U.S. product sales	48%	41%	40%
Cardinal Health, Inc.			
Net product sales	$ 2,370	$ 1,683	$ 1,596
% of total revenues	19%	16%	19%
% of U.S. product sales	24%	20%	24%
McKesson Corporation			
Net product sales	$ 2,140	$ 1,809	$ 1,340
% of total revenues	17%	17%	16%
% of U.S. product sales	22%	22%	20%

At December 31, 2005 and 2004, amounts due from these three large wholesalers each exceeded 10% of gross trade receivables, and accounted for 62% and 52%, respectively, of net trade receivables on a combined basis. At December 31, 2005 and 2004, 30% and 38%, respectively, of trade receivables, net were due from customers located outside the United States, primarily in Europe. Our total allowances for doubtful accounts for the years ended December 31, 2005 and 2004 were not material.

10. Accrued liabilities

Accrued liabilities consisted of the following (in millions):

	December 31,	
	2005	2004
Sales incentives and returns	$ 864	$ 589
Employee compensation and benefits	737	610
Income taxes	476	355
Accrued royalties	230	146
Other	692	777
	$ 2,999	$ 2,477

11. Fair values of financial instruments

Short-term assets and liabilities

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

Convertible notes

The convertible notes are registered with the Securities and Exchange Commission and traded on the open market. The fair value of the convertible notes at December 31, 2005 and 2004 were approximately $1,837 million and $2,933 million, respectively, and are based on quoted market prices.

Long-term debt

The fair value of the 2009 Notes and the 2014 Notes at December 31, 2005 and 2004 was $1,952 million and $2,000 million, respectively. The fair values of the 2007 Notes and Century Notes at December 31, 2005 and 2004 were approximately $249 million and $242 million, respectively. The fair values for medium and long-term notes were estimated based on quoted market rates for instruments with similar terms and remaining maturities.

12. Other items, net

Other items, net in the accompanying Consolidated Statements of Operations consists of the following expense/(income) items (in millions):

	Years ended December 31,	
	2005	2003
Legal settlement	$ 49	$ —
License Agreement arbitration	—	(74)
Amgen Foundation contribution	—	50
	$ 49	$ (24)

Legal settlement

In 2005, we settled certain legal matters, primarily related to a patent legal proceeding, and recorded an expense of $49 million, net of amounts previously accrued.

License Agreement arbitration

In September 1985, we granted Johnson & Johnson's affiliate, Ortho Pharmaceutical Corporation, a license relating to certain patented technology and know-how of Amgen to sell Epoetin alfa throughout the United States for all human uses except dialysis and diagnostics. A number of disputes arose between Amgen and Johnson & Johnson as to their respective rights and obligations under the various agreements between them, including the agreement granting the license (the "License Agreement"). These disputes between Amgen and Johnson & Johnson have been resolved through binding arbitration. One of these disputes related to the alleged violation of the License Agreement by Johnson & Johnson. In October 2002, the Arbitrator issued a final order awarding us $150 million for Johnson & Johnson's breach of the License Agreement. The legal award of $151 million, which included interest, was recorded in the

fourth quarter of 2002. In January 2003, we were awarded reimbursement of our costs and expenses, as the successful party in the arbitration. In May 2003, the Arbitrator issued a final order awarding us $74 million in such costs and expenses, which were recorded in the second quarter of 2003.

Amgen Foundation contribution

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

13. Quarterly financial data (unaudited)
(In millions, except per share data)

2005 Quarter ended	Dec. 31(1)	Sept. 30(2)	June 30(3)	Mar. 31
Product sales	$ 3,168	$ 3,047	$ 3,072	$ 2,735
Gross profit from product sales	2,657	2,495	2,542	2,246
Net income	824	967	1,029	854
Earnings per share(5):				
Basic	$ 0.67	$ 0.78	$ 0.83	$ 0.68
Diluted	$ 0.66	$ 0.77	$ 0.82	$ 0.67

2004 Quarter ended	Dec. 31	Sept. 30(4)	June 30	Mar. 31
Product sales	$ 2,778	$ 2,560	$ 2,431	$ 2,208
Gross profit from product sales	2,302	2,113	1,996	1,835
Net income	689	236	748	690
Earnings per share(5):				
Basic	$ 0.55	$ 0.19	$ 0.59	$ 0.54
Diluted	$ 0.53	$ 0.18	$ 0.57	$ 0.52

(1) In the fourth quarter of 2005, we recorded a charge of $43 million for the tax liability incurred as a result of repatriating certain foreign earnings under the American Jobs Act.

(2) In the third quarter of 2005, we recorded a charge of $47 million for writing off the cost of a semi-completed manufacturing asset that will not be used due to a change in manufacturing strategy.

(3) In the second quarter of 2005, we recorded a charge of $49 million for the impact of legal settlements incurred, net of amounts previously accrued, primarily related to settling a patent legal proceeding.

(4) In the third quarter of 2004, we recorded a charge of $554 million related to the write-off of IPR&D related to the Tularik acquisition.

(5) EPS are computed independently for each of the quarters presented. Therefore, the sum of the quarterly EPS information may not equal annual EPS.

See Notes 3, 7, and 12 for further discussion of the items described above.

14. Subsequent events

In February 2006, we issued $2.5 billion principal amount of convertible notes due in 2011 (the "2011 Convertible Notes") and $2.5 billion principal amount of convertible notes due in 2013 (the "2013 Convertible Notes") in a private placement. The 2011 Convertible Notes and the 2013 Convertible Notes were issued at par and pay interest at a rate of 0.125% and 0.375%, respectively. The 2011 Convertible Notes and the 2013 Convertible Notes may be convertible based on an initial conversion rate of 12.5247 shares and 12.5814 shares, respectively, per $1,000 principal amount of notes (which represents an initial conversion price of approximately $79.84 and $79.48 per share, respectively). The 2011 Convertible Notes and the 2013 Convertible Notes may only be converted: 1) during any calendar quarter beginning after June 30, 2006 if the closing price of our common stock exceeds 130% of the respective conversion price per share during a defined period at the end of the previous quarter, 2) if we make specified distributions to holders of our common stock or specified corporate transactions occur, or 3) one month prior to the respective maturity date. Upon conversion, a holder would receive: 1) cash equal to the lesser of the principal amount of the note or the conversion value, as defined, and 2) to the extent the conversion value exceeds the principal amount of the note, shares of our common stock, cash, or a combination of common stock and cash, at our option (the "excess conversion value"). In addition, upon a change in control, as defined, the holders may require us to purchase for cash all or a portion of their notes for 100% of the principal amount of the notes plus accrued and unpaid interest, if any. A total of $3.0 billion of the net proceeds from these debt issuances were used to repurchase common stock under our stock repurchase program.

Concurrent with the issuance of the 2011 Convertible Notes and the 2013 Convertible Notes, we purchased convertible note hedges in private transactions. The convertible note hedges allow us to receive shares of our common stock and/or cash from the counterparties to the transactions equal to the amounts of common stock and/or cash related to the excess conversion value that we would pay to the holders of the 2011 Convertible Notes and the 2013 Convertible Notes upon conversion. These transactions will terminate the earlier of the maturity dates of the related notes or the first day none of the related notes remain outstanding due to conversion or otherwise. The convertible note hedges, which cost an aggregate of approximately $1.5 billion, will be recorded as a reduction of equity.

Also concurrent with the issuance of the 2011 Convertible Notes and the 2013 Convertible Notes, we sold warrants to acquire shares of our common stock at an exercise price of $107.90 per share in a private placement. Pursuant to these transactions, warrants for 31.3 million shares of our common stock may be settled in May 2011 and warrants for 31.5 million shares of our common stock may be settled in May 2013 (the "settlement dates"). If the average price of our common stock during a defined period ending on or about the respective settlement dates exceeds the exercise price of the warrants, the warrants will be settled, at our option, in cash or shares of our common stock. Proceeds received from the issuance of the warrants totaled approximately $774 million.

SCHEDULE II

AMGEN INC.
VALUATION ACCOUNTS
Years ended December 31, 2005, 2004, and 2003
(In millions)

	Balance at beginning of period	Additions charged to costs and expenses	Other additions	Deductions	Balance at end of period
Year ended December 31, 2005:					
Allowance for doubtful accounts	$ 29	$ 7	$ —	$ 1	$ 35
Year ended December 31, 2004:					
Allowance for doubtful accounts	$ 27	$ 2	$ —	$ —	$ 29
Year ended December 31, 2003:					
Allowance for doubtful accounts	$ 23	$ 4	$ —	$ —	$ 27

Exhibit 3.1

RESTATED CERTIFICATE OF INCORPORATION
OF
AMGEN INC.

AMGEN INC., a corporation (the "Corporation") organized and existing under the General Corporation Law of the State of Delaware, HEREBY CERTIFIES:

FIRST: The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on October 31, 1986.

SECOND: The Restated Certificate of Incorporation of the Corporation in the form attached hereto as Exhibit A has been duly adopted in accordance with Section 245 of the General Corporation Law of the State of Delaware.

THIRD: The Restated Certificate of Incorporation so adopted reads in full as set forth in Exhibit A attached hereto and is hereby incorporated by reference.

IN WITNESS WHEREOF, Amgen Inc. has caused this Certificate to be signed by its duly authorized officers this 7th day of December, 2005.

AMGEN INC.

By /s/ Kevin W. Sharer
Kevin W. Sharer
President

ATTEST:

/s/ David J. Scott
David J. Scott
Secretary

AMGEN INC.
RESTATED CERTIFICATE OF INCORPORATION

FIRST: The name of this corporation is Amgen Inc.

SECOND: The address of the registered office of this corporation in the State of Delaware is 229 South State Street, in the City of Dover, County of Kent, and the name of its registered agent at that address is The United States Corporation Company.

THIRD: The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of Delaware other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the Delaware Corporations Code.

FOURTH: This corporation is authorized to issue two (2) classes of stock to be designated, respectively, "Preferred Stock" and "Common Stock." The total number of shares which this corporation is authorized to issue is Two Billion Seven Hundred and Fifty-Five Million (2,755,000,000) shares, of which Five Million (5,000,000) shares shall be Preferred Stock and Two Billion Seven Hundred and Fifty Million (2,750,000,000) shares shall be Common Stock, all with a par value of $.0001.

The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is expressly authorized in the resolution or resolutions providing for the issue of any wholly unissued series of Preferred Stock, to fix, state and express the powers, rights, designations, preferences, qualifications, limitations and restrictions thereof, including, without limitation: the rate of dividends upon which and the time at which dividends on shares of such series shall be payable and the preference, if any, which such dividends shall have relative to other series of stock of this corporation, whether such dividends shall be cumulative or noncumulative, and if cumulative, the date or dates from which dividends on shares of such series shall be cumulative; the voting rights, if any, to be provided or shares of such series; the rights, if any, which the holders of shares of such series shall have in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of this corporation; the rights, if any, which the holders of shares of such series shall have to convert such shares into or exchange such shares for shares of stock of this corporation and the terms and conditions, including price and rate of exchange of such conversion or exchange; the redemption (including sinking fund provisions), if any, for shares of such series; and such other powers, rights, designations, preferences, qualifications, limitations and restrictions as the Board of Directors may desire to so fix. The Board of Directors is also expressly authorized to fix the number of shares constituting such series and to increase or decrease the number of shares of any series prior to the issue of shares of that series and to decrease, but not increase, the number of shares of any series subsequent to the issue of shares of that series, but not below the number of shares of such series then outstanding (in case the number of shares of any series shall be so decreased, the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series).

The voting powers, designations, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of the corporation's Series A Junior Participating Preferred Stock were originally set forth in a resolution adopted by the Board of Directors and set forth in a Certificate of Designation filed with the Secretary of State on April 10, 1997, and were amended and restated in a resolution adopted by the Board of Directors and set forth in a Certificate of Designation filed with the Secretary of State on January 30, 2001, and are set forth in the Certificate of Designation attached on Appendix A hereto and incorporated herein by reference.

FIFTH: (a) The number of directors which shall constitute the whole Board of Directors of this corporation shall be specified in the bylaws of their corporation, subject to the provisions of this Article FIFTH.

(b) At the 1987 annual meeting, the Board of Directors shall be divided into three classes: Class I, Class II and Class III, which shall be as nearly equal in number as possible. Each director shall serve for a term ending on the date of the third annual meeting of stockholders following the annual meeting at which the director was elected; provided, however, that each initial director in Class I shall hold office until the annual meeting of stockholders in 1988; and each initial director in Class III shall hold office until the annual meeting of stockholders in 1990. Notwithstanding the foregoing provisions of this Article, each director shall serve until his successor is duly elected and qualified or until his death, resignation or removal.

(c) In the event of any increase or decrease in the authorized number of directors, the newly created or eliminated directorship resulting from such increase or decrease shall be apportioned by the Board of Directors among the three classes of directors so as to maintain such classes as nearly equal as possible. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

(d) Newly created directorships resulting from any increase in the number of directors and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled by the affirmative vote of a majority of the remaining directors then in office (and not by stockholders), even though less than a quorum of the Board of Directors. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of directors in which the new directorship was created or the vacancy occurred and until such director's successor shall have been elected and qualified.

SIXTH: A director of this corporation shall not be personally liable to this corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any reach of the director's duty of loyalty to this corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of the State of Delaware, or (iv) for any transaction from which the director derived an improper personal benefit.

SEVENTH: This corporation reserves the right at any time and from time to time to amend, alter, change, or appeal any provisions contained herein, and other provisions authorized by the laws of the State of Delaware at the time in force maybe be added or inserted, in the

manner now or hereafter prescribed by law, and all rights, preferences, and privileges of whatsoever nature conferred upon stockholders, directors, or any other persons whomsoever by or pursuant to this Certificate of Incorporation in its present form or as hereafter amended are granted subject to the rights reserved in this Article.

EIGHTH: All the powers of this corporation, insofar as the same may be lawfully vested by this Certificate of Incorporation in the Board of Directors, are hereby conferred upon the Board of Directors, who shall have full control over the affairs of this corporation.

1. In furtherance and not in limitation of the powers conferred by law and by this Certificate of Incorporation, the Board of Directors is hereby expressly authorized:

2. To make, amend, repeal, or otherwise alter the Bylaws of this corporation, without any action on the part of the stockholders; provided, however, that any Bylaws made by the directors and any and all powers conferred by any of said Bylaws may be amended, altered, or repealed by the stockholders.

3. To fix, determine, and vary the amount to be reserved or maintained for any proper purpose, and to fix the times for the declaration and payment of dividends.

4. To transfer all or any part of the assets of this corporation by way of mortgage, or in trust or in pledge, to secure indebtedness of this corporation, without any vote or consent of stockholders, and to authorize and to cause to be executed instruments evidencing any and all such transfers.

To sell, lease, or exchange any part less than all or less than substantially all of the property and assets, including good will and corporate franchises, of this corporation upon such terms and conditions as the Board of Directors may deem expedient for the best interests of this corporation, without any authorization, affirmative vote, or written consent or other action of the stockholders or any class thereof.

NINTH: (a) Vote Required for Certain Business Combinations.

(1) Higher Vote for Certain Business Combinations. In addition to any affirmative vote required by law or this Certificate of Incorporation, and except as otherwise expressly provided in paragraph (b) of this Article NINTH:

(i) any merger or consolidation of this corporation or any Subsidiary (as hereinafter defined) with (a) any Interested Stockholder (as hereinafter defined) or (b) any other corporation (whether or not itself an Interested Stockholder) which is, or after such merger or consolidation would be, an Affiliate (as hereinafter defined) of an Interested Stockholder; or

(ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition or security arrangement, investment, loan, advance, guarantee, agreement to purchase, agreement to pay, extension of credit, joint venture participation or other arrangement (in one transaction or a series of transactions) to, with or for the benefit of any Interested Stockholder or any Affiliate or Associate of any Interested Stockholder involving any assets,

securities or commitments of this corporation or any Subsidiary having an aggregate Fair Market Value equal to or greater than ten percent (10%) of the corporation's assets as set forth on the corporation's most recent audited, consolidated financial statements filed with the Securities and Exchange Commission; or

(iii) the adoption of any plan or proposal for the liquidation or dissolution of this corporation proposed by or on behalf of an Interested Stockholder or any Affiliate of any Interested Stockholder; or

(iv) any reclassification of securities (including any reverse stock split) or recapitalization of this corporation, or any merger or consolidation of this corporation with any of its Subsidiaries or any other transaction (whether or not with or into or otherwise involving an Interested Stockholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class or equity or convertible securities of this corporation or any Subsidiary which is directly or indirectly owned by any Interested Stockholder or any Affiliate of any Interested Stockholder; or

(v) the issuance or transfer by this corporation or any Subsidiary (in a transaction or a series of transactions) of any securities of this corporation or any Subsidiary to any Interested Stockholder or any Affiliate to any Interested Stockholder in exchange for cash, securities or other property (or a combination thereof) having an aggregate Fair Market Value of Twenty Million Dollars ($20,000,000) or more;

shall require the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the voting power of the then outstanding shares of capital stock of the corporation entitled to vote generally in the election of directors (the "Voting Stock") not then held by the Interested Stockholder, voting together as a single class. Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law or in any agreement with any national securities exchange or otherwise.

(2) Definition of "Business Combination." The term "Business Combination" as used in this Article NINTH shall mean any transaction which is referred to in any one or more clauses (i) through (v) of subparagraph (1) of this paragraph (a).

(b) When Higher Vote is Not Required. The provisions of paragraph (a) of this Article NINTH shall not be applicable to any particular Business Combination, and such Business Combination shall require only such affirmative vote as is required by law and any other provision of this Certificate of Incorporation, if all of the conditions specified in either of the following subparagraphs (b)(1) or (b)(2) are met:

(1) Approval by Disinterested Directors. The Business Combination shall have been approved by a majority of the Disinterested Directors (as hereinafter defined).

(2) Price and Procedure Requirements. All of the following conditions shall have been met:

(i) The aggregate amount of the cash and the Fair Market Value (as hereinafter defined) as of the date of the consummation of the Business Combination of consideration other than cash to be received per share by holders of Common Stock in such Business Combination shall be at least equal to the higher of the following:

(A) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Stockholder for any shares of Common Stock acquired by it (1) within the two-year period immediately prior to the first public announcement of the proposal of the Business Combination (the "Announcement Date") or (2) in the transaction in which it became an Interested Stockholder whichever is higher; and

(B) the Fair Market Value per share of Common Stock (1) on the Announcement Date or (2) on the date on which the Interested Stockholder became an Interested Stockholder (such latter date is referred to in this Article NINTH as the "Determination Date"), whichever is higher.

(ii) The aggregate amount of the cash and the Fair Market Value as of the date of the consummation of the Business Combination of consideration other than cash to be received per share by holders of shares of any other class of outstanding Voting Stock shall be at least equal to the highest of the following (it being intended that the requirements of this subparagraph (b)(2)(ii) shall be required to be met with respect to every class of outstanding Voting Stock, whether or not the Interested Stockholder has previously acquired any shares of a particular class of Voting Stock):

(A) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Stockholder for any shares of such class of Voting Stock acquired by it (1) within the two-year period immediately prior to the Announcement Date, or (2) in the transaction in which it became an Interested Stockholder, whichever is higher;

(B) (if applicable) the highest preferential amount per share to which the holders of shares of such class of Voting Stock are entitled in the event of any voluntary or involuntary liquidation, dissolution or winding up of this corporation; and

(C) the Fair Market Value per share of such class of Voting Stock on the Announcement Date or on the Determination Date, whichever is higher.

(iii) The consideration to be received by holders of any particular class of outstanding Voting Stock (including Common Stock) shall be in cash or in the same form as the Interested Stockholder has previously paid for shares of such class of Voting Stock. If the Interested Stockholder has paid for shares of any class of Voting Stock shall be either cash or the form used to acquire the largest number of shares of such class of Voting Stock previously acquired by it. The price determined in accordance with subparagraphs (b)(2)(i) and (b)(2)(ii) shall be subject to appropriate adjustment in the event of any stock dividend, stock split, combination of shares or similar event.

(iv) A proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations thereunder (or any subsequent provisions replacing the Exchange Act or such rules or regulations) should be mailed to public stockholders of this corporation at least thirty (30) days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such Act or subsequent provisions).

(v) After such Interested Stockholder has become an Interested Stockholder and prior to the consummation of such Business Combination:

(A) except as approved by a majority of the Board entitled to vote thereon (determined in a manner similar to that set forth in subparagraph (b)(1) above), there shall have been no failure to declare and pay at the regular date therefor any full quarterly dividends (whether or not cumulative) on the outstanding Preferred Stock;

(B) there shall have been (I) no reduction in the annual rate of dividends paid on the Common Stock (except as necessary to reflect any subdivision of the Common Stock), except as approved by a majority of the Board entitled to vote thereon (determined in a manner similar to that set forth in subparagraph (b)(1) above), and (II) an increase in such annual rate of dividends as necessary to reflect any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction which has the effect of reducing the number of outstanding shares of the Common Stock, unless the failure so to increase such annual rate is approved by a majority of the Board entitled to vote thereon (determined in a manner similar to that set forth in subparagraph (b)(1) above); and

(C) such Interested Stockholder shall have not become the beneficial owner of any additional shares of Voting Stock except as part of the transaction which results in such Interested Stockholder becoming an Interested Stockholder.

(vi) After such Interested Stockholder has become an Interested Stockholder, such Interested Stockholder shall not have received the benefit, directly or indirectly (except proportionately as a stockholder), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by this corporation, whether in anticipation of or in connection with such Business Combination or otherwise.

(c) Certain Definitions. For the purposes of this article NINTH:

(1) A "person" shall mean any individual, firm, corporation or other entity.

(2) "Interested Stockholder" shall mean any person (other than this corporation or any Subsidiary) who or which:

(i) is the beneficial owner, directly or indirectly, of more than twenty percent (20%) of the voting power of the outstanding Voting Stock; or

(ii) is an Affiliate of this corporation and at any time within the two-year period immediately prior to the date in question was the beneficial owner, directly or indirectly of twenty percent (20%) or more of the voting power of then outstanding Voting Stock; or

(iii) is an assignee of or has otherwise succeeded to any shares of Voting Stock that were at any time within the two-year period immediately prior to the date in question beneficially owned by any Interested Stockholder, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933, as amended.

(3) A person shall be a "beneficial owner" of any Voting Stock:

(i) that such person or any of its Affiliates or Associates (as hereinafter defined) beneficially owns, directly or indirectly; or

(ii) that such person or any of its Affiliates or Associates has:

(A) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to an agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; provided, however, that a person shall not be deemed the beneficial owner of securities tendered pursuant to a tender or exchange offer made by or on behalf of such person or any of such person's Affiliates or Associates until such tendered securities are accepted for purchase; or

(B) the right to vote pursuant to any agreement, arrangement or understanding; provided, however, that a person shall not be deemed the beneficial owner of any security if the agreement, arrangement or understanding to vote such security (I) arises solely from a revocable proxy or consent given to such person in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the Exchange Act and (II) is not also then reportable on Schedule 13D under the Exchange Act (or a comparable or successor report); or

(iii) that is beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except to the extent permitted by the provision of subparagraph (c)(3)(ii)(B) above) or disposing of any shares of Voting Stock.

(4) For the purposes of determining whether a person is an Interested Stockholder pursuant to subparagraph (c)(2), the number of shares of Voting Stock deemed owned through application of subparagraph (c)(3), but shall not include any other shares of Voting Stock that may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

(5) "Affiliate" or "Associates" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Exchange Act, as in effect on January 1, 1988.

(6) "Subsidiary" means any corporation of which a majority of any class of equity security is owned, directly or indirectly, by this corporation; provided, however, that for the purposes of the definition of Interested Stockholder set forth in subparagraph (c)(2), the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by this corporation.

(7) "Disinterested Director" means any member of the Board of Directors of this corporation (the "Board") who is unaffiliated with the Interested Stockholder and was a member of the Board prior to the time that the Interested Stockholder became an Interested Stockholder, and any successor of a Disinterested Director who is unaffiliated with the Interested Stockholder and is recommended to succeed a Disinterested Director by a majority of Disinterested Directors then on Board.

(8) "Majority of the Disinterested Directors" means a majority of the Disinterested Directors, whether or not the number of such Disinterested Directors then constitutes a quorum of the Board of Directors of this corporation.

(9) "Fair Market Value" means:

(i) in the case of stock, the average of the closing sale prices during the ten (10)-day period immediately preceding the date in question of a share of such stock on the Composite Tape for New York Stock Exchange Listed Stocks, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or, if such stock is not listed on such exchange, on the principal United States securities exchange registered under the Exchange Act on which such stock is listed, or, if the stock is not listed on any such exchange but is listed as a National Market System stock in the National Association of Securities Dealers, Inc. Automated Quotation System, as reported in that National Market System, if such stock is not listed on any such exchange or reported in such system the average of the closing bid quotations with respect to a shares of such stock during the ten (10)-day period preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use, or if no such quotations are available, the fair market value on the date in question of a share of such stock as determined by the Board in good faith; and

(ii) in the case of property other than cash or stock, the fair market value of such property on the date in question as determined by the Board in good faith.

(10) In the event of any Business Combination in which the corporation survives, the phrase "consideration other than cash to be received" as used in subparagraphs (b)(2)(i) and (ii) of this Article NINTH shall include the shares of Common Stock and/or the shares of any other class of outstanding Voting Stock retained by the holders of such shares.

(d) Powers of the Board of Directors. A majority of the Disinterested Directors of this corporation shall have the power and duty to determine for the purposes of this article NINTH on the basis of information known to them after reasonable inquiry:

(i) whether a person is an Interested Stockholder;

(ii) the number of shares of Voting Stock beneficially owned by any person;

(iii) whether a person is an Affiliate or Associate of another; and

(iv) the Fair Market Value of the assets that are the subject of any Business Combination. A majority of the Disinterested Directors of this corporation shall have further power to interpret all of the terms and provisions of this Article NINTH. Any such determination made in good faith shall be binding and conclusive on all parties.

(e) No Effect on Fiduciary Obligations of Interested Stockholders or Directors.

(1) Nothing contained in this Article NINTH shall be construed to relieve any Interested Stockholder from any fiduciary obligation imposed by law.

(2) The fact that any Business Combination complies with the provisions of Section (b) of this Article NINTH shall not be construed to impose any fiduciary duty, obligation or responsibility on the Board of Directors, or any member thereof, to approve such Business Combination or recommend its adoption or approval to the stockholders of the corporation, and such compliance shall not limit, prohibit or otherwise restrict in any manner the Board of Directors, or any members thereof, with respect to evaluations of or actions and responses taken with respect to such Business Combination.

(f) Amendment, Repeal, etc. Notwithstanding any other provisions of this Certificate of Incorporation or the bylaws of this corporation (and notwithstanding the fact that a lesser percentage may be specified by law, this Certificate of Incorporation or the bylaws of this corporation), the affirmative vote of the holders of sixty-six and two-thirds percent (66-2/3%) or more of the outstanding Voting Stock not then held by any Interested Stockholder, voting together as a simple class, shall be required to amend or repeal, or adopt any provisions inconsistent with this Article NINTH.

TENTH: Any action required or permitted to be taken by the stockholders of this corporation must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders. At any annual meeting or special meeting of stockholders of this corporation, only such business shall be conducted as shall have been brought before such meeting in the manner provided by the bylaws of this corporation.

Appendix A

CERTIFICATE OF DESIGNATIONS

OF

SERIES A JUNIOR PARTICIPATING PREFERRED STOCK

OF AMGEN INC.

(Pursuant to Section 151 of the
Delaware General Corporation Law)

Amgen, Inc., a corporation organized and existing under the General Corporation Law of the State of Delaware (hereinafter called the "*Corporation*"), hereby certifies that the following resolution was adopted by the Board of Directors of the Corporation as required by Section 151 of the General Corporation law at a meeting duly called and held on December 12, 2000.

RESOLVED, that pursuant to the authority granted to and vested in the Board of Directors of this Corporation (hereinafter called the "*Board of Directors*" or the "*Board*") in accordance with the provisions of the Certificate of Incorporation, the Board of Directors hereby creates a series of Preferred Stock, par value $.0001 per share (the "*Preferred Stock*"), of the Corporation and hereby states the designation and number of shares, and fixes the relative rights, preferences, and limitations thereof as follows:

Series A Junior Participating Preferred Stock:

Section 1. Designation and Amount. The shares of such series shall be designated as "Series A Junior Participating Preferred Stock" (the "*Series A Preferred Stock*") and the number of shares constituting the Series A Preferred Stock shall be 2,750,000. Such number of shares may be increased or decreased by resolution of the Board of Directors; ***provided***, that no decrease shall reduce the number of shares of Series A Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series A Preferred Stock.

Section 2. Dividends and Distributions.

(A) Subject to the rights of the holders of any shares of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Series A Preferred Stock with respect to dividends, the holders of shares of Series A Preferred Stock, in preference to the holders of Common Stock, par value $.0001 per share (the "*Common Stock*"), of the Corporation, and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board

of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of March, June, September and December in each year (each such date being referred to herein as a "*Quarterly Dividend Payment Date*"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) $1.00 or (b) subject to the provision for adjustment hereinafter set forth, 4,000 times the aggregate per share amount of all cash dividends, and 4,000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision, combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series A Preferred Stock as provided in paragraph (A) of this Section 2 immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date on the next subsequent Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $1.00 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date fro the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. The holders of shares of Series A Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 4,000 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision, combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein, in any other Certificate of Designations creating a series of Preferred Stock or any similar stock, or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) Except as set forth herein, or as otherwise provided by law, holders of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except dividends paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any shares of stock ranking on a parity with the Series A Preferred Stock except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any Subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series A Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth herein, in the Certificate of Incorporation, or in any other Certificate of Designations creating a series of Preferred Stock or any similar stock or as otherwise required by law.

Section 6. Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received $4,000 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of shares of Series A Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 4,000 times the aggregate amount to be distributed per share to holders of shares of Common Stock, or (2) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, except distributions made ratably on the Series A Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision, combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series A Preferred Stock were entitled immediately prior to such event under the provision in clause (1) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that are outstanding immediately prior to such events.

Section 7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series A Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 4,000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each shares of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision, combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Preferred stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. No Redemption. The shares of Series A Preferred Stock shall not be redeemable.

Section 9. Rank. The Series A Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all series of any other class of the Corporation's Preferred Stock, except to the extent that any such other series specifically provides that it shall rank on a parity with or junior to the Series A Preferred Stock.

Section 10. Amendment. The Certificate of Incorporation of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series A Preferred Stock, voting together as a single class.

Exhibit 10.45

RESTRICTED STOCK PURCHASE AGREEMENT

Dennis Fenton, Amgen Inc. Grantee:

On this 6th day of December, 2004, Amgen Inc., a Delaware corporation (the "Company"), pursuant to its Amended and Restated 1991 Equity Incentive Plan (the "Plan") has granted to you, the grantee named above, a right to purchase **Twenty Thousand** (20,000) shares (the "Shares") of the $.0001 par value common stock of the Company ("Common Stock") pursuant to the terms of this Restricted Stock Purchase Agreement (this "Agreement") and the Plan. Capitalized terms not defined herein shall have the meanings assigned to such terms in the Plan.

I. Purchase Price. Subject to the terms and conditions of this Agreement, the Shares may be purchased from the Company at a purchase price per share of $.0001 for a total purchase price of **$2.00** (the "Total Purchase Price"). The Total Purchase Price shall be paid in cash at the time of purchase.

II. Repurchase Option.

(1) Upon termination of your employment with the Company or an Affiliate for any reason, other than death or permanent and total disability (with such permanent and total disability being certified by an independent medical advisor agreed to by the Company and such individual or such individual's legal representative prior to the date of termination of employment with the Company), the Company shall have the right and option to purchase from you or any holder of the Shares as permitted under Section III(5) (a "Holder") any or all of the Shares at the per Share purchase price paid by you for such Shares (the "Repurchase Option").

(2) The Company may exercise the Repurchase Option by delivering personally or by registered mail, to you or a Holder within ninety (90) days of the date of termination of your employment, a notice in writing indicating the Company's intention to exercise the Repurchase Option and setting forth a date for closing not later than thirty (30) days from the mailing of such notice. The closing shall take place at the Company's office. At the closing, the Secretary of the Company or other escrow agent as provided in Section VI shall deliver the stock certificate or certificates evidencing the Shares to the Company, and the Company shall deliver the purchase price therefor.

(3) At its option, the Company may elect to make payment for the Shares to a bank selected by the Company. The Company shall avail itself of this option by a notice in writing to you or a Holder stating the name and address of the bank, date of closing, and waiving the closing at the Company's office.

(4) If the Company does not elect to exercise the Repurchase Option conferred above by giving the requisite notice to you or a Holder within ninety (90) days following the date of termination of your employment, the Repurchase Option shall terminate, and any restrictions on Shares remaining as of the date of the termination of your employment shall lapse immediately.

(5) One hundred percent (100%) of the Shares shall initially be subject to the Repurchase Option. The Shares shall be released from the Repurchase Option in accordance with the schedule set forth in Section III(1).

III. Lapse of Repurchase Option.

(1) Subject to Sections III (2), (3) and (4), the Repurchase Option shall lapse in accordance with the following schedule with respect to the Shares which have not previously been forfeited by you, provided you are actively employed by the Company or an Affiliate on the respective dates:

Date	Number of Shares to Which Repurchase Option Shall Lapse
December 6, 2005	6,666
December 6, 2006	6,666
December 6, 2007	6,668

(2) Upon termination of your employment due to your permanent and total disability (with such permanent and total disability being certified by an independent medical advisor agreed to by the Company and such individual or such individual's legal representative prior to the date of termination of employment with the Company) or your death, then the Repurchase Option shall lapse immediately with respect to all the Shares awarded under this Agreement. For purposes of this Agreement, "termination of your employment" shall mean the last date you are either an employee of the Company or an Affiliate or engaged as a consultant or director to the Company or an Affiliate.

(3) In addition, the lapsing of the Repurchase Option pursuant to Section III(1) may be suspended during a leave of absence as provided from time to time according to Company policies and practices.

(4) Notwithstanding anything to the contrary contained herein, the Company may, as it deems appropriate, in its sole discretion, accelerate the date on which the Repurchase Option shall lapse with respect to any of the Shares that have not been previously forfeited by you.

(5) Your Shares are not assignable or transferable, except by will or the laws of descent and distribution. Notwithstanding the foregoing, all or a portion of the Shares subject to the Repurchase Option may be transferred to an Alternate Payee (as defined in the Plan) if required by the terms of a QDRO (as defined in the Plan), as further described in the Plan; provided, that such Alternate Payee is subject to the same terms and conditions as set forth in this Agreement.

IV. Legends. Certificates representing the Shares issued pursuant to this Agreement shall, until all restrictions lapse or shall have been removed and new certificates are issued pursuant to Section V, bear the following legend:

> "THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS AND REPURCHASE RIGHTS AND MAY BE SUBJECT TO FORFEITURE UNDER THE TERMS OF THAT CERTAIN RESTRICTED STOCK PURCHASE AGREEMENT BY AND BETWEEN AMGEN INC. (THE "COMPANY") AND THE REGISTERED OWNER OF SUCH SHARES, AND SUCH SHARES MAY NOT BE, DIRECTLY OR INDIRECTLY, OFFERED, TRANSFERRED, SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF UNDER ANY CIRCUMSTANCES, EXCEPT PURSUANT TO THE PROVISIONS OF SUCH AGREEMENT."

V. Issuance of Certificates; Tax Withholding.

(1) Subject to subsection (2) below, upon the lapse of the Repurchase Option with respect to any of the Shares as provided in Section III, the Company shall cause new certificates to be issued with respect to such Shares and delivered to you or a Holder, free from the legend provided for in Section IV and of the Repurchase Option. Such Shares shall cease to be subject to the terms and conditions of this Agreement.

(2) Notwithstanding subsection (1), no such new certificate shall be delivered to you or a Holder unless and until you or a Holder shall have paid to the Company the full amount of the minimum statutory withholding based on the minimum statutory withholding rates for federal, state and local tax purposes, including payroll taxes resulting from the grant of the Shares or the lapse or removal of the restrictions (the "Tax Obligations"). You hereby agree that you or a Holder will satisfy the Tax Obligations (x) resulting from the grant of the Shares, by paying to the Company, in cash or by check, the full amount of the Tax Obligations, or (y) relating to the lapse of the Repurchase Option with respect to any of the Shares as provided in Section III, by hereby authorizing the Company to withhold from the shares of the Common Stock otherwise deliverable to you as a result of the lapse of the Repurchase Option with respect to any of the Shares as provided in Section III, a number of shares having a fair market value less than or equal to the Tax Obligations. The number of shares of Common Stock tendered by you pursuant to this subsection shall be determined by the Company and be valued at the fair market value of the Common Stock on the date the Tax Obligations arise. To the extent that the number of shares tendered by you pursuant to this subsection is insufficient to satisfy the Tax Obligations, you hereby agree to pay the Company, in cash or by check, the additional amount necessary to fully satisfy the Tax Obligations. You agree to take any further actions and execute any additional documents as may be necessary to effectuate the provisions of this Section V.

VI. Escrow. The Secretary of the Company or such other escrow holder as the Committee may appoint shall retain physical custody of the certificates representing the Shares until all of the restrictions lapse or shall have been removed and in no event shall you retain physical custody of any certificates representing Shares issued to you which are subject to the Repurchase Option.

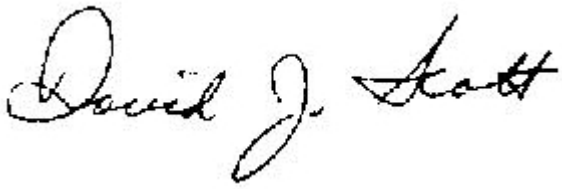
VII. No Contract for Employment. This Agreement is not an employment or service contract and nothing in this Agreement shall be deemed to create in any way whatsoever any obligation on your part to continue in the employ or service of the Company, or of the Company to continue your employment or service with the Company.

VIII. Notices. Any notices provided for in this Agreement or the Plan shall be given in writing and shall be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, five (5) days after deposit in the United States mail, postage prepaid, addressed to you at such address as is currently maintained in the Company's records or at such other address as you hereafter designate by written notice to the Company.

IX. Plan. This Agreement is subject to all the provisions of the Plan and its provisions are hereby made a part of this Agreement, including without limitation the provisions of paragraph 7 of the Plan relating to purchases of restricted stock, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the provisions of this Agreement and those of the Plan, the provisions of the Plan shall control.

Very truly yours,
AMGEN INC.

By



Duly authorized on behalf of the Board of Directors

Agreed and Accepted
as of the date first written above

_____
Dennis Fenton

Confirmation of OTC Convertible Note Hedge

Date: **February 14, 2006**

To: **Amgen Inc. ("Counterparty")**

Attention: **Treasurer**

From: **Merrill Lynch International ("Bank")**

Dear Sir / Madam:

The purpose of this letter agreement (this "**Confirmation**") is to confirm the terms and conditions of the above-referenced transaction entered into between Counterparty and Bank on the Trade Date specified below (the "**Transaction**"). This Confirmation constitutes a "Confirmation" as referred to in the Agreement specified below.

The definitions and provisions contained in the 2000 ISDA Definitions (the "**Swap Definitions**") and the 2002 ISDA Equity Derivatives Definitions (the "**Equity Definitions**" and, together with the Swap Definitions, the "**Definitions**"), in each case as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the Swap Definitions and the Equity Definitions, the Equity Definitions will govern, and in the event of any inconsistency between the Definitions and this Confirmation, this Confirmation will govern. References herein to a "Transaction" shall be deemed to be references to a "Share Option Transaction" for purposes of the Equity Definitions and a "Swap Transaction" for the purposes of the Swap Definitions.

This Confirmation evidences a complete binding agreement between you and us as to the terms of the Transaction to which this Confirmation relates. This Confirmation (notwithstanding anything to the contrary herein), shall be subject to an agreement in the 1992 form of the ISDA Master Agreement (Multicurrency Cross Border) (the "**Master Agreement**" or "**Agreement**") as if we had executed an agreement in such form (but without any Schedule and with elections specified in the "ISDA Master Agreement" Section of this Confirmation) on the Trade Date of the first such Transaction between us. In the event of any inconsistency between the provisions of that agreement and this Confirmation, this Confirmation will prevail for the purpose of this Transaction. The parties hereby agree that the Transaction evidenced by this Confirmation shall be the only Transaction subject to and governed by the Agreement.

The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date:	February 14, 2006
Effective Date:	The date of issuance of the Reference Notes.
Option Style:	Bermuda
Seller:	Merrill Lynch International
Buyer:	Counterparty

Shares:	The shares of common stock, $0.0001 par value, of Counterparty (Security Symbol: "AMGN") or such other securities or property into which the Reference Notes are convertible on the date of determination.
Initial Payment Amount:	$328,100,000
Initial Payment Amount Payment Date:	Effective Date
Potential Exercise Date:	Each Valuation Date
Exchange:	NASDAQ National Market
Related Exchange(s):	All Exchanges
Knock-in Event:	Not Applicable
Knock-out Event:	Not Applicable
Reference Notes:	0.125% Convertible Notes of Counterparty due 2011 in the original principal amount of $2.5 billion.
Applicable Portion of the Reference Notes:	50%. For the avoidance of doubt, the Calculation Agent shall, as it deems necessary, take into account the Applicable Portion of the Reference Notes in determining or calculating any delivery or payment obligations hereunder, whether upon a Conversion Event (as defined below) or otherwise.
Conversion Event:	Each conversion of any Reference Note pursuant to the terms of the Note Indenture (the principal amount of Reference Notes so converted, the "**Conversion Amount**" with respect to such Conversion Event) occurring before the Termination Date. If the Conversion Amount for any Conversion Event is less than the aggregate principal amount of Reference Notes then outstanding, then the terms of this Transaction shall continue to apply, subject to the terms and conditions set forth herein, with respect to the remaining outstanding principal amount of the Reference Notes multiplied by the Applicable Portion of the Reference Notes.
Conversion Date:	With respect to each Conversion Event, the date on which any conversion of any Reference Note into Shares becomes effective, as determined by Buyer in accordance with the terms of the Note Indenture.
Note Indenture:	The indenture, dated as of closing of the issuance of the Reference Notes, between Counterparty and JPMorgan Chase Bank, N.A., as trustee relating to the Reference Notes, as the same may be amended, modified or supplemented, subject to the "Additional Termination Events" provisions of this Confirmation.
Termination Date:	The earlier of (i) the maturity date of the Reference Notes and (ii) the first day on which none of such Reference Notes remain outstanding, whether by virtue of conversion, issuer repurchase or otherwise.

Valuation:

Valuation Date:	The final "trading day" in the applicable "conversion reference period" (each as defined in the Note Indenture) in respect of each Conversion Event.

Settlement Terms:

Settlement Method:	Net Share Settlement or Net Cash Settlement consistent with Buyer's election with respect to the Reference Notes converted in the applicable Conversion Event, provided that solely Net Share Settlement shall apply in the event that Buyer elects to deliver any shares in connection with the applicable Conversion Event.
Settlement Notice:	Buyer shall provide Seller with notice of its Settlement Method provided that in the event Buyer shall not deliver the Settlement Notice, the Settlement Method shall be Net Share Settlement but without regard to section (b) of the definition of Net Share Settlement. The Settlement Notice will include (to the extent not previously provided in the Conversion Notice with respect to the applicable Conversion Event) (i) the number of Reference Notes being converted, (ii) the first "trading day" in the relevant "conversion reference period" (each as defined in the Note Indenture) for the Reference Notes and (iii) if any, the applicable Cash Percentage.
Settlement Date:	Subject to the delivery of a Settlement Notice or Conversion Notice to the Seller, the third (3rd) "trading day" (as defined in the Note Indenture) following the applicable Valuation Date.
Conversion Notice:	Counterparty agrees to provide Seller with notice of any Conversion Event within two (2) "trading days" after Counterparty's receipt of notice of any Conversion Event from the Trustee (as defined in the Note Indenture) (such Conversion Notice can be provided by such Trustee). The Conversion Notice will include (i) the number of Reference Notes being converted and (ii) the first "trading day" in the relevant "conversion reference period. "
Net Share Settlement:	On the Settlement Date, Seller shall deliver to Counterparty (a) a number of Shares equal to the related Net Share Settlement Amount and (b) (x) an amount in cash equal to the cash amount, if any, paid by Buyer in excess of the principal amount of the applicable Reference Notes for such Conversion Event under the Note Indenture multiplied by (y) the Applicable Portion of the Reference Notes.
Net Cash Settlement:	On the Settlement Date, Seller shall deliver to Counterparty an amount in cash equal to the related Net Cash Settlement Amount.
Net Share Settlement Amount:	For each Conversion Event, the number of Shares equal to the shares delivered by Buyer for such Conversion Event under the Note Indenture multiplied by the Applicable Portion of the Reference Notes, provided that with respect to such Conversion Event if neither a Settlement Notice nor a Conversion Notice shall be delivered to the Seller prior to the start of the "conversion reference period" (as defined in the Note Indenture) applicable to such Conversion Event, the Net Share Settlement Amount for such Conversion Event shall be reduced by an amount determined by the parties, in a commercially reasonable manner each acting in good faith, representing the additional cost and expenses of Seller in "unwinding" its hedge with respect to such Conversion Event during the period from the delivery of such notice to the end of the applicable "conversion reference period" rather than over the entire "conversion reference period" (as defined in the Note Indenture). No reduction of the Net Share Settlement Amount shall reduce the Net Share Settlement Amount below zero.

Net Cash Settlement Amount:	For each Conversion Event, an amount equal to the cash delivered by the Buyer in excess of the principal amount of the applicable Reference Notes for such Conversion Event under the Note Indenture multiplied by the Applicable Portion of the Reference Notes, provided that with respect to such Conversion Event if the Settlement Notice shall not be delivered to the Seller prior to the start of the "conversion reference period" (as defined in the Note Indenture) applicable to such Conversion Event, the Net Cash Settlement Amount for such Conversion Event shall be reduced by an amount determined by the parties, in a commercially reasonable manner each acting in good faith, representing the additional cost and expenses of Seller in "unwinding" its hedge with respect to such Conversion Event during the period from the delivery of such notice to the end of the applicable "conversion reference period" rather than over the entire "conversion reference period" (as defined in the Note Indenture). No reduction of the Net Cash Settlement Amount shall reduce the Net Cash Settlement Amount below zero.

Share Adjustments:

Merger Event:	The Transaction will be adjusted consistent with the Reference Notes as provided in the Note Indenture.
Consequences for Merger Events:	
Share-for-Share:	The Transaction will be adjusted consistent with the Reference Notes as provided in the Note Indenture.
Share-for-Other:	The Transaction will be adjusted consistent with the Reference Notes as provided in the Note Indenture.
Share-for-Combined:	The Transaction will be adjusted consistent with the Reference Notes as provided in the Note Indenture.
Tender Offer:	The Transaction will be adjusted consistent with the Reference Notes as provided in the Note Indenture.
Nationalization, Insolvency or Delisting:	Cancellation and Payment (Calculation Agent Determination), provided Buyer shall determine whether payment shall be settled in cash or Shares.
Additional Disruption Events:	
Change in Law:	Not Applicable
Failure to Deliver:	Applicable. If there is inability in the market to deliver Shares due to illiquidity on a day that would have been a Settlement Date, then the Settlement Date shall be the first succeeding Exchange Business Day on which there is no such inability to deliver, but in no such event shall the Settlement Date be later than the date that is two (2) Exchange Business Days immediately following what would have been the Settlement Date but for such inability to deliver.

Insolvency Filing:	Applicable
Hedging Disruption Event:	Not Applicable
Increased Cost of Hedging:	Not Applicable
Hedging Party:	Seller
Loss of Stock Borrow:	Not Applicable
Increased Cost of Stock Borrow:	Not Applicable
Determining Party:	Seller
Non-Reliance:	Applicable
Agreements and Acknowledgments Regarding Hedging Activities:	Applicable
Additional Acknowledgments:	Applicable

Additional Agreements, Representations and Covenants of Counterparty, Etc.:

1. Counterparty hereby represents and warrants to Seller, on each day from the Trade Date to and including the earlier of (i) February 17, 2006 and (ii) the date by which Seller is able to initially complete a hedge of its position relating to this Transaction, that:

    a. it will not, and will not permit any person or entity subject to its control to, bid for or purchase Shares during such period except as disclosed in the Offering Memorandum relating to the Reference Notes; and

    b. Counterparty has publicly disclosed all material information necessary for Counterparty to be able to purchase or sell Shares in compliance with applicable federal securities laws and that it has publicly disclosed all material information with respect to its condition (financial or otherwise).

2. The parties hereby agree that all documentation with respect to this Transaction is intended to qualify this Transaction as an equity instrument for purposes of EITF 00-19. If Counterparty would be obligated to receive cash from Seller pursuant to the terms of this Agreement for any reason without having had the right (other than pursuant to this paragraph (2)) to elect to receive Shares in satisfaction of such payment obligation, then Counterparty may elect that Seller deliver to Counterparty a number of Shares having a cash value equal to the amount of such payment obligation (such number of Shares to be delivered to be determined by the Calculation Agent acting in a commercially reasonable manner to determine the number of Shares that could be purchased over a reasonable period of time with the cash equivalent of such payment obligation). Settlement relating to any delivery of Shares pursuant to this paragraph (2) shall occur within a reasonable period of time.

Additional Termination Events:

The occurrence of any of the following shall be an Additional Termination Event with respect to Counterparty (which shall be the sole Affected Party and this Transaction shall be the sole Affected Transaction):

1. an Amendment Event (as defined below) occurs (in which case the entirety of this Transaction shall be subject to termination);

2. a Repayment Event (as defined below) occurs (in which case this Transaction shall be subject to termination only in respect of the principal amount of Reference Notes that cease to be outstanding in connection with or as a result of such Repayment Event); or

3. the transactions contemplated by the Purchase Agreement shall fail to close for any reason, in which case the entirety of this Transaction shall terminate automatically.

If the transactions contemplated by the Purchase Agreement shall fail to close for any reason other than a breach of the Purchase Agreement by the Initial Purchasers or the Counterparty, then the entirety of this Transaction shall terminate automatically and all payments previously made hereunder shall be returned to the person making such payment, including the Initial Payment Amount, less an amount equal to the product of (a) 15,655,875 Shares and (b) the sum of (i) US$0.50 per Share and (ii) an amount equal to the excess, if any, of the closing price of the Shares on the Trade Date over the closing price of the Shares on the date of the Termination Event (the "**Break Expense**"); provided that any negative amount shall be replaced by zero and provided further that to the extent the Initial Payment Amount has not been paid, Counterparty shall promptly pay Seller the Break Expense. Seller and Counterparty agree that actual damages would be difficult to ascertain under these circumstances and that the amount of liquidated damages resulting from the determination in the preceding sentence is a good faith estimate of such damages and not a penalty.

If the transactions contemplated by the Purchase Agreement shall fail to close because of a breach of the Purchase Agreement by the Initial Purchasers, then the entirety of this Transaction shall terminate automatically, and all payments previously made hereunder, including the Initial Payment Amount, shall be promptly returned to the person making such payment.

Further, if an Amendment Event or Repayment Event occurs or the transactions contemplated by the Purchase Agreement shall fail to close as a result of any breach by any Initial Purchaser or as a result of any action, or failure to act, by any Initial Purchaser thereunder or as a result of a breach of the Counterparty's obligations thereunder (collectively, an "**Initial Purchase Event**"), no payments shall be required hereunder in connection with the Termination Event arising as a result of such Amendment Event, Repayment Event or Initial Purchase Event.

"**Amendment Event**" means that the Counterparty amends, modifies, supplements or obtains a waiver of any term of the Note Indenture or the Reference Notes relating to the principal amount, coupon, maturity, repurchase obligation of the Counterparty, redemption right of the Counterparty, any material term relating to conversion of the Reference Notes (including changes to the conversion price, conversion settlement dates or conversion conditions), or any other term that would require consent of the holders of 100% of the principal amount of the Reference Notes to amend.

"**Repayment Event**" means that (a) any Reference Notes are repurchased (whether in connection with or as a result of a change of control, howsoever defined, or for any other reason) by the Counterparty, (b) any Reference Notes are delivered to the Counterparty in exchange for delivery of any property or assets of the Counterparty or any of its subsidiaries (howsoever described), other than as a result of and in connection with a Conversion Event, (c) any principal of any of the Reference Notes is repaid prior to the Final Maturity Date, as defined in the Note Indenture (whether following acceleration of the Reference Notes or otherwise), provided that no payments of cash made in respect of the conversion of a Reference Note shall be deemed a payment of principal under this clause (c), (d) any Reference Notes are exchanged by or for the benefit of the holders thereof for any other securities of the Counterparty or any of its Affiliates (or any other property, or any combination thereof) pursuant to any exchange offer or similar transaction or (e) any of the Reference Notes is surrendered by Counterparty to the trustee for cancellation, other than registration of a transfer of such Reference Notes or as a result of and in connection with a Conversion Event.

Staggered Settlement:

If Seller determines reasonably and in good faith that the number of Shares required to be delivered to Counterparty hereunder on any Settlement Date would exceed 8.0% of all outstanding Shares, then Seller may, by notice to Counterparty on or prior to such Settlement Date (a "**Nominal Settlement Date**"), elect to deliver the Shares comprising the related Net Share Settlement Amount on two or more dates (each, a "**Staggered Settlement Date**") as follows:

1. in such notice, Seller will specify to Counterparty the related Staggered Settlement Dates (the first of which will be such Nominal Settlement Date and the last of which will be no later than twenty (20) "trading days" (as defined in the Note Indenture) following such Nominal Settlement Date) and the number of Shares that it will deliver on each Staggered Settlement Date;

2. the aggregate number of Shares that Seller will deliver to Counterparty hereunder on all such Staggered Settlement Dates will equal the number of Shares that Seller would otherwise be required to deliver on such Nominal Settlement Date; and

3. the Net Share Settlement terms will apply on each Staggered Settlement Date, except that the Shares comprising the Net Share Settlement Amount will be allocated among such Staggered Settlement Dates as specified by Seller in the notice referred to in clause (1) above.

Notwithstanding anything herein to the contrary, solely in connection with a Staggered Settlement Date, Seller shall be entitled to deliver Shares to Counterparty from time to time prior to the date on which Seller would be obligated to deliver them to Counterparty pursuant to Net Share Settlement terms set forth above, and Counterparty agrees to credit all such early deliveries against Seller's obligations hereunder in the direct order in which such obligations arise. No such early delivery of Shares will accelerate or otherwise affect any of Counterparty's obligations to Seller hereunder. In addition, during the 30 day period prior to the Termination Date or any Settlement Date, each of Seller and Counterparty shall use its reasonable efforts to refrain from activities which could reasonably be expected to result in Seller's ownership of Shares exceeding 8% of all issued and outstanding Shares.

Compliance with Securities Laws:

Each party represents and agrees that it has complied, and will comply, in connection with this Transaction and all related or contemporaneous sales and purchases of Shares, with the applicable provisions of the Securities Act of 1933, as amended (the "**Securities Act**"), and the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and the rules and regulations each thereunder, including, without limitation, Rules 10b-5 and 13e and Regulation M under the Exchange Act;provided that each party shall be entitled to rely conclusively on any information communicated by the other party concerning such other party's market activities; andprovided further that Counterparty shall have no liability as a result of a breach of this representation due to Seller's gross negligence or willful misconduct.

Each party further represents that if such party ("**X**") purchases any Shares from the other party pursuant to this Transaction, such purchase(s) will comply in all material respects with (i) all laws and regulations applicable to X and (ii) all contractual obligations of X.

Each party acknowledges that the offer and sale of the Transaction to it is intended to be exempt from registration under the Securities Act by virtue of Section 4(2) thereof. Accordingly, Counterparty represents and warrants to Seller that (i) it has the financial ability to bear the economic risk of its investment in the Transaction and is able to bear a total loss of its investment, (ii) it is an "accredited investor" as that term is defined in Regulation D as promulgated under the Securities Act and (iii) the disposition of the Transaction is restricted under this Confirmation, the Securities Act and state securities laws. On or prior to the Trade Date, Counterparty shall deliver to Seller a resolution of Counterparty's board of directors authorizing the Transaction and such other certificate or certificates as Seller shall reasonably request.

Counterparty represents and acknowledges that as of the date hereof:

(a) No consent, approval, authorization, or order of, or filing with, any governmental agency or body or any court is required in connection with the execution, delivery or performance by Company of this Confirmation, except such as have been obtained or made and such as may be required under the Securities Act or state securities laws.

(b) without limiting the generality of Section 13.1 of the Equity Definitions, Seller is not making any representations or warranties with respect to the treatment of the Transaction under FASB Statements 149 or 150, EITF Issue No. 00-19 (or any successor issue statements) or under FASB's Liabilities & Equity Project.

Account Details:

Account for payments to Counterparty: Not Applicable

Account for payment to Seller: Chase Manhattan Bank, New York
ABA#: 021-000-021
FAO: ML Equity Derivatives
A/C: 066213118

Bankruptcy Rights: In the event of Counterparty's bankruptcy, Seller's rights in connection with this Transaction shall not exceed those rights held by common shareholders. For the avoidance of doubt, the parties acknowledge and agree that Seller's rights with respect to any other claim arising from this Transaction prior to Counterparty's bankruptcy shall remain in full force and effect and shall not be otherwise abridged or modified in connection herewith.

Set-Off: Each party waives any and all rights it may have to set-off, whether arising under any agreement, applicable law or otherwise.

Collateral: None.

Transfer: The Counterparty shall have the right to assign its rights and obligations hereunder with respect to any portion of this Transaction, subject to Seller's consent, such consent not to be unreasonably withheld; provided that such assignment or transfer shall be subject to receipt by Seller of opinions and documents reasonably satisfactory to Seller and effected on terms reasonably satisfactory to the Seller with respect to any legal and regulatory requirements relevant to the Seller; provided further that Counterparty shall not be released from its Settlement Notice obligation. Seller may transfer any of its rights or delegate its obligations under this Transaction with the prior written consent of Counterparty, which consent shall not be unreasonably withheld.

Regulation: Seller is regulated by The Securities and Futures Authority Limited and has entered into this Transaction as principal.

ISDA Master Agreement

With respect to the Agreement, Seller and Counterparty each agree as follows:

Specified Entities:

(i) in relation to Seller, for the purposes of:

Section 5(a)(v): not applicable
Section 5(a)(vi): not applicable
Section 5(a)(vii): not applicable
Section 5(b)(iv): not applicable

and (ii) in relation to Counterparty, for the purposes of:

Section 5(a)(v): not applicable
Section 5(a)(vi): not applicable
Section 5(a)(vii) not applicable
Section 5(b)(iv): not applicable

"**Specified Transaction**" will have the meaning specified in Section 14 of the Agreement.

The "**Credit Event Upon Merger**" provisions of Section 5(b)(iv) of the Agreement will not apply to Seller and Counterparty.

The "**Automatic Early Termination**" provision of Section 6(a) of the Agreement will not apply to Seller or to Counterparty.

Payments on Early Termination. For the purpose of Section 6(e) of the Agreement: (i) Market Quotation shall apply; and (ii) the Second Method shall apply.

"**Termination Currency**" means USD.

Tax Representations:

(I) For the purpose of Section 3(e) of the Agreement, each party represents to the other party that it is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii), or 6(e) of the Agreement) to be made by it to the other party under the Agreement. In making this representation, each party may rely on (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of the Agreement, (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of the Agreement, and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of the Agreement, and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of the Agreement; provided that it will not be a breach of this representation where reliance is placed on clause (ii) above and the other party does not deliver a form or document under Section 4(a)(iii) of the Agreement by reason of material prejudice to its legal or commercial position.

(II) For the purpose of Section 3(f) of the Agreement, each party makes the following representations to the other party:

(i) Seller represents that it is a corporation organized under the laws of England and Wales.

(ii) Counterparty represents that it is a corporation incorporated under the laws of the State of Delaware.

Delivery Requirements: For the purpose of Sections 3(d), 4(a)(i) and (ii) of the Agreement, each party agrees to deliver the following documents:

Tax forms, documents or certificates to be delivered are:

Each party agrees to complete (accurately and in a manner reasonably satisfactory to the other party), execute, and deliver to the other party, United States Internal Revenue Service Form W-9 or W-8 BEN, or any successor of such form(s): (i) before the first payment date under this agreement; (ii) promptly upon reasonable demand by the other party; and (iii) promptly upon learning that any such form(s) previously provided by the other party has become obsolete or incorrect.

Other documents to be delivered:

Party Required to Deliver Document	Document Required to be Delivered	When Required	Covered by Section 3(d) Representation
Counterparty	Evidence of the authority and true signatures of each official or representative signing this Confirmation	Upon or before execution and delivery of this Confirmation	Yes
Counterparty	Certified copy of the resolution of the Board of Directors or equivalent document authorizing the execution and delivery of this Confirmation	Upon or before execution and delivery of this Confirmation	Yes
Seller	Guarantee of its Credit Support Provider, substantially in the form of Exhibit A attached hereto, together with evidence of the authority and true signatures of the signatories, if applicable	Upon or before execution and delivery of this Confirmation	Yes

Additional Notice Requirements: The Counterparty hereby agrees to promptly deliver to Seller a copy of all notices and other communications required or permitted to be given to the holders of any Reference Notes pursuant to the terms of the Note Indenture on the dates so required or permitted in the Note Indenture and all other notices given and other communications made by Counterparty in respect of the Reference Notes to holders of any Reference Notes. The Counterparty further covenants to Seller that it shall promptly notify Seller of each Conversion Event (identifying in such Conversion Notice the principal amount at maturity of Reference Notes being converted), Amendment Event (including in such notice a detailed description of any such amendment) and Repayment Event (identifying in such notice the nature of such Repayment Event and the principal amount at maturity of Reference Notes being paid).

Addresses for Notices: For the purpose of Section 12(a) of the Agreement:

Address for notices or communications to Seller for all purposes:

Address:	Merrill Lynch International Merrill Lynch Financial Centre 2 King Edward Street London EC1A 1HQ
Attention:	Manager, Fixed Income Settlements
Facsimile No.:	44 207 995 2004
Telephone No.:	44 207 995 3769

Additionally, a copy of all notices pursuant toSections 5,6, and7 as well as any changes to Counterparty's address, telephone number or facsimile number should be sent to:

Address:	GMI Counsel Merrill Lynch World Headquarters 4 World Financial Center New York, New York 10080
Attention:	Global Equity Derivatives
Facsimile No.:	(212) 449-6576
Telephone No.:	(212) 449-6309

Address for notices or communications to Counterparty for all purposes:

Amgen Inc.
One Amgen Center Drive
Thousand Oaks, CA 91320-1799
Telephone No.: (805) 447-1000
Facsimile No.: (805) 449-2863
Attention: Treasurer

Process Agent: For the purpose of Section 13(c) of the Agreement, Seller appoints as its Process Agent:

Address:	Merrill Lynch, Pierce, Fenner & Smith Incorporated 222 Broadway, 16th Floor New York, New York 10038
Attention:	Litigation Department

Counterparty does not appoint a Process Agent.

Multibranch Party. For the purpose ofSection 10(c) of the Agreement: Neither Seller nor Counterparty is a Multibranch Party.

Calculation Agent. The Calculation Agent is Seller, whose judgments, determinations and calculations in this Transaction and any related hedging transaction between the parties shall be made in good faith and in a commercially reasonable manner.

Credit Support Document.

Seller: Guarantee of ML & Co. in the form attached hereto as Exhibit A

Counterparty: Not Applicable

Credit Support Provider.

With respect to Seller: ML & Co.

With respect to Counterparty: Not Applicable.

Governing Law. This Confirmation will be governed by, and construed in accordance with, the laws of the State of New York.

Waiver of Jury Trial. Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Transaction. Each party (i) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that such other party would not, in the event of such a suit, action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this Transaction, as applicable, by, among other things, the mutual waivers and certifications provided herein.

Netting of Payments. The provisions of Section 2(c) of the Agreement shall not be applicable to this Transaction.

Basic Representations. Section 3(a) of the Agreement is hereby amended by the deletion of "and" at the end of Section 3(a)(iv); the substitution of a semicolon for the period at the end of Section 3(a)(v) and the addition of Sections 3(a)(vi), as follows:

> **Eligible Contract Participant; Line of Business**. Each party agrees and represents that it is an "eligible contract participant" as defined in Section 1a(12) of the U.S. Commodity Exchange Act, as amended ("**CEA**"), this Agreement and the Transaction thereunder are subject to individual negotiation by the parties and have not been executed or traded on a "trading facility" as defined in Section 1a(33) of the CEA, and it has entered into this Confirmation and this Transaction in connection with its business or a line of business (including financial intermediation), or the financing of its business.

Amendment of Section 3(a)(iii). Section 3(a)(iii) of the Agreement is modified to read as follows:

> **No Violation or Conflict**. Such execution, delivery and performance do not materially violate or conflict with any law known by it to be applicable to it, any provision of its constitutional documents, any order or judgment of any court or agency of government applicable to it or any of its assets or any material contractual restriction relating to Specified Indebtedness binding on or affecting it or any of its assets.

Amendment of Section 3(a)(iv). Section 3(a)(iv) of the Agreement is modified by inserting the following at the beginning thereof:

> "To such party's best knowledge,"

Acknowledgements:

(1) The parties acknowledge and agree that there are no other representations, agreements or other undertakings of the parties in relation to this Transaction, except as set forth in this Confirmation.

(2) The parties hereto intend for:

(a) this Transaction to be a "securities contract" as defined in Section 741(7) of Title 11 of the United States Code (the "**Bankruptcy Code**"), qualifying for the protections under Section 555 of the Bankruptcy Code;

(b) a party's right to liquidate this Transaction and to exercise any other remedies upon the occurrence of any Event of Default under the Agreement with respect to the other party to constitute a "contractual right" as defined in the Bankruptcy Code;

(c) all payments for, under or in connection with this Transaction, all payments for the Shares and the transfer of such Shares to constitute "settlement payments" as defined in the Bankruptcy Code.

Amendment of Section 6(d)(ii). Section 6(d)(ii) of the Agreement is modified by deleting the words "on any day" in the second line thereof and substituting therefore "on the day that is three Local Business Days after the day." Section 6(d)(ii) is further modified by deleting the words "two Local Business Days" in the fourth line thereof and substituting therefore "three Local Business Days."

Amendment of Definition of Reference Market-Makers. The definition of "Reference Market-Makers" in Section 14 is hereby amended by adding in clause (a) after the word "credit" and before the word "and" the words "or to enter into transactions similar in nature to Transactions."

Consent to Recording. Each party consents to the recording of the telephone conversations of trading and marketing personnel of the parties and their Affiliates in connection with this Confirmation. To the extent that one party records telephone conversations (the "**Recording Party**") and the other party does not (the "**Non-Recording Party**"), the Recording Party shall in the event of any dispute, make a complete and unedited copy of such party's tape of the entire day's conversations with the Non-Recording Party's personnel available to the Non-Recording Party. The Recording Party's tapes may be used by either party in any forum in which a dispute is sought to be resolved and the Recording Party will retain tapes for a consistent period of time in accordance with the Recording Party's policy unless one party notifies the other that a particular transaction is under review and warrants further retention.

Disclosure. Each party hereby acknowledges and agrees that Seller has authorized Counterparty to disclose this Transaction and any related hedging transaction between the parties if and to the extent that Counterparty reasonably determines (after consultation with Seller) that such disclosure is required by law or by the rules of NASDAQ or any securities exchange. Notwithstanding any provision in this Confirmation or the Agreement, in connection with Section 1.6011-4 of the Treasury Regulations, the parties hereby agree that each party (and each employee, representative, or other agent of such party) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the Transaction and all materials of any kind (including opinions or other tax analyses) that are provided to such party relating to such U.S. tax treatment and U.S. tax structure, other than any information for which nondisclosure is reasonably necessary in order to comply with applicable securities laws.

Severability. If any term, provision, covenant or condition of this Confirmation, or the application thereof to any party or circumstance, shall be held to be invalid or unenforceable in whole or in part for any reason, the remaining terms, provisions, covenants, and conditions hereof shall continue in full force and effect as if this Confirmation had been executed with the invalid or unenforceable provision eliminated, so long as this Confirmation as so modified continues to express, without material change, the original intentions of the parties as to the subject matter of this Confirmation and the deletion of such portion of this Confirmation will not substantially impair the respective benefits or expectations of parties to this Agreement;provided,however, that this severability provision shall not be applicable if any provision ofSection 2,5,6 or13 of the Agreement (or any definition or provision in Section 14 to the extent that it relates to, or is used in or in connection with any such Section) shall be so held to be invalid or unenforceable.

Affected Parties. For purposes ofSection 6(e) of the Agreement, each party shall be deemed to be an Affected Party in connection with Illegality and any Tax Event.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us.

Very truly yours,

Merrill Lynch International

By: _____
Name:
Title:

Confirmed as of the date first above written:

AMGEN INC.

By: _____
Name:
Title:

EXHIBIT A

GUARANTEE OF MERRILL LYNCH & CO., INC.

FOR VALUE RECEIVED, receipt of which is hereby acknowledged, MERRILL LYNCH & CO., INC., a corporation duly organized and existing under the laws of the State of Delaware ("ML & Co."), hereby unconditionally guarantees to Amgen, Inc. (the "Company"), the due and punctual payment of any and all amounts payable by Merrill Lynch International, a company organized under the laws of England and Wales ("ML"), under the terms of the Confirmation of OTC Convertible Note Hedge between the Company and ML (ML as Seller), dated as of February 14, 2006 (the "Confirmation"), including, in case of default, interest on any amount due, when and as the same shall become due and payable, whether on the scheduled payment dates, at maturity, upon declaration of termination or otherwise, according to the terms thereof. In case of the failure of ML punctually to make any such payment, ML & Co. hereby agrees to make such payment, or cause such payment to be made, promptly upon demand made by the Company to ML & Co.; provided, however that delay by the Company in giving such demand shall in no event affect ML & Co.'s obligations under this Guarantee. This Guarantee shall remain in full force and effect or shall be reinstated (as the case may be) if at any time any payment guaranteed hereunder, in whole or in part, is rescinded or must otherwise be returned by the Company upon the insolvency, bankruptcy or reorganization of ML or otherwise, all as though such payment had not been made.

ML & Co. hereby agrees that its obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Confirmation; the absence of any action to enforce the same; any waiver or consent by the Company concerning any provisions thereof; the rendering of any judgment against ML or any action to enforce the same; or any other circumstances that might otherwise constitute a legal or equitable discharge of a guarantor or a defense of a guarantor. ML covenants that this guarantee will not be discharged except by complete payment of the amounts payable under the Confirmation. This Guarantee shall continue to be effective if ML merges or consolidates with or into another entity, loses its separate legal identity or ceases to exist.

ML & Co. hereby waives diligence; presentment; protest; notice of protest, acceleration, and dishonor; filing of claims with a court in the event of insolvency or bankruptcy of ML; all demands whatsoever, except as noted in the first paragraph hereof; and any right to require a proceeding first against ML.

ML & Co. hereby certifies and warrants that this Guarantee constitutes the valid obligation of ML & Co. and complies with all applicable laws.

This Guarantee shall be governed by, and construed in accordance with, the laws of the State of New York.

This Guarantee may be terminated at any time by notice by ML & Co. to the Company given in accordance with the notice provisions of the Confirmation, effective upon receipt of such notice by the Company or such later date as may be specified in such notice; provided, however, that this Guarantee shall continue in full force and effect with respect to any obligation of ML under the Confirmation.

This Guarantee becomes effective concurrent with the effectiveness of the Confirmation, according to its terms.

IN WITNESS WHEREOF, ML & Co. has caused this Guarantee to be executed in its corporate name by its duly authorized representative.

MERRILL LYNCH & CO., INC.

By: _____
Name:
Title:
Date:

Confirmation of OTC Convertible Note Hedge

Date: **February 14, 2006**

To: **Amgen Inc. ("Counterparty")**

Attention: **Treasurer**

From: **Merrill Lynch International ("Bank")**

Dear Sir / Madam:

The purpose of this letter agreement (this "**Confirmation**") is to confirm the terms and conditions of the above-referenced transaction entered into between Counterparty and Bank on the Trade Date specified below (the "**Transaction**"). This Confirmation constitutes a "Confirmation" as referred to in the Agreement specified below.

The definitions and provisions contained in the 2000 ISDA Definitions (the "**Swap Definitions**") and the 2002 ISDA Equity Derivatives Definitions (the "**Equity Definitions**" and, together with the Swap Definitions, the "**Definitions**"), in each case as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the Swap Definitions and the Equity Definitions, the Equity Definitions will govern, and in the event of any inconsistency between the Definitions and this Confirmation, this Confirmation will govern. References herein to a "Transaction" shall be deemed to be references to a "Share Option Transaction" for purposes of the Equity Definitions and a "Swap Transaction" for the purposes of the Swap Definitions.

This Confirmation evidences a complete binding agreement between you and us as to the terms of the Transaction to which this Confirmation relates. This Confirmation (notwithstanding anything to the contrary herein), shall be subject to an agreement in the 1992 form of the ISDA Master Agreement (Multicurrency Cross Border) (the "**Master Agreement**" or "**Agreement**") as if we had executed an agreement in such form (but without any Schedule and with elections specified in the "ISDA Master Agreement" Section of this Confirmation) on the Trade Date of the first such Transaction between us. In the event of any inconsistency between the provisions of that agreement and this Confirmation, this Confirmation will prevail for the purpose of this Transaction. The parties hereby agree that the Transaction evidenced by this Confirmation shall be the only Transaction subject to and governed by the Agreement.

The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date:	February 14, 2006
Effective Date:	The date of issuance of the Reference Notes.
Option Style:	Bermuda
Seller:	Merrill Lynch International
Buyer:	Counterparty

Shares:	The shares of common stock, $0.0001 par value, of Counterparty (Security Symbol: "AMGN") or such other securities or property into which the Reference Notes are convertible on the date of determination.
Initial Payment Amount:	$829,100,000
Initial Payment Amount Payment Date:	Effective Date
Potential Exercise Date:	Each Valuation Date
Exchange:	NASDAQ National Market
Related Exchange(s):	All Exchanges
Knock-in Event:	Not Applicable
Knock-out Event:	Not Applicable
Reference Notes:	0.375% Convertible Notes of Counterparty due 2013 in the original principal amount of $2.5 billion.
Applicable Portion of the Reference Notes:	100%. For the avoidance of doubt, the Calculation Agent shall, as it deems necessary, take into account the Applicable Portion of the Reference Notes in determining or calculating any delivery or payment obligations hereunder, whether upon a Conversion Event (as defined below) or otherwise.
Conversion Event:	Each conversion of any Reference Note pursuant to the terms of the Note Indenture (the principal amount of Reference Notes so converted, the "**Conversion Amount**" with respect to such Conversion Event) occurring before the Termination Date. If the Conversion Amount for any Conversion Event is less than the aggregate principal amount of Reference Notes then outstanding, then the terms of this Transaction shall continue to apply, subject to the terms and conditions set forth herein, with respect to the remaining outstanding principal amount of the Reference Notes multiplied by the Applicable Portion of the Reference Notes.
Conversion Date:	With respect to each Conversion Event, the date on which any conversion of any Reference Note into Shares becomes effective, as determined by Buyer in accordance with the terms of the Note Indenture.
Note Indenture:	The indenture, dated as of closing of the issuance of the Reference Notes, between Counterparty and JPMorgan Chase Bank, N.A., as trustee relating to the Reference Notes, as the same may be amended, modified or supplemented, subject to the "Additional Termination Events" provisions of this Confirmation.
Termination Date:	The earlier of (i) the maturity date of the Reference Notes and (ii) the first day on which none of such Reference Notes remain outstanding, whether by virtue of conversion, issuer repurchase or otherwise.

Valuation:

Valuation Date:	The final "trading day" in the applicable "conversion reference period" (each as defined in the Note Indenture) in respect of each Conversion Event.

Settlement Terms:

Settlement Method:	Net Share Settlement or Net Cash Settlement consistent with Buyer's election with respect to the Reference Notes converted in the applicable Conversion Event, provided that solely Net Share Settlement shall apply in the event that Buyer elects to deliver any shares in connection with the applicable Conversion Event.
Settlement Notice:	Buyer shall provide Seller with notice of its Settlement Method provided that in the event Buyer shall not deliver the Settlement Notice, the Settlement Method shall be Net Share Settlement but without regard to section (b) of the definition of Net Share Settlement. The Settlement Notice will include (to the extent not previously provided in the Conversion Notice with respect to the applicable Conversion Event) (i) the number of Reference Notes being converted, (ii) the first "trading day" in the relevant "conversion reference period" (each as defined in the Note Indenture) for the Reference Notes and (iii) if any, the applicable Cash Percentage.
Settlement Date:	Subject to the delivery of a Settlement Notice or Conversion Notice to the Seller, the third (3rd) "trading day" (as defined in the Note Indenture) following the applicable Valuation Date.
Conversion Notice:	Counterparty agrees to provide Seller with notice of any Conversion Event within two (2) "trading days" after Counterparty's receipt of notice of any Conversion Event from the Trustee (as defined in the Note Indenture) (such Conversion Notice can be provided by such Trustee). The Conversion Notice will include (i) the number of Reference Notes being converted and (ii) the first "trading day" in the relevant "conversion reference period. "
Net Share Settlement:	On the Settlement Date, Seller shall deliver to Counterparty (a) a number of Shares equal to the related Net Share Settlement Amount and (b) (x) an amount in cash equal to the cash amount, if any, paid by Buyer in excess of the principal amount of the applicable Reference Notes for such Conversion Event under the Note Indenture multiplied by (y) the Applicable Portion of the Reference Notes.
Net Cash Settlement:	On the Settlement Date, Seller shall deliver to Counterparty an amount in cash equal to the related Net Cash Settlement Amount.
Net Share Settlement Amount:	For each Conversion Event, the number of Shares equal to the shares delivered by Buyer for such Conversion Event under the Note Indenture multiplied by the Applicable Portion of the Reference Notes, provided that with respect to such Conversion Event if neither a Settlement Notice nor a Conversion Notice shall be delivered to the Seller prior to the start of the "conversion reference period" (as defined in the Note Indenture) applicable to such Conversion Event, the Net Share Settlement Amount for such Conversion Event shall be reduced by an amount determined by the parties, in a commercially reasonable manner each acting in good faith, representing the additional cost and expenses of Seller in "unwinding" its hedge with respect to such Conversion Event during the period from the delivery of such notice to the end of the applicable "conversion reference period" rather than over the entire "conversion reference period" (as defined in the Note Indenture). No reduction of the Net Share Settlement Amount shall reduce the Net Share Settlement Amount below zero.

Net Cash Settlement Amount:	For each Conversion Event, an amount equal to the cash delivered by the Buyer in excess of the principal amount of the applicable Reference Notes for such Conversion Event under the Note Indenture multiplied by the Applicable Portion of the Reference Notes, provided that with respect to such Conversion Event if the Settlement Notice shall not be delivered to the Seller prior to the start of the "conversion reference period" (as defined in the Note Indenture) applicable to such Conversion Event, the Net Cash Settlement Amount for such Conversion Event shall be reduced by an amount determined by the parties, in a commercially reasonable manner each acting in good faith, representing the additional cost and expenses of Seller in "unwinding" its hedge with respect to such Conversion Event during the period from the delivery of such notice to the end of the applicable "conversion reference period" rather than over the entire "conversion reference period" (as defined in the Note Indenture). No reduction of the Net Cash Settlement Amount shall reduce the Net Cash Settlement Amount below zero.

Share Adjustments:

Merger Event:	The Transaction will be adjusted consistent with the Reference Notes as provided in the Note Indenture.
Consequences for Merger Events:	
Share-for-Share:	The Transaction will be adjusted consistent with the Reference Notes as provided in the Note Indenture.
Share-for-Other:	The Transaction will be adjusted consistent with the Reference Notes as provided in the Note Indenture.
Share-for-Combined:	The Transaction will be adjusted consistent with the Reference Notes as provided in the Note Indenture.
Tender Offer:	The Transaction will be adjusted consistent with the Reference Notes as provided in the Note Indenture.
Nationalization, Insolvency or Delisting:	Cancellation and Payment (Calculation Agent Determination), provided Buyer shall determine whether payment shall be settled in cash or Shares.
Additional Disruption Events:	
Change in Law:	Not Applicable
Failure to Deliver:	Applicable. If there is inability in the market to deliver Shares due to illiquidity on a day that would have been a Settlement Date, then the Settlement Date shall be the first succeeding Exchange Business Day on which there is no such inability to deliver, but in no such event shall the Settlement Date be later than the date that is two (2) Exchange Business Days immediately following what would have been the Settlement Date but for such inability to deliver.

Insolvency Filing:	Applicable
Hedging Disruption Event:	Not Applicable
Increased Cost of Hedging:	Not Applicable
Hedging Party:	Seller
Loss of Stock Borrow:	Not Applicable
Increased Cost of Stock Borrow:	Not Applicable
Determining Party:	Seller
Non-Reliance:	Applicable
Agreements and Acknowledgments Regarding Hedging Activities:	Applicable
Additional Acknowledgments:	Applicable

Additional Agreements, Representations and Covenants of Counterparty, Etc.:

1. Counterparty hereby represents and warrants to Seller, on each day from the Trade Date to and including the earlier of (i) February 17, 2006 and (ii) the date by which Seller is able to initially complete a hedge of its position relating to this Transaction, that:

    a. it will not, and will not permit any person or entity subject to its control to, bid for or purchase Shares during such period except as disclosed in the Offering Memorandum relating to the Reference Notes; and

    b. Counterparty has publicly disclosed all material information necessary for Counterparty to be able to purchase or sell Shares in compliance with applicable federal securities laws and that it has publicly disclosed all material information with respect to its condition (financial or otherwise).

2. The parties hereby agree that all documentation with respect to this Transaction is intended to qualify this Transaction as an equity instrument for purposes of EITF 00-19. If Counterparty would be obligated to receive cash from Seller pursuant to the terms of this Agreement for any reason without having had the right (other than pursuant to this paragraph (2)) to elect to receive Shares in satisfaction of such payment obligation, then Counterparty may elect that Seller deliver to Counterparty a number of Shares having a cash value equal to the amount of such payment obligation (such number of Shares to be delivered to be determined by the Calculation Agent acting in a commercially reasonable manner to determine the number of Shares that could be purchased over a reasonable period of time with the cash equivalent of such payment obligation). Settlement relating to any delivery of Shares pursuant to this paragraph (2) shall occur within a reasonable period of time.

Additional Termination Events:

The occurrence of any of the following shall be an Additional Termination Event with respect to Counterparty (which shall be the sole Affected Party and this Transaction shall be the sole Affected Transaction):

1. an Amendment Event (as defined below) occurs (in which case the entirety of this Transaction shall be subject to termination);

2. a Repayment Event (as defined below) occurs (in which case this Transaction shall be subject to termination only in respect of the principal amount of Reference Notes that cease to be outstanding in connection with or as a result of such Repayment Event); or

3. the transactions contemplated by the Purchase Agreement shall fail to close for any reason, in which case the entirety of this Transaction shall terminate automatically.

If the transactions contemplated by the Purchase Agreement shall fail to close for any reason other than a breach of the Purchase Agreement by the Initial Purchasers or the Counterparty, then the entirety of this Transaction shall terminate automatically and all payments previously made hereunder shall be returned to the person making such payment, including the Initial Payment Amount, less an amount equal to the product of (a) 31,453,500 Shares and (b) the sum of (i) US$0.50 per Share and (ii) an amount equal to the excess, if any, of the closing price of the Shares on the Trade Date over the closing price of the Shares on the date of the Termination Event (the "**Break Expense**"); provided that any negative amount shall be replaced by zero and provided further that to the extent the Initial Payment Amount has not been paid, Counterparty shall promptly pay Seller the Break Expense. Seller and Counterparty agree that actual damages would be difficult to ascertain under these circumstances and that the amount of liquidated damages resulting from the determination in the preceding sentence is a good faith estimate of such damages and not a penalty.

If the transactions contemplated by the Purchase Agreement shall fail to close because of a breach of the Purchase Agreement by the Initial Purchasers, then the entirety of this Transaction shall terminate automatically, and all payments previously made hereunder, including the Initial Payment Amount, shall be promptly returned to the person making such payment.

Further, if an Amendment Event or Repayment Event occurs or the transactions contemplated by the Purchase Agreement shall fail to close as a result of any breach by any Initial Purchaser or as a result of any action, or failure to act, by any Initial Purchaser thereunder or as a result of a breach of the Counterparty's obligations thereunder (collectively, an "**Initial Purchase Event**"), no payments shall be required hereunder in connection with the Termination Event arising as a result of such Amendment Event, Repayment Event or Initial Purchase Event.

"**Amendment Event**" means that the Counterparty amends, modifies, supplements or obtains a waiver of any term of the Note Indenture or the Reference Notes relating to the principal amount, coupon, maturity, repurchase obligation of the Counterparty, redemption right of the Counterparty, any material term relating to conversion of the Reference Notes (including changes to the conversion price, conversion settlement dates or conversion conditions), or any other term that would require consent of the holders of 100% of the principal amount of the Reference Notes to amend.

"**Repayment Event**" means that (a) any Reference Notes are repurchased (whether in connection with or as a result of a change of control, howsoever defined, or for any other reason) by the Counterparty, (b) any Reference Notes are delivered to the Counterparty in exchange for delivery of any property or assets of the Counterparty or any of its subsidiaries (howsoever described), other than as a result of and in connection with a Conversion Event, (c) any principal of any of the Reference Notes is repaid prior to the Final Maturity Date, as defined in the Note Indenture (whether following acceleration of the Reference Notes or otherwise), provided that no payments of cash made in respect of the conversion of a Reference Note shall be deemed a payment of principal under this clause (c), (d) any Reference Notes are exchanged by or for the benefit of the holders thereof for any other securities of the Counterparty or any of its Affiliates (or any other property, or any combination thereof) pursuant to any exchange offer or similar transaction or (e) any of the Reference Notes is surrendered by Counterparty to the trustee for cancellation, other than registration of a transfer of such Reference Notes or as a result of and in connection with a Conversion Event.

Staggered Settlement:

If Seller determines reasonably and in good faith that the number of Shares required to be delivered to Counterparty hereunder on any Settlement Date would exceed 8.0% of all outstanding Shares, then Seller may, by notice to Counterparty on or prior to such Settlement Date (a "**Nominal Settlement Date**"), elect to deliver the Shares comprising the related Net Share Settlement Amount on two or more dates (each, a "**Staggered Settlement Date**") as follows:

1. in such notice, Seller will specify to Counterparty the related Staggered Settlement Dates (the first of which will be such Nominal Settlement Date and the last of which will be no later than twenty (20) "trading days" (as defined in the Note Indenture) following such Nominal Settlement Date) and the number of Shares that it will deliver on each Staggered Settlement Date;

2. the aggregate number of Shares that Seller will deliver to Counterparty hereunder on all such Staggered Settlement Dates will equal the number of Shares that Seller would otherwise be required to deliver on such Nominal Settlement Date; and

3. the Net Share Settlement terms will apply on each Staggered Settlement Date, except that the Shares comprising the Net Share Settlement Amount will be allocated among such Staggered Settlement Dates as specified by Seller in the notice referred to in clause (1) above.

Notwithstanding anything herein to the contrary, solely in connection with a Staggered Settlement Date, Seller shall be entitled to deliver Shares to Counterparty from time to time prior to the date on which Seller would be obligated to deliver them to Counterparty pursuant to Net Share Settlement terms set forth above, and Counterparty agrees to credit all such early deliveries against Seller's obligations hereunder in the direct order in which such obligations arise. No such early delivery of Shares will accelerate or otherwise affect any of Counterparty's obligations to Seller hereunder. In addition, during the 30 day period prior to the Termination Date or any Settlement Date, each of Seller and Counterparty shall use its reasonable efforts to refrain from activities which could reasonably be expected to result in Seller's ownership of Shares exceeding 8% of all issued and outstanding Shares.

Compliance with Securities Laws:

Each party represents and agrees that it has complied, and will comply, in connection with this Transaction and all related or contemporaneous sales and purchases of Shares, with the applicable provisions of the Securities Act of 1933, as amended (the "**Securities Act**"), and the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and the rules and regulations each thereunder, including, without limitation, Rules 10b-5 and 13e and Regulation M under the Exchange Act;provided that each party shall be entitled to rely conclusively on any information communicated by the other party concerning such other party's market activities; andprovided further that Counterparty shall have no liability as a result of a breach of this representation due to Seller's gross negligence or willful misconduct.

Each party further represents that if such party ("**X**") purchases any Shares from the other party pursuant to this Transaction, such purchase(s) will comply in all material respects with (i) all laws and regulations applicable to X and (ii) all contractual obligations of X.

Each party acknowledges that the offer and sale of the Transaction to it is intended to be exempt from registration under the Securities Act by virtue of Section 4(2) thereof. Accordingly, Counterparty represents and warrants to Seller that (i) it has the financial ability to bear the economic risk of its investment in the Transaction and is able to bear a total loss of its investment, (ii) it is an "accredited investor" as that term is defined in Regulation D as promulgated under the Securities Act and (iii) the disposition of the Transaction is restricted under this Confirmation, the Securities Act and state securities laws. On or prior to the Trade Date, Counterparty shall deliver to Seller a resolution of Counterparty's board of directors authorizing the Transaction and such other certificate or certificates as Seller shall reasonably request.

Counterparty represents and acknowledges that as of the date hereof:

(a) No consent, approval, authorization, or order of, or filing with, any governmental agency or body or any court is required in connection with the execution, delivery or performance by Company of this Confirmation, except such as have been obtained or made and such as may be required under the Securities Act or state securities laws.

(b) without limiting the generality of Section 13.1 of the Equity Definitions, Seller is not making any representations or warranties with respect to the treatment of the Transaction under FASB Statements 149 or 150, EITF Issue No. 00-19 (or any successor issue statements) or under FASB's Liabilities & Equity Project.

Account Details:

Account for payments to Counterparty: Not Applicable

Account for payment to Seller: Chase Manhattan Bank, New York
ABA#: 021-000-021
FAO: ML Equity Derivatives
A/C: 066213118

Bankruptcy Rights: In the event of Counterparty's bankruptcy, Seller's rights in connection with this Transaction shall not exceed those rights held by common shareholders. For the avoidance of doubt, the parties acknowledge and agree that Seller's rights with respect to any other claim arising from this Transaction prior to Counterparty's bankruptcy shall remain in full force and effect and shall not be otherwise abridged or modified in connection herewith.

Set-Off: Each party waives any and all rights it may have to set-off, whether arising under any agreement, applicable law or otherwise.

Collateral: None.

Transfer: The Counterparty shall have the right to assign its rights and obligations hereunder with respect to any portion of this Transaction, subject to Seller's consent, such consent not to be unreasonably withheld; provided that such assignment or transfer shall be subject to receipt by Seller of opinions and documents reasonably satisfactory to Seller and effected on terms reasonably satisfactory to the Seller with respect to any legal and regulatory requirements relevant to the Seller; provided further that Counterparty shall not be released from its Settlement Notice obligation. Seller may transfer any of its rights or delegate its obligations under this Transaction with the prior written consent of Counterparty, which consent shall not be unreasonably withheld.

Regulation: Seller is regulated by The Securities and Futures Authority Limited and has entered into this Transaction as principal.

ISDA Master Agreement

With respect to the Agreement, Seller and Counterparty each agree as follows:

Specified Entities:

(i) in relation to Seller, for the purposes of:

Section 5(a)(v): not applicable
Section 5(a)(vi): not applicable
Section 5(a)(vii): not applicable
Section 5(b)(iv): not applicable

and (ii) in relation to Counterparty, for the purposes of:

Section 5(a)(v): not applicable
Section 5(a)(vi): not applicable
Section 5(a)(vii) not applicable
Section 5(b)(iv): not applicable

"**Specified Transaction**" will have the meaning specified in Section 14 of the Agreement.

The "**Credit Event Upon Merger**" provisions of Section 5(b)(iv) of the Agreement will not apply to Seller and Counterparty.

The "**Automatic Early Termination**" provision of Section 6(a) of the Agreement will not apply to Seller or to Counterparty.

Payments on Early Termination. For the purpose of Section 6(e) of the Agreement: (i) Market Quotation shall apply; and (ii) the Second Method shall apply.

"**Termination Currency**" means USD.

Tax Representations:

(I) For the purpose of Section 3(e) of the Agreement, each party represents to the other party that it is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii), or 6(e) of the Agreement) to be made by it to the other party under the Agreement. In making this representation, each party may rely on (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of the Agreement, (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of the Agreement, and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of the Agreement, and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of the Agreement; provided that it will not be a breach of this representation where reliance is placed on clause (ii) above and the other party does not deliver a form or document under Section 4(a)(iii) of the Agreement by reason of material prejudice to its legal or commercial position.

(II) For the purpose of Section 3(f) of the Agreement, each party makes the following representations to the other party:

(i) Seller represents that it is a corporation organized under the laws of England and Wales.

(ii) Counterparty represents that it is a corporation incorporated under the laws of the State of Delaware.

Delivery Requirements: For the purpose of Sections 3(d), 4(a)(i) and (ii) of the Agreement, each party agrees to deliver the following documents:

Tax forms, documents or certificates to be delivered are:

Each party agrees to complete (accurately and in a manner reasonably satisfactory to the other party), execute, and deliver to the other party, United States Internal Revenue Service Form W-9 or W-8 BEN, or any successor of such form(s): (i) before the first payment date under this agreement; (ii) promptly upon reasonable demand by the other party; and (iii) promptly upon learning that any such form(s) previously provided by the other party has become obsolete or incorrect.

Other documents to be delivered:

Party Required to Deliver Document	Document Required to be Delivered	When Required	Covered by Section 3(d) Representation
Counterparty	Evidence of the authority and true signatures of each official or representative signing this Confirmation	Upon or before execution and delivery of this Confirmation	Yes
Counterparty	Certified copy of the resolution of the Board of Directors or equivalent document authorizing the execution and delivery of this Confirmation	Upon or before execution and delivery of this Confirmation	Yes
Seller	Guarantee of its Credit Support Provider, substantially in the form of Exhibit A attached hereto, together with evidence of the authority and true signatures of the signatories, if applicable	Upon or before execution and delivery of this Confirmation	Yes

Additional Notice Requirements: The Counterparty hereby agrees to promptly deliver to Seller a copy of all notices and other communications required or permitted to be given to the holders of any Reference Notes pursuant to the terms of the Note Indenture on the dates so required or permitted in the Note Indenture and all other notices given and other communications made by Counterparty in respect of the Reference Notes to holders of any Reference Notes. The Counterparty further covenants to Seller that it shall promptly notify Seller of each Conversion Event (identifying in such Conversion Notice the principal amount at maturity of Reference Notes being converted), Amendment Event (including in such notice a detailed description of any such amendment) and Repayment Event (identifying in such notice the nature of such Repayment Event and the principal amount at maturity of Reference Notes being paid).

Addresses for Notices: For the purpose of Section 12(a) of the Agreement:

Address for notices or communications to Seller for all purposes:

Address: Merrill Lynch International
Merrill Lynch Financial Centre
2 King Edward Street
London EC1A 1HQ
Attention: Manager, Fixed Income Settlements
Facsimile No.: 44 207 995 2004
Telephone No.: 44 207 995 3769

Additionally, a copy of all notices pursuant toSections 5,6, and7 as well as any changes to Counterparty's address, telephone number or facsimile number should be sent to:

Address:	GMI Counsel Merrill Lynch World Headquarters 4 World Financial Center New York, New York 10080
Attention:	Global Equity Derivatives
Facsimile No.:	(212) 449-6576
Telephone No.:	(212) 449-6309

Address for notices or communications to Counterparty for all purposes:

Amgen Inc.
One Amgen Center Drive
Thousand Oaks, CA 91320-1799
Telephone No.: (805) 447-1000
Facsimile No.: (805) 449-2863
Attention: Treasurer

Process Agent: For the purpose of Section 13(c) of the Agreement, Seller appoints as its Process Agent:

Address:	Merrill Lynch, Pierce, Fenner & Smith Incorporated 222 Broadway, 16th Floor New York, New York 10038
Attention:	Litigation Department

Counterparty does not appoint a Process Agent.

Multibranch Party. For the purpose ofSection 10(c) of the Agreement: Neither Seller nor Counterparty is a Multibranch Party.

Calculation Agent. The Calculation Agent is Seller, whose judgments, determinations and calculations in this Transaction and any related hedging transaction between the parties shall be made in good faith and in a commercially reasonable manner.

Credit Support Document.

Seller: Guarantee of ML & Co. in the form attached hereto as Exhibit A

Counterparty: Not Applicable

Credit Support Provider.

With respect to Seller: ML & Co.

With respect to Counterparty: Not Applicable.

Governing Law. This Confirmation will be governed by, and construed in accordance with, the laws of the State of New York.

Waiver of Jury Trial. Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Transaction. Each party (i) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that such other party would not, in the event of such a suit, action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this Transaction, as applicable, by, among other things, the mutual waivers and certifications provided herein.

Netting of Payments. The provisions of Section 2(c) of the Agreement shall not be applicable to this Transaction.

Basic Representations. Section 3(a) of the Agreement is hereby amended by the deletion of "and" at the end of Section 3(a)(iv); the substitution of a semicolon for the period at the end of Section 3(a)(v) and the addition of Sections 3(a)(vi), as follows:

> **Eligible Contract Participant; Line of Business**. Each party agrees and represents that it is an "eligible contract participant" as defined in Section 1a(12) of the U.S. Commodity Exchange Act, as amended ("**CEA**"), this Agreement and the Transaction thereunder are subject to individual negotiation by the parties and have not been executed or traded on a "trading facility" as defined in Section 1a(33) of the CEA, and it has entered into this Confirmation and this Transaction in connection with its business or a line of business (including financial intermediation), or the financing of its business.

Amendment of Section 3(a)(iii). Section 3(a)(iii) of the Agreement is modified to read as follows:

> **No Violation or Conflict**. Such execution, delivery and performance do not materially violate or conflict with any law known by it to be applicable to it, any provision of its constitutional documents, any order or judgment of any court or agency of government applicable to it or any of its assets or any material contractual restriction relating to Specified Indebtedness binding on or affecting it or any of its assets.

Amendment of Section 3(a)(iv). Section 3(a)(iv) of the Agreement is modified by inserting the following at the beginning thereof:

> "To such party's best knowledge,"

Acknowledgements:

(1) The parties acknowledge and agree that there are no other representations, agreements or other undertakings of the parties in relation to this Transaction, except as set forth in this Confirmation.

(2) The parties hereto intend for:

(a) this Transaction to be a "securities contract" as defined in Section 741(7) of Title 11 of the United States Code (the "**Bankruptcy Code**"), qualifying for the protections under Section 555 of the Bankruptcy Code;

(b) a party's right to liquidate this Transaction and to exercise any other remedies upon the occurrence of any Event of Default under the Agreement with respect to the other party to constitute a "contractual right" as defined in the Bankruptcy Code;

(c) all payments for, under or in connection with this Transaction, all payments for the Shares and the transfer of such Shares to constitute "settlement payments" as defined in the Bankruptcy Code.

Amendment of Section 6(d)(ii). Section 6(d)(ii) of the Agreement is modified by deleting the words "on any day" in the second line thereof and substituting therefore "on the day that is three Local Business Days after the day." Section 6(d)(ii) is further modified by deleting the words "two Local Business Days" in the fourth line thereof and substituting therefore "three Local Business Days."

Amendment of Definition of Reference Market-Makers. The definition of "Reference Market-Makers" in Section 14 is hereby amended by adding in clause (a) after the word "credit" and before the word "and" the words "or to enter into transactions similar in nature to Transactions."

Consent to Recording. Each party consents to the recording of the telephone conversations of trading and marketing personnel of the parties and their Affiliates in connection with this Confirmation. To the extent that one party records telephone conversations (the "**Recording Party**") and the other party does not (the "**Non-Recording Party**"), the Recording Party shall in the event of any dispute, make a complete and unedited copy of such party's tape of the entire day's conversations with the Non-Recording Party's personnel available to the Non-Recording Party. The Recording Party's tapes may be used by either party in any forum in which a dispute is sought to be resolved and the Recording Party will retain tapes for a consistent period of time in accordance with the Recording Party's policy unless one party notifies the other that a particular transaction is under review and warrants further retention.

Disclosure. Each party hereby acknowledges and agrees that Seller has authorized Counterparty to disclose this Transaction and any related hedging transaction between the parties if and to the extent that Counterparty reasonably determines (after consultation with Seller) that such disclosure is required by law or by the rules of NASDAQ or any securities exchange. Notwithstanding any provision in this Confirmation or the Agreement, in connection with Section 1.6011-4 of the Treasury Regulations, the parties hereby agree that each party (and each employee, representative, or other agent of such party) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the Transaction and all materials of any kind (including opinions or other tax analyses) that are provided to such party relating to such U.S. tax treatment and U.S. tax structure, other than any information for which nondisclosure is reasonably necessary in order to comply with applicable securities laws.

Severability. If any term, provision, covenant or condition of this Confirmation, or the application thereof to any party or circumstance, shall be held to be invalid or unenforceable in whole or in part for any reason, the remaining terms, provisions, covenants, and conditions hereof shall continue in full force and effect as if this Confirmation had been executed with the invalid or unenforceable provision eliminated, so long as this Confirmation as so modified continues to express, without material change, the original intentions of the parties as to the subject matter of this Confirmation and the deletion of such portion of this Confirmation will not substantially impair the respective benefits or expectations of parties to this Agreement;provided,however, that this severability provision shall not be applicable if any provision ofSection 2,5,6 or13 of the Agreement (or any definition or provision in Section 14 to the extent that it relates to, or is used in or in connection with any such Section) shall be so held to be invalid or unenforceable.

Affected Parties. For purposes ofSection 6(e) of the Agreement, each party shall be deemed to be an Affected Party in connection with Illegality and any Tax Event.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us.

Very truly yours,

Merrill Lynch International

By: _____
Name:
Title:

Confirmed as of the date first above written:

AMGEN INC.

By: _____
Name:
Title:

EXHIBIT A

GUARANTEE OF MERRILL LYNCH & CO., INC.

FOR VALUE RECEIVED, receipt of which is hereby acknowledged, MERRILL LYNCH & CO., INC., a corporation duly organized and existing under the laws of the State of Delaware ("ML & Co."), hereby unconditionally guarantees to Amgen, Inc. (the "Company"), the due and punctual payment of any and all amounts payable by Merrill Lynch International, a company organized under the laws of England and Wales ("ML"), under the terms of the Confirmation of OTC Convertible Note Hedge between the Company and ML (ML as Seller), dated as of February 14, 2006 (the "Confirmation"), including, in case of default, interest on any amount due, when and as the same shall become due and payable, whether on the scheduled payment dates, at maturity, upon declaration of termination or otherwise, according to the terms thereof. In case of the failure of ML punctually to make any such payment, ML & Co. hereby agrees to make such payment, or cause such payment to be made, promptly upon demand made by the Company to ML & Co.; provided, however that delay by the Company in giving such demand shall in no event affect ML & Co.'s obligations under this Guarantee. This Guarantee shall remain in full force and effect or shall be reinstated (as the case may be) if at any time any payment guaranteed hereunder, in whole or in part, is rescinded or must otherwise be returned by the Company upon the insolvency, bankruptcy or reorganization of ML or otherwise, all as though such payment had not been made.

ML & Co. hereby agrees that its obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Confirmation; the absence of any action to enforce the same; any waiver or consent by the Company concerning any provisions thereof; the rendering of any judgment against ML or any action to enforce the same; or any other circumstances that might otherwise constitute a legal or equitable discharge of a guarantor or a defense of a guarantor. ML covenants that this guarantee will not be discharged except by complete payment of the amounts payable under the Confirmation. This Guarantee shall continue to be effective if ML merges or consolidates with or into another entity, loses its separate legal identity or ceases to exist.

ML & Co. hereby waives diligence; presentment; protest; notice of protest, acceleration, and dishonor; filing of claims with a court in the event of insolvency or bankruptcy of ML; all demands whatsoever, except as noted in the first paragraph hereof; and any right to require a proceeding first against ML.

ML & Co. hereby certifies and warrants that this Guarantee constitutes the valid obligation of ML & Co. and complies with all applicable laws.

This Guarantee shall be governed by, and construed in accordance with, the laws of the State of New York.

This Guarantee may be terminated at any time by notice by ML & Co. to the Company given in accordance with the notice provisions of the Confirmation, effective upon receipt of such notice by the Company or such later date as may be specified in such notice; provided, however, that this Guarantee shall continue in full force and effect with respect to any obligation of ML under the Confirmation.

This Guarantee becomes effective concurrent with the effectiveness of the Confirmation, according to its terms.

IN WITNESS WHEREOF, ML & Co. has caused this Guarantee to be executed in its corporate name by its duly authorized representative.

MERRILL LYNCH & CO., INC.

By: _____
Name:
Title:
Date:

Confirmation of OTC Convertible Note Hedge

Date: **February 14, 2006**

To: **Amgen Inc. ("Counterparty")**

Attention: **Treasurer**

From: **Morgan Stanley & Co. International Limited ("MSIL")**

Dear Sir / Madam:

The purpose of this letter agreement (this "**Confirmation**") is to confirm the terms and conditions of the above-referenced transaction entered into between Counterparty and MSIL on the Trade Date specified below (the "**Transaction**"). This Confirmation constitutes a "Confirmation" as referred to in the Agreement specified below.

The definitions and provisions contained in the 2000 ISDA Definitions (the "**Swap Definitions**") and the 2002 ISDA Equity Derivatives Definitions (the "**Equity Definitions**" and, together with the Swap Definitions, the "**Definitions**"), in each case as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the Swap Definitions and the Equity Definitions, the Equity Definitions will govern, and in the event of any inconsistency between the Definitions and this Confirmation, this Confirmation will govern. References herein to a "Transaction" shall be deemed to be references to a "Share Option Transaction" for purposes of the Equity Definitions and a "Swap Transaction" for the purposes of the Swap Definitions.

This Confirmation evidences a complete binding agreement between you and us as to the terms of the Transaction to which this Confirmation relates. This Confirmation (notwithstanding anything to the contrary herein), shall be subject to an agreement in the 1992 form of the ISDA Master Agreement (Multicurrency Cross Border) (the "**Master Agreement**" or "**Agreement**") as if we had executed an agreement in such form (but without any Schedule and with elections specified in the "ISDA Master Agreement" Section of this Confirmation) on the Trade Date of the first such Transaction between us. In the event of any inconsistency between the provisions of that agreement and this Confirmation, this Confirmation will prevail for the purpose of this Transaction. The parties hereby agree that the Transaction evidenced by this Confirmation shall be the only Transaction subject to and governed by the Agreement.

The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date:	February 14, 2006
Effective Date:	The date of issuance of the Reference Notes.
Option Style:	Bermuda
Seller:	MSIL
Buyer:	Counterparty

Shares:	The shares of common stock, $0.0001 par value, of Counterparty (Security Symbol: "AMGN") or such other securities or property into which the Reference Notes are convertible on the date of determination.
Initial Payment Amount:	$315,166,667
Initial Payment Amount Payment Date:	Effective Date
Potential Exercise Date:	Each Valuation Date
Exchange:	NASDAQ National Market
Related Exchange(s):	All Exchanges
Knock-in Event:	Not Applicable
Knock-out Event:	Not Applicable
Reference Notes:	0.125% Convertible Notes of Counterparty due 2011 in the original principal amount of $2.5 billion.
Applicable Portion of the Reference Notes:	50%. For the avoidance of doubt, the Calculation Agent shall, as it deems necessary, take into account the Applicable Portion of the Reference Notes in determining or calculating any delivery or payment obligations hereunder, whether upon a Conversion Event (as defined below) or otherwise.
Conversion Event:	Each conversion of any Reference Note pursuant to the terms of the Note Indenture (the principal amount of Reference Notes so converted, the "**Conversion Amount**" with respect to such Conversion Event) occurring before the Termination Date. If the Conversion Amount for any Conversion Event is less than the aggregate principal amount of Reference Notes then outstanding, then the terms of this Transaction shall continue to apply, subject to the terms and conditions set forth herein, with respect to the remaining outstanding principal amount of the Reference Notes multiplied by the Applicable Portion of the Reference Notes.
Conversion Date:	With respect to each Conversion Event, the date on which any conversion of any Reference Note into Shares becomes effective, as determined by Buyer in accordance with the terms of the Note Indenture.
Note Indenture:	The indenture, dated as of closing of the issuance of the Reference Notes, between Counterparty and JPMorgan Chase Bank, N.A., as trustee relating to the Reference Notes, as the same may be amended, modified or supplemented, subject to the "Additional Termination Events" provisions of this Confirmation.
Termination Date:	The earlier of (i) the maturity date of the Reference Notes and (ii) the first day on which none of such Reference Notes remain outstanding, whether by virtue of conversion, issuer repurchase or otherwise.

Valuation:

Valuation Date:	The final "trading day" in the applicable "conversion reference period" (each as defined in the Note Indenture) in respect of each Conversion Event.

Settlement Terms:

Settlement Method:	Net Share Settlement or Net Cash Settlement consistent with Buyer's election with respect to the Reference Notes converted in the applicable Conversion Event, provided that solely Net Share Settlement shall apply in the event that Buyer elects to deliver any shares in connection with the applicable Conversion Event.
Settlement Notice:	Buyer shall provide Seller with notice of its Settlement Method provided that in the event Buyer shall not deliver the Settlement Notice, the Settlement Method shall be Net Share Settlement but without regard to section (b) of the definition of Net Share Settlement. The Settlement Notice will include (to the extent not previously provided in the Conversion Notice with respect to the applicable Conversion Event) (i) the number of Reference Notes being converted, (ii) the first "trading day" in the relevant "conversion reference period" (each as defined in the Note Indenture) for the Reference Notes and (iii) if any, the applicable Cash Percentage.
Settlement Date:	Subject to the delivery of a Settlement Notice or Conversion Notice to the Seller, the third (3rd) "trading day" (as defined in the Note Indenture) following the applicable Valuation Date.
Conversion Notice:	Counterparty agrees to provide Seller with notice of any Conversion Event within two (2) "trading days" after Counterparty's receipt of notice of any Conversion Event from the Trustee (as defined in the Note Indenture) (such Conversion Notice can be provided by such Trustee). The Conversion Notice will include (i) the number of Reference Notes being converted and (ii) the first "trading day" in the relevant "conversion reference period. "
Net Share Settlement:	On the Settlement Date, Seller shall deliver to Counterparty (a) a number of Shares equal to the related Net Share Settlement Amount and (b) (x) an amount in cash equal to the cash amount, if any, paid by Buyer in excess of the principal amount of the applicable Reference Notes for such Conversion Event under the Note Indenture multiplied by (y) the Applicable Portion of the Reference Notes.
Net Cash Settlement:	On the Settlement Date, Seller shall deliver to Counterparty an amount in cash equal to the related Net Cash Settlement Amount.
Net Share Settlement Amount:	For each Conversion Event, the number of Shares equal to the shares delivered by Buyer for such Conversion Event under the Note Indenture multiplied by the Applicable Portion of the Reference Notes, provided that with respect to such Conversion Event if neither a Settlement Notice nor a Conversion Notice shall be delivered to the Seller prior to the start of the "conversion reference period" (as defined in the Note Indenture) applicable to such Conversion Event, the Net Share Settlement Amount for such Conversion Event shall be reduced by an amount determined by the parties, in a commercially reasonable manner each acting in good faith, representing the additional cost and expenses of Seller in "unwinding" its hedge with respect to such Conversion Event during the period from the delivery of such notice to the end of the applicable "conversion reference period" rather than over the entire "conversion reference period" (as defined in the Note Indenture). No reduction of the Net Share Settlement Amount shall reduce the Net Share Settlement Amount below zero.

Net Cash Settlement Amount:	For each Conversion Event, an amount equal to the cash delivered by the Buyer in excess of the principal amount of the applicable Reference Notes for such Conversion Event under the Note Indenture multiplied by the Applicable Portion of the Reference Notes, provided that with respect to such Conversion Event if the Settlement Notice shall not be delivered to the Seller prior to the start of the "conversion reference period" (as defined in the Note Indenture) applicable to such Conversion Event, the Net Cash Settlement Amount for such Conversion Event shall be reduced by an amount determined by the parties, in a commercially reasonable manner each acting in good faith, representing the additional cost and expenses of Seller in "unwinding" its hedge with respect to such Conversion Event during the period from the delivery of such notice to the end of the applicable "conversion reference period" rather than over the entire "conversion reference period" (as defined in the Note Indenture). No reduction of the Net Cash Settlement Amount shall reduce the Net Cash Settlement Amount below zero.

Share Adjustments:

Merger Event:	The Transaction will be adjusted consistent with the Reference Notes as provided in the Note Indenture.
Consequences for Merger Events:	
Share-for-Share:	The Transaction will be adjusted consistent with the Reference Notes as provided in the Note Indenture.
Share-for-Other:	The Transaction will be adjusted consistent with the Reference Notes as provided in the Note Indenture.
Share-for-Combined:	The Transaction will be adjusted consistent with the Reference Notes as provided in the Note Indenture.
Tender Offer:	The Transaction will be adjusted consistent with the Reference Notes as provided in the Note Indenture.
Nationalization, Insolvency or Delisting:	Cancellation and Payment (Calculation Agent Determination), provided Buyer shall determine whether payment shall be settled in cash or Shares.
Additional Disruption Events:	
Change in Law:	Not Applicable
Failure to Deliver:	Applicable. If there is inability in the market to deliver Shares due to illiquidity on a day that would have been a Settlement Date, then the Settlement Date shall be the first succeeding Exchange Business Day on which there is no such inability to deliver, but in no such event shall the Settlement Date be later than the date that is two (2) Exchange Business Days immediately following what would have been the Settlement Date but for such inability to deliver.

Insolvency Filing:	Applicable
Hedging Disruption Event:	Not Applicable
Increased Cost of Hedging:	Not Applicable
Hedging Party:	Seller
Loss of Stock Borrow:	Not Applicable
Increased Cost of Stock Borrow:	Not Applicable
Determining Party:	Seller
Non-Reliance:	Applicable
Agreements and Acknowledgments Regarding Hedging Activities:	Applicable
Additional Acknowledgments:	Applicable

Additional Agreements, Representations and Covenants of Counterparty, Etc.:

1. Counterparty hereby represents and warrants to Seller, on each day from the Trade Date to and including the earlier of (i) February 17, 2006 and (ii) the date by which Seller is able to initially complete a hedge of its position relating to this Transaction, that:

    a. it will not, and will not permit any person or entity subject to its control to, bid for or purchase Shares during such period except as disclosed in the Offering Memorandum relating to the Reference Notes; and

    b. Counterparty has publicly disclosed all material information necessary for Counterparty to be able to purchase or sell Shares in compliance with applicable federal securities laws and that it has publicly disclosed all material information with respect to its condition (financial or otherwise).

2. The parties hereby agree that all documentation with respect to this Transaction is intended to qualify this Transaction as an equity instrument for purposes of EITF 00-19. If Counterparty would be obligated to receive cash from Seller pursuant to the terms of this Agreement for any reason without having had the right (other than pursuant to this paragraph (2)) to elect to receive Shares in satisfaction of such payment obligation, then Counterparty may elect that Seller deliver to Counterparty a number of Shares having a cash value equal to the amount of such payment obligation (such number of Shares to be delivered to be determined by the Calculation Agent acting in a commercially reasonable manner to determine the number of Shares that could be purchased over a reasonable period of time with the cash equivalent of such payment obligation). Settlement relating to any delivery of Shares pursuant to this paragraph (2) shall occur within a reasonable period of time.

Additional Termination Events:

The occurrence of any of the following shall be an Additional Termination Event with respect to Counterparty (which shall be the sole Affected Party and this Transaction shall be the sole Affected Transaction):

1. an Amendment Event (as defined below) occurs (in which case the entirety of this Transaction shall be subject to termination);

2. a Repayment Event (as defined below) occurs (in which case this Transaction shall be subject to termination only in respect of the principal amount of Reference Notes that cease to be outstanding in connection with or as a result of such Repayment Event); or

3. the transactions contemplated by the Purchase Agreement shall fail to close for any reason, in which case the entirety of this Transaction shall terminate automatically.

If the transactions contemplated by the Purchase Agreement shall fail to close for any reason other than a breach of the Purchase Agreement by the Initial Purchasers or the Counterparty, then the entirety of this Transaction shall terminate automatically and all payments previously made hereunder shall be returned to the person making such payment, including the Initial Payment Amount, less an amount equal to the product of (a) 15,655,875 Shares and (b) the sum of (i) US$0.50 per Share and (ii) an amount equal to the excess, if any, of the closing price of the Shares on the Trade Date over the closing price of the Shares on the date of the Termination Event (the "**Break Expense**"); provided that any negative amount shall be replaced by zero and provided further that to the extent the Initial Payment Amount has not been paid, Counterparty shall promptly pay Seller the Break Expense. Seller and Counterparty agree that actual damages would be difficult to ascertain under these circumstances and that the amount of liquidated damages resulting from the determination in the preceding sentence is a good faith estimate of such damages and not a penalty.

If the transactions contemplated by the Purchase Agreement shall fail to close because of a breach of the Purchase Agreement by the Initial Purchasers, then the entirety of this Transaction shall terminate automatically, and all payments previously made hereunder, including the Initial Payment Amount, shall be promptly returned to the person making such payment.

Further, if an Amendment Event or Repayment Event occurs or the transactions contemplated by the Purchase Agreement shall fail to close as a result of any breach by any Initial Purchaser or as a result of any action, or failure to act, by any Initial Purchaser thereunder or as a result of a breach of the Counterparty's obligations thereunder (collectively, an "**Initial Purchase Event**"), no payments shall be required hereunder in connection with the Termination Event arising as a result of such Amendment Event, Repayment Event or Initial Purchase Event.

"**Amendment Event**" means that the Counterparty amends, modifies, supplements or obtains a waiver of any term of the Note Indenture or the Reference Notes relating to the principal amount, coupon, maturity, repurchase obligation of the Counterparty, redemption right of the Counterparty, any material term relating to conversion of the Reference Notes (including changes to the conversion price, conversion settlement dates or conversion conditions), or any other term that would require consent of the holders of 100% of the principal amount of the Reference Notes to amend.

"**Repayment Event**" means that (a) any Reference Notes are repurchased (whether in connection with or as a result of a change of control, howsoever defined, or for any other reason) by the Counterparty, (b) any Reference Notes are delivered to the Counterparty in exchange for delivery of any property or assets of the Counterparty or any of its subsidiaries (howsoever described), other than as a result of and in connection with a Conversion Event, (c) any principal of any of the Reference Notes is repaid prior to the Final Maturity Date, as defined in the Note Indenture (whether following acceleration of the Reference Notes or otherwise), provided that no payments of cash made in respect of the conversion of a Reference Note shall be deemed a payment of principal under this clause (c), (d) any Reference Notes are exchanged by or for the benefit of the holders thereof for any other securities of the Counterparty or any of its Affiliates (or any other property, or any combination thereof) pursuant to any exchange offer or similar transaction or (e) any of the Reference Notes is surrendered by Counterparty to the trustee for cancellation, other than registration of a transfer of such Reference Notes or as a result of and in connection with a Conversion Event.

Staggered Settlement:

If Seller determines reasonably and in good faith that the number of Shares required to be delivered to Counterparty hereunder on any Settlement Date would exceed 8.0% of all outstanding Shares, then Seller may, by notice to Counterparty on or prior to such Settlement Date (a "**Nominal Settlement Date**"), elect to deliver the Shares

comprising the related Net Share Settlement Amount on two or more dates (each, a "**Staggered Settlement Date**") as follows:

1. in such notice, Seller will specify to Counterparty the related Staggered Settlement Dates (the first of which will be such Nominal Settlement Date and the last of which will be no later than twenty (20) "trading days" (as defined in the Note Indenture) following such Nominal Settlement Date) and the number of Shares that it will deliver on each Staggered Settlement Date;

2. the aggregate number of Shares that Seller will deliver to Counterparty hereunder on all such Staggered Settlement Dates will equal the number of Shares that Seller would otherwise be required to deliver on such Nominal Settlement Date; and

3. the Net Share Settlement terms will apply on each Staggered Settlement Date, except that the Shares comprising the Net Share Settlement Amount will be allocated among such Staggered Settlement Dates as specified by Seller in the notice referred to in clause (1) above.

Notwithstanding anything herein to the contrary, solely in connection with a Staggered Settlement Date, Seller shall be entitled to deliver Shares to Counterparty from time to time prior to the date on which Seller would be obligated to deliver them to Counterparty pursuant to Net Share Settlement terms set forth above, and Counterparty agrees to credit all such early deliveries against Seller's obligations hereunder in the direct order in which such obligations arise. No such early delivery of Shares will accelerate or otherwise affect any of Counterparty's obligations to Seller hereunder. In addition, during the 30 day period prior to the Termination Date or any Settlement Date, each of Seller and Counterparty shall use its reasonable efforts to refrain from activities which could reasonably be expected to result in Seller's ownership of Shares exceeding 8% of all issued and outstanding Shares.

Compliance with Securities Laws:

Each party represents and agrees that it has complied, and will comply, in connection with this Transaction and all related or contemporaneous sales and purchases of Shares, with the applicable provisions of the Securities Act of 1933, as amended (the "**Securities Act**"), and the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and the rules and regulations each thereunder, including, without limitation, Rules 10b-5 and 13e and Regulation M under the Exchange Act;provided that each party shall be entitled to rely conclusively on any information communicated by the other party concerning such other party's market activities; andprovided further that Counterparty shall have no liability as a result of a breach of this representation due to Seller's gross negligence or willful misconduct.

Each party further represents that if such party ("**X**") purchases any Shares from the other party pursuant to this Transaction, such purchase(s) will comply in all material respects with (i) all laws and regulations applicable to X and (ii) all contractual obligations of X.

Each party acknowledges that the offer and sale of the Transaction to it is intended to be exempt from registration under the Securities Act by virtue of Section 4(2) thereof. Accordingly, Counterparty represents and warrants to Seller that (i) it has the financial ability to bear the economic risk of its investment in the Transaction and is able to bear a total loss of its investment, (ii) it is an "accredited investor" as that term is defined in Regulation D as promulgated under the Securities Act and (iii) the disposition of the Transaction is restricted under this Confirmation, the Securities Act and state securities laws. On or prior to the Trade Date, Counterparty shall deliver to Seller a resolution of Counterparty's board of directors authorizing the Transaction and such other certificate or certificates as Seller shall reasonably request.

Counterparty represents and acknowledges that as of the date hereof:

(a) No consent, approval, authorization, or order of, or filing with, any governmental agency or body or any court is required in connection with the execution, delivery or performance by Company of this Confirmation, except such as have been obtained or made and such as may be required under the Securities Act or state securities laws.

(b) without limiting the generality of Section 13.1 of the Equity Definitions, Seller is not making any representations or warranties with respect to the treatment of the Transaction under FASB Statements 149 or 150, EITF Issue No. 00-19 (or any successor issue statements) or under FASB's Liabilities & Equity Project.

Account Details:

Account for payments to Counterparty: Not Applicable

Account for payment to Seller: Chase Manhattan Bank, New York
BIC: CHASUS33
ABA#: 021-000-021
FAO: Morgan Stanley & Co. Intl Ltd.
A/C: 400333139

For further credit to Customer Account 033AC0048

Bankruptcy Rights: In the event of Counterparty's bankruptcy, Seller's rights in connection with this Transaction shall not exceed those rights held by common shareholders. For the avoidance of doubt, the parties acknowledge and agree that Seller's rights with respect to any other claim arising from this Transaction prior to Counterparty's bankruptcy shall remain in full force and effect and shall not be otherwise abridged or modified in connection herewith.

Set-Off: Each party waives any and all rights it may have to set-off, whether arising under any agreement, applicable law or otherwise.

Collateral: None.

Transfer: The Counterparty shall have the right to assign its rights and obligations hereunder with respect to any portion of this Transaction, subject to Seller's consent, such consent not to be unreasonably withheld; provided that such assignment or transfer shall be subject to receipt by Seller of opinions and documents reasonably satisfactory to Seller and effected on terms reasonably satisfactory to the Seller with respect to any legal and regulatory requirements relevant to the Seller; provided further that Counterparty shall not be released from its Settlement Notice obligation. Seller may transfer any of its rights or delegate its obligations under this Transaction with the prior written consent of Counterparty, which consent shall not be unreasonably withheld.

Regulation: Seller is regulated by The Securities and Futures Authority Limited and has entered into this Transaction as principal.

ISDA Master Agreement

With respect to the Agreement, Seller and Counterparty each agree as follows:

Specified Entities:

(i) in relation to Seller, for the purposes of:

Section 5(a)(v): not applicable
Section 5(a)(vi): not applicable
Section 5(a)(vii): not applicable
Section 5(b)(iv): not applicable

and (ii) in relation to Counterparty, for the purposes of:

Section 5(a)(v): not applicable
Section 5(a)(vi): not applicable
Section 5(a)(vii) not applicable
Section 5(b)(iv): not applicable

"**Specified Transaction**" will have the meaning specified in Section 14 of the Agreement.

The "**Credit Event Upon Merger**" provisions of Section 5(b)(iv) of the Agreement will not apply to Seller and Counterparty.

The "**Automatic Early Termination**" provision of Section 6(a) of the Agreement will not apply to Seller or to Counterparty.

Payments on Early Termination. For the purpose of Section 6(e) of the Agreement: (i) Market Quotation shall apply; and (ii) the Second Method shall apply.

"**Termination Currency**" means USD.

Tax Representations:

(I) For the purpose of Section 3(e) of the Agreement, each party represents to the other party that it is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii), or 6(e) of the Agreement) to be made by it to the other party under the Agreement. In making this representation, each party may rely on (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of the Agreement, (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of the Agreement, and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of the Agreement, and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of the Agreement; provided that it will not be a breach of this representation where reliance is placed on clause (ii) above and the other party does not deliver a form or document under Section 4(a)(iii) of the Agreement by reason of material prejudice to its legal or commercial position.

(II) For the purpose of Section 3(f) of the Agreement, each party makes the following representations to the other party:

(i) Seller represents that it is a limited company organized under the laws of England and Wales and a resident of the United Kingdom.

(ii) Counterparty represents that it is a corporation incorporated under the laws of the State of Delaware.

Delivery Requirements: For the purpose of Sections 3(d), 4(a)(i) and (ii) of the Agreement, each party agrees to deliver the following documents:

Tax forms, documents or certificates to be delivered are:

Each party agrees to complete (accurately and in a manner reasonably satisfactory to the other party), execute, and deliver to the other party, United States Internal Revenue Service Form W-9 or W-8 BEN, or any successor of such form(s): (i) before the first payment date under this agreement; (ii) promptly upon reasonable demand by the other party; and (iii) promptly upon learning that any such form(s) previously provided by the other party has become obsolete or incorrect.

Other documents to be delivered:

Party Required to Deliver Document	Document Required to be Delivered	When Required	Covered by Section 3(d) Representation
Counterparty	Evidence of the authority and true signatures of each official or representative signing this Confirmation	Upon or before execution and delivery of this Confirmation	Yes
Counterparty	Certified copy of the resolution of the Board of Directors or equivalent document authorizing the execution and delivery of this Confirmation	Upon or before execution and delivery of this Confirmation	Yes
Seller	Guarantee of its Credit Support Provider together with evidence of the authority and true signatures of the signatories, if applicable	Upon or before February 17, 2006	Yes

Additional Notice Requirements: The Counterparty hereby agrees to promptly deliver to Seller a copy of all notices and other communications required or permitted to be given to the holders of any Reference Notes pursuant to the terms of the Note Indenture on the dates so required or permitted in the Note Indenture and all other notices given and other communications made by Counterparty in respect of the Reference Notes to holders of any Reference Notes. The Counterparty further covenants to Seller that it shall promptly notify Seller of each Conversion Event (identifying in such Conversion Notice the principal amount at maturity of Reference Notes being converted), Amendment Event (including in such notice a detailed description of any such amendment) and Repayment Event (identifying in such notice the nature of such Repayment Event and the principal amount at maturity of Reference Notes being paid).

Addresses for Notices: For the purpose of Section 12(a) of the Agreement:

Address for notices or communications to Seller for all purposes:

Address: Morgan Stanley & Co. International Limited
c/o Morgan Stanley Bank
One New York Plaza, 4th Floor
New York, NY 10004
Attention: Fred Gonfiantini
Facsimile No.: (212) 507-0724
Telephone No.: (212) 276-2427

Additionally, a copy of all notices pursuant toSections 5,6, and7 as well as any changes to Counterparty's address, telephone number or facsimile number should be sent to:

Address:	Law Division Morgan Stanley 1585 Broadway, 38th Floor New York, NY 10036
Attention:	Anthony Cicia
Facsimile No:	(212) 507-4338
Telephone No:	(212) 761-3452

Address for notices or communications to Counterparty for all purposes:

Amgen Inc.
One Amgen Center Drive
Thousand Oaks, CA 91320-1799
Telephone No.: (805) 447-1000
Facsimile No.: (805) 449-2863
Attention: Treasurer

Process Agent: For the purpose of Section 13(c) of the Agreement, Seller appoints as its Process Agent:

Address:	Morgan Stanley Bank One New York Plaza, 4th Floor New York, NY 10004
Attention:	Fred Gonfiantini

Counterparty does not appoint a Process Agent.

Multibranch Party. For the purpose ofSection 10(c) of the Agreement: Neither Seller nor Counterparty is a Multibranch Party.

Calculation Agent. The Calculation Agent is Seller, whose judgments, determinations and calculations in this Transaction and any related hedging transaction between the parties shall be made in good faith and in a commercially reasonable manner.

Credit Support Document.

Seller: Guarantee of Morgan Stanley dated February 16, 2006

Counterparty: Not Applicable

Credit Support Provider.

With respect to Seller: Morgan Stanley

With respect to Counterparty: Not Applicable

Governing Law. This Confirmation will be governed by, and construed in accordance with, the laws of the State of New York.

Waiver of Jury Trial. Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Transaction. Each party (i) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that such other party would not, in the event of such a suit, action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this Transaction, as applicable, by, among other things, the mutual waivers and certifications provided herein.

Netting of Payments. The provisions of Section 2(c) of the Agreement shall not be applicable to this Transaction.

Basic Representations. Section 3(a) of the Agreement is hereby amended by the deletion of "and" at the end of Section 3(a)(iv); the substitution of a semicolon for the period at the end of Section 3(a)(v) and the addition of Sections 3(a)(vi), as follows:

> **Eligible Contract Participant; Line of Business**. Each party agrees and represents that it is an "eligible contract participant" as defined in Section 1a(12) of the U.S. Commodity Exchange Act, as amended ("**CEA**"), this Agreement and the Transaction thereunder are subject to individual negotiation by the parties and have not been executed or traded on a "trading facility" as defined in Section 1a(33) of the CEA, and it has entered into this Confirmation and this Transaction in connection with its business or a line of business (including financial intermediation), or the financing of its business.

Amendment of Section 3(a)(iii). Section 3(a)(iii) of the Agreement is modified to read as follows:

> **No Violation or Conflict**. Such execution, delivery and performance do not materially violate or conflict with any law known by it to be applicable to it, any provision of its constitutional documents, any order or judgment of any court or agency of government applicable to it or any of its assets or any material contractual restriction relating to Specified Indebtedness binding on or affecting it or any of its assets.

Amendment of Section 3(a)(iv). Section 3(a)(iv) of the Agreement is modified by inserting the following at the beginning thereof:

> "To such party's best knowledge,"

Acknowledgements:

(1) The parties acknowledge and agree that there are no other representations, agreements or other undertakings of the parties in relation to this Transaction, except as set forth in this Confirmation.

(2) The parties hereto intend for:

(a) this Transaction to be a "securities contract" as defined in Section 741(7) of Title 11 of the United States Code (the "**Bankruptcy Code**"), qualifying for the protections under Section 555 of the Bankruptcy Code;

(b) a party's right to liquidate this Transaction and to exercise any other remedies upon the occurrence of any Event of Default under the Agreement with respect to the other party to constitute a "contractual right" as defined in the Bankruptcy Code;

(c) all payments for, under or in connection with this Transaction, all payments for the Shares and the transfer of such Shares to constitute "settlement payments" as defined in the Bankruptcy Code.

Amendment of Section 6(d)(ii). Section 6(d)(ii) of the Agreement is modified by deleting the words "on any day" in the second line thereof and substituting therefore "on the day that is three Local Business Days after the day." Section 6(d)(ii) is further modified by deleting the words "two Local Business Days" in the fourth line thereof and substituting therefore "three Local Business Days."

Amendment of Definition of Reference Market-Makers. The definition of "Reference Market-Makers" in Section 14 is hereby amended by adding in clause (a) after the word "credit" and before the word "and" the words "or to enter into transactions similar in nature to Transactions."

Consent to Recording. Each party consents to the recording of the telephone conversations of trading and marketing personnel of the parties and their Affiliates in connection with this Confirmation. To the extent that one party records telephone conversations (the "**Recording Party**") and the other party does not (the "**Non-Recording Party**"), the Recording Party shall in the event of any dispute, make a complete and unedited copy of such party's tape of the entire day's conversations with the Non-Recording Party's personnel available to the Non-Recording Party. The Recording Party's tapes may be used by either party in any forum in which a dispute is sought to be resolved and the Recording Party will retain tapes for a consistent period of time in accordance with the Recording Party's policy unless one party notifies the other that a particular transaction is under review and warrants further retention.

Disclosure. Each party hereby acknowledges and agrees that Seller has authorized Counterparty to disclose this Transaction and any related hedging transaction between the parties if and to the extent that Counterparty reasonably determines (after consultation with Seller) that such disclosure is required by law or by the rules of NASDAQ or any securities exchange. Notwithstanding any provision in this Confirmation or the Agreement, in connection with Section 1.6011-4 of the Treasury Regulations, the parties hereby agree that each party (and each employee, representative, or other agent of such party) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the Transaction and all materials of any kind (including opinions or other tax analyses) that are provided to such party relating to such U.S. tax treatment and U.S. tax structure, other than any information for which nondisclosure is reasonably necessary in order to comply with applicable securities laws.

Severability. If any term, provision, covenant or condition of this Confirmation, or the application thereof to any party or circumstance, shall be held to be invalid or unenforceable in whole or in part for any reason, the remaining terms, provisions, covenants, and conditions hereof shall continue in full force and effect as if this Confirmation had been executed with the invalid or unenforceable provision eliminated, so long as this Confirmation as so modified continues to express, without material change, the original intentions of the parties as to the subject matter of this Confirmation and the deletion of such portion of this Confirmation will not substantially impair the respective benefits or expectations of parties to this Agreement;provided,however, that this severability provision shall not be applicable if any provision ofSection 2,5,6 or13 of the Agreement (or any definition or provision in Section 14 to the extent that it relates to, or is used in or in connection with any such Section) shall be so held to be invalid or unenforceable.

Affected Parties. For purposes ofSection 6(e) of the Agreement, each party shall be deemed to be an Affected Party in connection with Illegality and any Tax Event.

Agent. (a) Morgan Stanley Bank ("MSB") is acting as agent for both parties but does not guarantee the performance of MSIL. MSIL is not a member of the Securities Investor protection Corporation; (b) MSB, MSIL and Counterparty each hereby acknowledges that any transactions by MSIL or MSB in the Shares will be undertaken by MSIL as principal for its own account; (c) all of the actions to be taken by MSIL and MSB in connection with the Transaction shall be taken by MSIL or MSB independently and without any advance or subsequent consultation with the Counterparty; and (d) MSB is hereby authorized to act as agent for Counterparty only to the extent required to satisfy the requirements of Rule 15a-6 under the Exchange Act in respect of the transactions described hereunder.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us.

Very truly yours,

Morgan Stanley & Co. International Limited

By: _____
Name:
Title:

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us.

Very truly yours,

Morgan Stanley Bank, as agent

By: _____
Name:
Title:

Confirmed as of the date first above written:

AMGEN INC.

By: _____
Name:
Title:

February , 2006

To: Amgen, Inc.

Ladies and Gentlemen:

In consideration of that certain 1992 ISDA Master Agreement and Schedule related thereto dated as of February 14, 2006 among Morgan Stanley & Co. International Limited (hereinafter "Party A") and Amgen Inc. (hereinafter "Party B") with Morgan Stanley Bank as agent for both parties (such 1992 ISDA Master Agreement and Schedule related thereto, together with each Confirmation exchanged between the parties pursuant thereto, hereinafter the "Agreement"), Morgan Stanley, a Delaware corporation (hereinafter "MS"), hereby irrevocably and unconditionally guarantees to Party B, with effect from the date of the Agreement, the due and punctual payment of all amounts payable by Party A under the Agreement when the same shall become due and payable, whether on Scheduled Payment Dates, upon demand, upon declaration of termination or otherwise, in accordance with the terms of the Agreement. Upon failure of Party A punctually to pay any such amounts, and upon written demand by Party B to MS at its address set forth in the signature block of this Guarantee (or to such other address as MS may specify in writing), MS agrees to pay or cause to be paid such amounts; provided that delay by Party B in giving such demand shall in no event affect MS's obligations under this Guarantee.

MS hereby agrees that its obligations hereunder shall be continuing and unconditional and will not be discharged except by complete payment of the amounts payable under the Agreement, irrespective of any claim as to the Agreement's validity, regularity or enforceability or the lack of authority of Party A to execute or deliver the Agreement; or any change in or amendment to the Agreement; or any waiver or consent by Party B with respect to any provisions thereof; or the absence of any action to enforce the Agreement, or the recovery of any judgment against Party A or of any action to enforce a judgment against Party A under the Agreement; any similar circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor generally.

MS hereby waives diligence, presentment, demand on Party A for payment or otherwise (except as provided hereinabove), filing of claims, requirement of a prior proceeding against Party A and protest or notice, except as provided for in the Agreement with respect to amounts payable by Party A. This Guarantee is a guarantee of payment and not of collection. If at any time payment under the Agreement is rescinded or must be otherwise restored or returned by Party B upon the insolvency, bankruptcy or reorganization of Party A or MS or otherwise, MS's obligations hereunder with respect to such payment shall be reinstated upon such restoration or return being made by Party B.

MS represents to Party B as of the date hereof that:

1. it is duly organized and validly existing under the laws of the jurisdiction of its incorporation and has full power and legal right to execute and deliver this Guarantee and to perform the provisions of this Guarantee on its part to be performed;

2. its execution, delivery and performance of this Guarantee have been and remain duly authorized by all necessary corporate action and do not contravene any provision of its certificate of incorporation or by-laws or any law, regulation or contractual restriction binding on it or its assets;

3. all consents, authorizations, approvals and clearances (including, without limitation, any necessary exchange control approval) and notifications, reports and registrations requisite for its due execution, delivery and performance of this Guarantee have been obtained from or, as the case may be, filed with the relevant governmental authorities having jurisdiction and remain in full force and effect and all conditions thereof have been duly complied with and no other action by, and no notice to or filing with, any governmental authority having jurisdiction is required for such execution, delivery or performance; and

4. this Guarantee is its legal, valid and binding obligation enforceable against it in accordance with its terms except as enforcement hereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' right or by general equity principles.

By accepting this Guarantee and entering into the Agreement, Party B agrees that MS shall be subrogated to all rights of Party B against Party A in respect of any amounts paid by MS pursuant to this Guarantee, provided that MS shall be entitled to enforce or to receive any payment arising out of or based upon such right of subrogation only to the extent that it has paid all amounts payable by Party A under the Agreement.

This Guarantee shall be governed by and construed in accordance with the laws of the State of New York. All capitalized terms not otherwise defined herein shall have the respective meanings assigned to them in the Agreement.

MORGAN STANLEY

By: _____
Name:
Title:
Address:

Confirmation of OTC Warrant Transaction

Date: **February 14, 2006**

To: **Amgen Inc.** ("**Counterparty**")

From: **Merrill Lynch International ("Bank")**

Dear Sir / Madam:

The purpose of this letter agreement (this "**Confirmation**") is to confirm the terms and conditions of the above-referenced transaction entered into between Counterparty and Bank on the Trade Date specified below (the "**Transaction**"). This Confirmation constitutes a "Confirmation" as referred to in the Agreement specified below.

The definitions and provisions contained in the 2000 ISDA Definitions (the "**Swap Definitions**") and the 2002 ISDA Equity Derivatives Definitions (the "**Equity Definitions**" and, together with the Swap Definitions, the "**Definitions**"), in each case as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the Swap Definitions and the Equity Definitions, the Equity Definitions will govern, and in the event of any inconsistency between the Definitions and this Confirmation, this Confirmation will govern. References herein to a "Transaction" shall be deemed to be references to a "Share Option Transaction" for the purposes of the Equity Definitions and to a "Swap Transaction" for the purposes of the Swap Definitions. For purposes of this Transaction, "Warrant Style", "Warrant Type", "Number of Warrants" and "Warrant Entitlement" (each as defined below) shall be used herein as if such terms were referred to as "Option Style", "Option Type", "Number of Options" and "Option Entitlement", respectively, in the Definitions.

This Confirmation evidences a complete binding agreement between you and us as to the terms of the Transaction to which this Confirmation relates. This Confirmation (notwithstanding anything to the contrary herein), shall be subject to an agreement in the 1992 form of the ISDA Master Agreement (Multicurrency Cross Border) (the "**Master Agreement**" or "**Agreement**") as if we had executed an agreement in such form (but without any Schedule and with elections specified in the "ISDA Master Agreement" Section of this Confirmation) on the Trade Date of the first such Transaction between us. In the event of any inconsistency between the provisions of that Agreement and this Confirmation, this Confirmation will prevail for the purpose of this Transaction. The parties hereby agree that the Transaction evidenced by this Confirmation shall be the only Transaction subject to and governed by the Agreement.

The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date:	February 14, 2006
Warrant Style:	European
Warrant Type:	Call
Effective Date:	Subject to cancellation of the Warrants prior to 5:00 pm (EST) on such date by the Counterparty, February 17, 2006
Seller:	Counterparty

Buyer:	Bank
Shares:	Shares of common stock, $0.0001 par value, of Counterparty (Security Symbol: "AMGN")
Number of Warrants:	15,655,875
Warrant Entitlement:	One (1) Share per Warrant
Multiple Exercise:	Inapplicable
Strike Price:	$107.90
Premium:	$155.0 million, payable by Bank to Counterparty on the Premium Payment Date
Premium Payment Date:	Trade Date + 3 business days
Exchange:	NASDAQ National Market
Related Exchange(s):	All Exchanges

Procedures for Exercise:

Expiration Time:	11:59 pm
Expiration Date:	The Valuation Date.
Exercise Date:	The Expiration Date
Automatic Exercise:	Applicable

Valuation:

Valuation Date:	The later of (a) May 2, 2011 and (b) the 20th Averaging Date.
Averaging Dates:	The 20 Full Exchange Business Days beginning on and including April 4, 2011.
Full Exchange Business Day:	A Scheduled Trading Day that has a scheduled closing time for its regular trading session that is 4 pm (New York City time) or the then standard closing time for regular trading on the Exchange and is not a Disrupted Day.
Averaging Date Disruption:	Modified Postponement.

Settlement Terms:

Cash Settlement:	Counterparty may elect to settle this Transaction by Cash Settlement or Net Physical Settlement by providing Bank with notice ("**Settlement Notice**") in accordance with the Settlement Method Election provisions herein and in Section 7.1 of the Equity Definitions. In the event that Counterparty does not so notify Bank, this Transaction shall be settled pursuant to the Default Settlement Method provision below.
Settlement Currency:	USD

Settlement Price:	The arithmetic mean of the closing price of the Shares on the Exchange on each Averaging Date.
Cash Settlement Payment Date:	Three (3) Currency Business Days after the Valuation Date
Settlement Method Election:	Applicable with respect to Cash Settlement or Net Physical Settlement only.
Electing Party:	Counterparty
Settlement Method Election Date:	Three (3) days prior to the first Averaging Date
Default Settlement Method:	Net Physical Settlement. In the event that this Transaction is settled by Net Physical Settlement, Counterparty shall deliver to Bank on the 1st Full Exchange Business Day following the Valuation Date a number of Shares (the "**Delivered Shares**") equal to the Net Physical Settlement Amount divided by the Settlement Price,provided that in the event that the number of Shares calculated comprises any fractional Share, only whole Shares shall be delivered and an amount equal to the value of such fractional share shall be payable by the Counterparty to Bank in lieu of such fractional Share.
Net Physical Settlement Amount:	With respect to the Valuation Date, an amount, as calculated by the Calculation Agent, equal to the Number of Warrants multiplied by the Strike Price Differential.
Strike Price Differential:	In respect of the Valuation Date, an amount equal to the greater of: (i) the excess, if any, of the Settlement Price over the Strike Price, and (ii) zero.
Net Physical Settlement Adjustment:	Subject to the Maximum Deliverable Share Amount, if Bank receives any Delivered Shares under this Transaction that cannot be freely sold under the Securities Act (as defined below) or are subject to any legend restricting transferability: (i) Bank shall sell the Delivered Shares in a commercially reasonable manner until the amount received by Bank for the sale of the Shares (the "**Proceeds Amount**") is equal to the Net Physical Settlement Amount. Any remaining Delivered Shares shall be returned to Counterparty. (ii) If the Proceeds Amount is less than the Net Physical Settlement Amount, Counterparty shall promptly deliver upon notice from Bank additional Shares to Bank until the dollar amount from the sale of such Shares by Bank equals the difference between the Net Physical Settlement Amount and the Proceeds Amount. In no event shall Counterparty be required to deliver to Bank a number of Shares greater than the Maximum Deliverable Share Amount.
Conditions to Net Physical Settlement:	(i) If, in connection with or following delivery of Shares hereunder, Bank notifies the Counterparty that the Bank has reasonably determined after advice from counsel that there is a substantial material risk that such Shares are subject to restrictions on transfer in the hands of Bank pursuant to the rules and regulations under the Securities Act of 1933, as amended (the "**Securities Act**"), Counterparty shall promptly make available to Bank an effective registration statement (the "**Registration Statement**") filed pursuant to Rule 415 under the Securities Act and such prospectuses as Bank may reasonably request to comply with the applicable prospectus delivery requirements (the "**Prospectus**") for the

resale by Bank of such number of Shares as Bank shall reasonably specify in accordance with this paragraph, such Registration Statement to be effective and Prospectus to be current until the earliest of the date on which (a) all Delivered Shares have been sold by Bank or returned to Counterparty pursuant to the Net Physical Settlement Adjustment provision above, (b) Bank has advised Counterparty that it no longer requires that such Registration Statement be effective, (c) all remaining Delivered Shares could be sold by Bank without registration pursuant to Rule 144 promulgated under the Securities Act (the "**Registration Period**") or (d) Counterparty has provided a legal opinion in form and substance satisfactory to Bank (with customary assumptions and exceptions) that the Shares issuable upon exercise of these Warrants will be freely tradable under the Securities Act upon delivery to Bank and not subject to any legend restricting transferability. It is understood that the Registration Statement and Prospectus may cover a number of Shares equal to the aggregate number of Shares (if any) reasonably estimated by Bank to be potentially deliverable by Counterparty in connection with Net Physical Settlement hereunder (not to exceed the Maximum Deliverable Share Amount);

Notwithstanding the foregoing, the Registration Statement and Prospectus provided for by this paragraph shall be subject to the same suspension of sales during "blackout dates" as provided in the following paragraph (ii).

(ii) In the event that Bank notifies the Counterparty that the Bank has reasonably determined after advice from counsel that there is a substantial material risk that the Shares are subject to restrictions on transfer in the hands of Bank pursuant to the rules and regulations under the Securities Act, Counterparty will enter into a registration rights agreement with Bank in form and substance reasonably acceptable to Bank, which agreement will contain among other things, customary representations and warranties and indemnification, restrictions on sales during "blackout dates" as provided for in the registration rights agreement (the **"Registration Rights Agreement"**) entered into between Counterparty and the Initial Purchaser in connection with Counterparty's 0.125% Convertible Senior Notes due 2011 (the "**Convertible Notes**"), and other rights relating to the registration of a number of Shares equal to the number of Delivered Shares and others Shares deliverable hereunder up to the Maximum Deliverable Share Amount.

(iii) Counterparty shall promptly pay to Bank a $0.04 per Share fee with all Shares delivered in connection with Net Physical Settlement pursuant to a Registration Statement.

(iv) In the event Counterparty fails to comply with any of the conditions set forth in "**Conditions to Net Physical Settlement**" herein, Counterparty shall settle the Transaction through Cash Settlement;provided,however, that notwithstanding the foregoing, if either (a) Counterparty does not provide for the sale of the Shares under the Registration Statement as provided in the Registration Rights Agreement, (b) some Shares cannot be registered under the Registration Statement due to Rule 415(a)(4) under the Securities Act, or (c) some or all of the Delivered Shares cannot be used to close out stock loans in the shares of Counterparty entered into to establish or maintain short positions by Bank in connection with this Transaction without a prospectus being required by applicable law to be delivered to such lender, then Counterparty may deliver unregistered or registered Shares. In the case of clauses (a) or (b) above, the value of any unregistered Shares so delivered shall be discounted to reflect their market value (calculated in a commercially reasonable manner). In the case of clause (c) above, the value of any such Delivered Shares shall reflect the cost

	(calculated in a commercially reasonable manner) to Bank of trading Shares in order to close out its hedge position if any, in all cases for purposes of calculating the Delivered Shares. In no event shall Counterparty be required to top-up the delivery in cash.
Limitations on Net Physical Settlement by Counterparty:	Notwithstanding anything herein or in the Agreement to the contrary, the number of Shares that may be delivered at settlement by Counterparty shall not exceed 19,569,844 at any time ("**Maximum Deliverable Share Amount**"). Counterparty represents and warrants that the number of Available Shares as of the Trade Date is greater than the Maximum Deliverable Share Amount. Counterparty covenants and agrees that Counterparty shall not take any action of corporate governance or otherwise to reduce the number of Available Shares below the Maximum Deliverable Share Amount. For this purpose, "**Available Shares**" means the number of Shares Counterparty currently has authorized (but not issued and outstanding) less the maximum number of Shares that may be required to be issued by Counterparty in connection with stock options, convertibles, and other commitments of Counterparty that may require the issuance or delivery of Shares in connection therewith.
Dividends:	
Extraordinary Dividends:	Any and all dividends paid by Counterparty.
Share Adjustments:	
Method of Adjustment:	Calculation Agent Adjustment
Extraordinary Events:	
Consequences of Merger Events:	(a) Share-for-Share: Cancellation and Payment (Calculation Agent Determination) (b) Share-for-Other: Cancellation and Payment (Calculation Agent Determination) (c) Share-for-Combined: Cancellation and Payment (Calculation Agent Determination) With respect to any Extraordinary Events hereunder, upon the occurrence of Cancellation and Payment in whole or in part, the parties agree that the amount to be paid, in accordance with the Equity Definitions, shall constitute a Transaction Early Termination Amount, subject to satisfaction by the payment or delivery of Shares or cash as set forth in the Early Termination section below.
Tender Offer:	Not Applicable
Nationalization, Insolvency or Delisting:	Cancellation and Payment (Calculation Agent Determination) (subject to satisfaction by payment or delivery of Shares or cash as set forth in "Early Termination" below)

Determining Party:	Buyer
Additional Disruption Events:	
Change in Law:	Not Applicable
Failure to Deliver:	Not Applicable
Insolvency Filing:	Applicable
Hedging Disruption Event:	Not Applicable
Increased Cost of Hedging:	Not Applicable
Hedging Party:	Bank
Loss of Stock Borrow:	Not Applicable
Increased Cost of Stock Borrow:	Not Applicable
Determining Party:	Bank
Non-Reliance:	Applicable
Agreements and Acknowledgments Regarding Hedging Activities:	Applicable
Additional Acknowledgments:	Applicable
Other Provisions:	
Additional Agreements:	If due to the occurrence of an Extraordinary Event or otherwise Counterparty would be obligated to pay cash to Bank pursuant to the terms of this Agreement for any reason without having had the right (other than pursuant to this paragraph) to elect to deliver Shares in satisfaction of such payment obligation, then Counterparty may elect to deliver to Bank a number of Shares (whether registered or unregistered) having a cash value equal to the amount of such payment obligation (such number of Shares to be delivered to be determined by the Calculation Agent acting in a commercially reasonable manner to determine the number of Shares that could be sold by Bank over a reasonable period of time to realize the cash equivalent of such payment obligation taking into account any applicable discount (determined in a commercially reasonable manner) to reflect any restrictions on transfer as well as the market value of the Shares). Further, if Counterparty is delivering Shares as a result of a Merger Event, the Settlement Date will be immediately prior to the effective time of the Merger Event and the Shares will be deemed delivered at such time such that Bank will be a holder of the Shares prior to such effective time. Settlement relating to any delivery of Shares pursuant to this paragraph shall occur within a reasonable period of time. The number of Shares delivered pursuant to this paragraph shall not exceed the Maximum Deliverable Share Amount and shall be subject to the provisions under "Early Termination" hereof regarding Proceeds Amount.

Early Termination:	Notwithstanding any provision to the contrary, upon the designation of an Early Termination Date hereunder, a party's payment obligation in respect of this Transaction only as determined in accordance with Second Method and Market Quotation (the "**Transaction Early Termination Amount**") may, at the option of Counterparty, be satisfied by the party owing such amount by the delivery of a number of Shares equal to the Transaction Early Termination Amount divided by the Termination Price ("**Early Termination Stock Settlement**");provided,however, that Counterparty must notify Bank of its election of Early Termination Stock Settlement by the close of business on the day that is two Exchange Business Days following the day that the notice designating the Early Termination Date is effective. "**Termination Price**" means the closing price per Share on the Exchange on the Early Termination Date. A number of Shares calculated as being due in respect of any Early Termination Stock Settlement will be deliverable on the third Exchange Business Day following the date that notice pursuant to Section 6(d)(i) of the Agreement specifying the number of Shares deliverable is effective. Section 6(d)(i) of the Agreement is hereby amended by adding the following words after the word "paid" in the fifth line thereof: "or any delivery is to be made, as applicable." On or prior to the Early Termination Date (if Early Termination Stock Settlement is elected), if so requested by the Bank, Counterparty shall enter into a registration rights agreement with Bank in form and substance reasonably acceptable to Bank which agreement will contain among other things, customary representations and warranties and indemnification, restrictions on sales during "blackout dates" as provided for in the Registration Rights Agreement and shall satisfy the conditions contained therein and Counterparty shall file and diligently pursue to effectiveness a Registration Statement pursuant to Rule 415 under the Securities Act. If and when such Registration Statement shall have been declared effective by the Securities and Exchange Commission, Counterparty shall have made available to Bank such Prospectuses as Bank may reasonably request to comply with the applicable prospectus delivery requirements for the resale by Bank of such number of Shares as Bank shall specify (or, if greater, the number of Shares that Counterparty shall specify). Such Registration Statement shall be effective and Prospectus shall be current until the earliest of the date on which (i) all Shares delivered by Counterparty in connection with an Early Termination Date, (ii) Bank has advised Counterparty that it no longer requires that such Registration Statement be effective or (iii) all remaining Shares could be sold by Bank without registration pursuant to Rule 144 promulgated under the Securities Act (the "**Termination Registration Period**"). It is understood that the Registration Statement and Prospectus will cover a number of Shares equal to the number of Shares plus the aggregate number of Shares (if any) reasonably estimated by Bank to be potentially deliverable by Counterparty in connection with Early Termination Stock Settlement hereunder, but in no event exceeding the Maximum Deliverable Share Amount. On each day during the Registration Period Counterparty shall represent that each of its filings under the Securities Act, the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), or other applicable securities laws that are required to be filed have been filed and that, as of the respective dates thereof and as of the date of this representation, there is no misstatement of a material fact contained therein or omission of a material fact required to be stated therein or necessary to make the statements therein not misleading.

If Counterparty does not deliver Shares subject to an effective Registration Statement as set forth above, Counterparty may deliver unregistered Shares in an amount determined by Bank based upon Bank's commercially reasonable judgment of the market value of such Shares. In no event shall Counterparty be required to deliver to Bank a number of Shares greater than the Maximum Deliverable Share Amount.

If Bank receives Shares in connection with an Early Termination Stock Settlement that cannot be freely sold under the Securities Act or that are subject to any legend restricting transferability, Bank shall sell such Shares in a commercially reasonable manner until the amount received by Bank for the sale of such Shares (net of transaction costs, calculated in a commercially reasonable manner) (the "**Proceeds Amount**") is equal to the Transaction Early Termination Amount. Any remaining Shares shall be returned to Counterparty. If the Proceeds Amount is less than the Transaction Early Termination Amount, Counterparty shall promptly deliver additional Shares to Bank upon request until the dollar amount from the sale of such additional Shares by Bank (net of transaction costs, calculated in a commercially reasonable manner) equals the difference between the Transaction Early Termination Amount and the Proceeds Amount. In no event shall Counterparty be required to deliver to Bank a number of Shares greater than the Maximum Deliverable Share Amount.

Compliance With Securities Laws:

Each party represents and agrees that it has complied, and will comply, in connection with this Transaction and all related or contemporaneous sales and purchases of Shares, with the applicable provisions of the Securities Act, the Exchange Act, and the rules and regulations thereunder, including, without limitation, Rule 10b-5 and 13e and Regulation M under the Exchange Act,provided that each party shall be entitled to rely conclusively on any information communicated by the other party concerning such other party's market activities andprovided further that Counterparty shall have no liability as a result of a breach of this representation due to Bank's gross negligence or willful misconduct.

Each party further represents that if such party ("**X**") purchases any Shares from the other party pursuant to this Transaction, such purchase(s) will comply in all material respects with (i) all laws and regulations applicable to X, and (ii) all contractual obligations of X.

Each party acknowledges that the offer and sale of the Transaction to it is intended to be exempt from registration under the Securities Act by virtue of Section 4(2) thereof. Accordingly, Counterparty represents and warrants to Bank that (i) it has the financial ability to bear the economic risk of its investment in the Transaction and is able to bear a total loss of its investment, (ii) it is an "accredited investor" as that term is defined in Regulation D as promulgated under the Securities Act and (iii) the disposition of the Transaction is restricted under this Confirmation, the Securities Act and state securities laws. On or prior to the Trade Date, Counterparty shall deliver to Bank a resolution of Counterparty's board of directors authorizing the Transaction and such other certificate or certificates as Bank shall reasonably request.

Counterparty represents and acknowledges that as of the date hereof:

(a) No consent, approval, authorization, or order of, or filing with, any governmental agency or body or any court is required in connection with the execution, delivery or performance by Company of this Confirmation, except such as have been obtained or made and such as may be required under the Securities Act or state securities laws;

	(b) the number of Available Shares on the date hereof is greater than the Maximum Deliverable Share Amount; and (c) without limiting the generality of Section 13.1 of the Equity Definitions, Bank is not making any representations or warranties with respect to the treatment of the Transaction under FASB Statements 149 or 150, EITF Issue No. 00-19 (or any successor issue statements) or under FASB's Liabilities & Equity Project.
Account Details:	
Account for payments to Counterparty:	Not Applicable
Account for payment to Bank:	Chase Manhattan Bank, New York ABA#: 021-000-021 FAO: ML Equity Derivatives A/C: 066213118
Agreement Regarding Shares:	Counterparty agrees that, in respect of any Shares delivered to Bank, such Shares shall be, upon such delivery, duly and validly authorized, issued and outstanding, fully paid and non-assessable and subject to no adverse claims of any other party. The issuance of such Shares does not and will not require the consent, approval, authorization, registration or qualification of any government authority, except such as shall have been obtained on or before the delivery date of any Shares or in connection with any Registration Statement filed with respect to any Shares.
Covenant Regarding Shares:	Counterparty covenants that it shall not take any action to decrease the number of Available Shares below the Maximum Deliverable Share Amount.
Bankruptcy Rights:	In the event of Counterparty's bankruptcy, Bank's rights in connection with this Transaction shall not exceed those rights held by common shareholders. For the avoidance of doubt, the parties acknowledge and agree that Bank's rights with respect to any other claim arising from this Transaction prior to Counterparty's bankruptcy shall remain in full force and effect and shall not be otherwise abridged or modified in connection herewith.
Set-Off:	Each party waives any and all rights it may have to set-off, whether arising under any agreement, applicable law or otherwise.
Collateral:	None.
Transfer:	Counterparty may transfer its rights and delegate its obligations under this Transaction in accordance with Section 7 of the Master Agreement. Bank may assign its rights and delegate its obligations hereunder, in whole or in part, to any other person (an "**Assignee**") without the prior consent of the Counterparty, effective (the "**Transfer Effective Date**") upon delivery to Counterparty of an executed acceptance and assumption by the Assignee (an "**Assumption**") of the transferred obligations of Bank under this Transaction (the "**Transferred Obligations**").

Regulation:	Bank is regulated by The Securities and Futures Authority Limited and has entered into this Transaction as principal.
Indemnity:	Each party agrees to indemnify the other party, its Affiliates and their respective directors, officers, agents and controlling parties (each such person being an "**Indemnified Party**") from and against any and all losses, claims, damages and liabilities, joint and several, to which such Indemnified Party may become subject because of a breach of any representation or covenant hereunder, in the Agreement or any other Agreement relating to the Agreement or Transaction and will reimburse any Indemnified Party for all reasonable expenses (including reasonable legal fees and expenses) as they are incurred in connection with the investigation of, preparation for, or defense of, any pending or threatened claim or any action or proceeding arising therefrom, whether or not such Indemnified Party is a party thereto.

Additional Agreements, Representations and Covenants of Counterparty, Etc.:

(a) Counterparty hereby represents and warrants to Bank, on each day from the Trade Date to and including the earlier of (i) February 17, 2006 and (ii) the date by which Bank is able to initially complete a hedge of its position created by this Transaction, that:

(1) it will not, and will not permit any person or entity subject to its control to, bid for or purchase Shares during such period except as disclosed in the Offering Memorandum relating to the Convertible Notes; and

(2) it has publicly disclosed all material information necessary for it to be able to purchase or sell Shares in compliance with applicable federal securities laws and that it has publicly disclosed all material information with respect to its condition (financial or otherwise).

(b) The parties hereby agree that all documentation with respect to this Transaction is intended to qualify this Transaction as an equity instrument for purposes of EITF 00-19.

(c) No collateral shall be required by either party for any reason in connection with this Transaction.

(d) Bank shall not be entitled to exercise any Warrant hereunder as provided below, and Automatic Exercise shall not apply with respect to any Warrant, to the extent the exercise of such Warrant would cause Bank to become, directly or indirectly, the beneficial owner of more than 8.0 percent of the class of the Counterparty's equity securities that is comprised of the Shares for purposes of Section 13 of the Exchange Act (in such case, an "**Excess Share Owner**").

Bank shall provide prior notice to Counterparty if the exercise of any Warrant hereunder would cause Bank to become directly or indirectly, an Excess Share Owner;provided that the failure of Bank to provide such notice shall not alter the effectiveness of the provisions set forth in the preceding sentence and any purported exercise in violation of such provisions shall be void and have no effect.

If Bank is not entitled to exercise any Warrant because such exercise would cause Bank to become, directly or indirectly, an Excess Share Owner and Bank thereafter disposes of Shares owned by it or any action is taken that would then permit Bank to exercise such Warrant without such exercise causing it to become, directly or indirectly, an Excess Share Owner, then Bank shall provide notice of the taking of such action to Counterparty and such Warrant shall then become exercisable by Bank to the extent such Warrant is otherwise or had otherwise become exercisable hereunder. In such event, the Expiration Date with respect to such Warrant shall be the date on which Counterparty receives such notice from Bank, and the related Settlement Date shall be as soon as reasonably practicable after receipt of such notice but no more than three (3) Exchange Business Days thereafter (but in no event shall the Settlement Date occur prior to the date on which it would have otherwise occurred but for the

provisions of this paragraph (d));provided that the related Net Physical Settlement Amount shall be the same as the Net Physical Settlement Amount but for the provisions of this paragraph (d). In addition, within 30 calendar days of the Settlement Date, Counterparty shall use its reasonable efforts to refrain from activities that could reasonably be expected to result in Bank's ownership of Shares exceeding 10% of all issued and outstanding Shares.

(e) Bank hereby agrees that from the Trade Date through to and including the Settlement Date, it will:

(1) use its reasonable efforts to not become an "affiliate" of Counterparty as such term is defined in Regulation 144(a)(1) under the Securities Act; and

(2) not vote any Shares held or received pursuant hereto, as to which it has the right to exercise a vote.

ISDA Master Agreement

With respect to the Agreement, Bank and Counterparty each agree as follows:

Specified Entities:

(i) in relation to Bank, for the purposes of:

Section 5(a)(v): not applicable
Section 5(a)(vi): not applicable
Section 5(a)(vii): not applicable
Section 5(b)(iv): not applicable

and (ii) in relation to Counterparty, for the purposes of:

Section 5(a)(v): not applicable
Section 5(a)(vi): not applicable
Section 5(a)(vii): not applicable
Section 5(b)(iv): not applicable

"**Specified Transaction"** will have the meaning specified inSection 14 of this Agreement.

The "**Credit Event Upon Merger"** provisions ofSection 5(b)(iv) of the Agreement will not apply to Bank and Counterparty.

The **"Automatic Early Termination"** provision ofSection 6(a) of the Agreement will not apply to Bank or to Counterparty.

Payments on Early Termination. For the purpose ofSection 6(e) of the Agreement: (i) Market Quotation shall apply; and (ii) the Second Method shall apply.

"**Termination Currency"** means USD.

Tax Representations:

(I) For the purpose of Section 3(e) of the Agreement, each party represents to the other party that it is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii), or 6(e) of the Agreement) to be made by it to the other party under the Agreement. In making this representation, each party may rely on (i) the accuracy of any

representations made by the other party pursuant to Section 3(f) of the Agreement, (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of the Agreement, and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of the Agreement, and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of the Agreement;provided that it will not be a breach of this representation where reliance is placed on clause (ii) above and the other party does not deliver a form or document under Section 4(a)(iii) of the Agreement by reason of material prejudice to its legal or commercial position.

(II) For the purpose of Section 3(f) of the Agreement, each party makes the following representations to the other party:

(i) Bank represents that it is a corporation organized under the laws of England and Wales.

(ii) Counterparty represents that it is a corporation incorporated under the laws of the State of Delaware.

Delivery Requirements: For the purpose ofSections 3(d),4(a)(i) and(ii) of the Agreement, each party agrees to deliver the following documents:

Tax forms, documents or certificates to be delivered are:

Each party agrees to complete (accurately and in a manner reasonably satisfactory to the other party), execute, and deliver to the other party, United States Internal Revenue Service Form W-9 or W-8 BEN, or any successor of such form(s): (i) before the first payment date under this agreement; (ii) promptly upon reasonable demand by the other party; and (iii) promptly upon learning that any such form(s) previously provided by the other party has become obsolete or incorrect.

Other documents to be delivered:

Party Required to Deliver Document	Document Required to be Delivered	When Required	Covered by Section 3(d) Representation
Counterparty	Evidence of the authority and true signatures of each official or representative signing this Confirmation	Upon or before execution and delivery of this Confirmation	Yes
Counterparty	Certified copy of the resolution of the Board of Directors or equivalent document authorizing the execution and delivery of this Confirmation	Upon or before execution and delivery of this Confirmation	Yes
Bank	Guarantee of its Credit Support Provider, substantially in the form of Exhibit A attached hereto, together with evidence of the authority and true signatures of the signatories, if applicable	Upon or before execution and delivery of this Confirmation	Yes

Addresses for Notices: For the purpose ofSection 12(a) of the Agreement:

Address for notices or communications to Bank for all purposes:

Address: Merrill Lynch International
Merrill Lynch Financial Centre
2 King Edward Street
London EC1A 1HQ
Attention: Manager, Fixed Income Settlements
Facsimile No.: 44 207 995 2004
Telephone No.: 44 207 995 3769

Address for notices or communications to Counterparty for all purposes:

Amgen Inc.
One Amgen Center Drive
Thousand Oaks, CA 91320-1799
Telephone No.: (805) 447-1000
Facsimile No.: (805) 449-2863
Attention: Treasurer

Process Agent: For the purpose of Section 13(c) of the Agreement, Bank appoints as its process agent:

Address: Merrill Lynch, Pierce, Fenner & Smith Incorporated
222 Broadway, 16th Floor
New York, New York 10038
Attention: Litigation Department

Counterparty does not appoint a Process Agent.

Multibranch Party. For the purpose of Section 10(c) of the Agreement: Neither Bank nor Counterparty is a Multibranch Party.

Calculation Agent. The Calculation Agent is Bank.

Credit Support Document.

Bank: Guarantee of ML & Co. in the form attached hereto as Exhibit A.

Counterparty: Not Applicable

Credit Support Provider.

With respect to Bank: ML & Co.

With respect to Counterparty: Not Applicable.

Governing Law. This Confirmation will be governed by, and construed in accordance with, the laws of the State of New York.

Waiver of Jury Trial. Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Transaction. Each party (i) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that such other party would not, in the event of such a suit, action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this Transaction, as applicable, by, among other things, the mutual waivers and certifications provided herein.

Netting of Payments. The provisions of Section 2(c) of the Agreement shall not be applicable to this Transaction.

Basic Representations. Section 3(a) of the Agreement is hereby amended by the deletion of "and" at the end of Section 3(a)(iv); the substitution of a semicolon for the period at the end of Section 3(a)(v) and the addition of Sections 3(a)(vi), as follows:

> **Eligible Contract Participant; Line of Business.** Each party agrees and represents that it is an "eligible contract participant" as defined in Section 1a(12) of the U.S. Commodity Exchange Act, as amended ("**CEA**"), this Agreement and the Transaction thereunder are subject to individual negotiation by the parties and have not been executed or traded on a "trading facility" as defined in Section 1a(33) of the CEA, and it has entered into this Confirmation and this Transaction in connection with its business or a line of business (including financial intermediation), or the financing of its business.

Amendment of Section 3(a)(iii). Section 3(a)(iii) of the Agreement is modified to read as follows:

> **No Violation or Conflict**. Such execution, delivery and performance do not materially violate or conflict with any law known by it to be applicable to it, any provision of its constitutional documents, any order or judgment of any court or agency of government applicable to it or any of its assets or any material contractual restriction relating to Specified Indebtedness binding on or affecting it or any of its assets.

Amendment of Section 3(a)(iv). Section 3(a)(iv) of the Agreement is modified by inserting the following at the beginning thereof:

> "To such party's best knowledge,"

Additional Representations:

Counterparty Representations. Counterparty (i) has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of entering into this Transaction; and (ii) has consulted with its own legal, financial, accounting and tax advisors in connection with this Transaction.

Acknowledgements:

(1) The parties acknowledge and agree that there are no other representations, agreements or other undertakings of the parties in relation to this Transaction, except as set forth in this Confirmation.

(2) The parties hereto intend for:

(a) this Transaction to be a "securities contract" as defined in Section 741(7) of Title 11 of the United States Code (the "**Bankruptcy Code**"), qualifying for the protections under Section 555 of the Bankruptcy Code;

(b) a party's right to liquidate this Transaction and to exercise any other remedies upon the occurrence of any Event of Default under the Agreement with respect to the other party to constitute a "contractual right" as defined in the Bankruptcy Code;

(c) all payments for, under or in connection with this Transaction, all payments for the Shares and the transfer of such Shares to constitute "settlement payments" as defined in the Bankruptcy Code.

(3) The parties acknowledge and agree that in the event of an Early Termination Date as a result of an Event of Default, the amount payable under the Agreement will be a cash amount calculated as described therein and that any delivery specified in this Transaction will no longer be required.

Amendment of Section 6(d)(ii). Section 6(d)(ii) of the Agreement is modified by deleting the words "on the day" in the second line thereof and substituting therefor "on the day that is three Local Business Days after the day".

Section 6(d)(ii) is further modified by deleting the words "two Local Business Days" in the fourth line thereof and substituting therefor "three Local Business Days."

Amendment of Definition of Reference Market-Makers. The definition of "Reference Market-Makers" inSection 14 is hereby amended by adding in clause (a) after the word "credit" and before the word "and" the words "or to enter into transactions similar in nature to the Transactions."

Consent to Recording. Each party consents to the recording of the telephone conversations of trading and marketing personnel of the parties and their Affiliates in connection with this Confirmation. To the extent that one party records telephone conversations (the "Recording Party") and the other party does not (the "Non-Recording Party"), the Recording Party shall in the event of any dispute, make a complete and unedited copy of such party's tape of the entire day's conversations with the Non-Recording Party's personnel available to the Non-Recording Party. The Recording Party's tapes may be used by either party in any forum in which a dispute is sought to be resolved and the Recording Party will retain tapes for a consistent period of time in accordance with the Recording Party's policy unless one party notifies the other that a particular transaction is under review and warrants further retention.

Disclosure. Each party hereby acknowledges and agrees that Bank has authorized Counterparty to disclose this Transaction and any related hedging transaction between the parties if and to the extent that Counterparty reasonably determines (after consultation with Bank) that such disclosure is required by law or by the rules of NASDAQ or any securities exchange. Notwithstanding any provision in this Confirmation or the Agreement, in connection with Section 1.6011-4 of the Treasury Regulations, the parties hereby agree that each party (and each employee, representative, or other agent of such party) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the Transaction and all materials of any kind (including opinions or other tax analyses) that are provided to such party relating to such U.S. tax treatment and U.S. tax structure, other than any information for which nondisclosure is reasonably necessary in order to comply with applicable securities laws.

Severability. If any term, provision, covenant or condition of this Confirmation, or the application thereof to any party or circumstance, shall be held to be invalid or unenforceable in whole or in part for any reason, the remaining terms, provisions, covenants, and conditions hereof shall continue in full force and effect as if this Confirmation had been executed with the invalid or unenforceable provision eliminated, so long as this Confirmation as so modified continues to express, without material change, the original intentions of the parties as to the subject matter of this Confirmation and the deletion of such portion of this Confirmation will not substantially impair the respective benefits or expectations of parties to this Agreement;provided,however, that this severability provision shall not be applicable if any provision ofSection 2,5,6 or13 of the Agreement (or any definition or provision in Section 14 to the extent that it relates to, or is used in or in connection with any such Section) shall be so held to be invalid or unenforceable.

Affected Parties. For purposes ofSection 6(e) of the Agreement, each party shall be deemed to be an Affected Party in connection with Illegality and any Tax Event.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us.

Very truly yours,

Merrill Lynch International

By: _____
Name:
Title:

Confirmed as of the date first above written:

AMGEN INC.

By: _____
Name:
Title:

EXHIBIT A

GUARANTEE OF MERRILL LYNCH & CO., INC.

FOR VALUE RECEIVED, receipt of which is hereby acknowledged, MERRILL LYNCH & CO., INC., a corporation duly organized and existing under the laws of the State of Delaware ("ML & Co."), hereby unconditionally guarantees to Amgen, Inc. (the "Company"), the due and punctual payment of any and all amounts payable by Merrill Lynch International, a company organized under the laws of England and Wales ("ML"), under the terms of the Confirmation of OTC Convertible Warrant Transaction between the Company and ML (ML as Buyer), dated as of February 14, 2006 (the "Confirmation"), including, in case of default, interest on any amount due, when and as the same shall become due and payable, whether on the scheduled payment dates, at maturity, upon declaration of termination or otherwise, according to the terms thereof. In case of the failure of ML punctually to make any such payment, ML & Co. hereby agrees to make such payment, or cause such payment to be made, promptly upon demand made by the Company to ML & Co.; provided, however that delay by the Company in giving such demand shall in no event affect ML & Co.'s obligations under this Guarantee. This Guarantee shall remain in full force and effect or shall be reinstated (as the case may be) if at any time any payment guaranteed hereunder, in whole or in part, is rescinded or must otherwise be returned by the Company upon the insolvency, bankruptcy or reorganization of ML or otherwise, all as though such payment had not been made.

ML & Co. hereby agrees that its obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Confirmation; the absence of any action to enforce the same; any waiver or consent by the Company concerning any provisions thereof; the rendering of any judgment against ML or any action to enforce the same; or any other circumstances that might otherwise constitute a legal or equitable discharge of a guarantor or a defense of a guarantor. ML covenants that this guarantee will not be discharged except by complete payment of the amounts payable under the Confirmation. This Guarantee shall continue to be effective if ML merges or consolidates with or into another entity, loses its separate legal identity or ceases to exist.

ML & Co. hereby waives diligence; presentment; protest; notice of protest, acceleration, and dishonor; filing of claims with a court in the event of insolvency or bankruptcy of ML; all demands whatsoever, except as noted in the first paragraph hereof; and any right to require a proceeding first against ML.

ML & Co. hereby certifies and warrants that this Guarantee constitutes the valid obligation of ML & Co. and complies with all applicable laws.

This Guarantee shall be governed by, and construed in accordance with, the laws of the State of New York.

This Guarantee may be terminated at any time by notice by ML & Co. to the Company given in accordance with the notice provisions of the Confirmation, effective upon receipt of such notice by the Company or such later date as may be specified in such notice; provided, however, that this Guarantee shall continue in full force and effect with respect to any obligation of ML under the Confirmation.

This Guarantee becomes effective concurrent with the effectiveness of the Confirmation, according to its terms.

IN WITNESS WHEREOF, ML & Co. has caused this Guarantee to be executed in its corporate name by its duly authorized representative.

MERRILL LYNCH & CO., INC.

By: _____
Name:
Title:
Date:

Confirmation of OTC Warrant Transaction

Date: **February 14, 2006**

To: **Amgen Inc.** ("**Counterparty**")

From: **Merrill Lynch International ("Bank")**

Dear Sir / Madam:

The purpose of this letter agreement (this "**Confirmation**") is to confirm the terms and conditions of the above-referenced transaction entered into between Counterparty and Bank on the Trade Date specified below (the "**Transaction**"). This Confirmation constitutes a "Confirmation" as referred to in the Agreement specified below.

The definitions and provisions contained in the 2000 ISDA Definitions (the "**Swap Definitions**") and the 2002 ISDA Equity Derivatives Definitions (the "**Equity Definitions**" and, together with the Swap Definitions, the "**Definitions**"), in each case as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the Swap Definitions and the Equity Definitions, the Equity Definitions will govern, and in the event of any inconsistency between the Definitions and this Confirmation, this Confirmation will govern. References herein to a "Transaction" shall be deemed to be references to a "Share Option Transaction" for the purposes of the Equity Definitions and to a "Swap Transaction" for the purposes of the Swap Definitions. For purposes of this Transaction, "Warrant Style", "Warrant Type", "Number of Warrants" and "Warrant Entitlement" (each as defined below) shall be used herein as if such terms were referred to as "Option Style", "Option Type", "Number of Options" and "Option Entitlement", respectively, in the Definitions.

This Confirmation evidences a complete binding agreement between you and us as to the terms of the Transaction to which this Confirmation relates. This Confirmation (notwithstanding anything to the contrary herein), shall be subject to an agreement in the 1992 form of the ISDA Master Agreement (Multicurrency Cross Border) (the "**Master Agreement**" or "**Agreement**") as if we had executed an agreement in such form (but without any Schedule and with elections specified in the "ISDA Master Agreement" Section of this Confirmation) on the Trade Date of the first such Transaction between us. In the event of any inconsistency between the provisions of that Agreement and this Confirmation, this Confirmation will prevail for the purpose of this Transaction. The parties hereby agree that the Transaction evidenced by this Confirmation shall be the only Transaction subject to and governed by the Agreement.

The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date:	February 14, 2006
Warrant Style:	European
Warrant Type:	Call
Effective Date:	Subject to cancellation of the Warrants prior to 5:00 pm (EST) on such date by the Counterparty, February 17, 2006
Seller:	Counterparty

Buyer:	Bank
Shares:	Shares of common stock, $0.0001 par value, of Counterparty (Security Symbol: "AMGN")
Number of Warrants:	31,453,500
Warrant Entitlement:	One (1) Share per Warrant
Multiple Exercise:	Inapplicable
Strike Price:	$107.90
Premium:	$472.8 million, payable by Bank to Counterparty on the Premium Payment Date
Premium Payment Date:	Trade Date + 3 business days
Exchange:	NASDAQ National Market
Related Exchange(s):	All Exchanges
Procedures for Exercise:	
Expiration Time:	11:59 pm
Expiration Date:	The Valuation Date.
Exercise Date:	The Expiration Date
Automatic Exercise:	Applicable
Valuation:	
Valuation Date:	The later of (a) May 1, 2013 and (b) the 20th Averaging Date.
Averaging Dates:	The 20 Full Exchange Business Days beginning on and including April 4, 2013.
Full Exchange Business Day:	A Scheduled Trading Day that has a scheduled closing time for its regular trading session that is 4 pm (New York City time) or the then standard closing time for regular trading on the Exchange and is not a Disrupted Day.
Averaging Date Disruption:	Modified Postponement.
Settlement Terms:	
Cash Settlement:	Counterparty may elect to settle this Transaction by Cash Settlement or Net Physical Settlement by providing Bank with notice ("**Settlement Notice**") in accordance with the Settlement Method Election provisions herein and in Section 7.1 of the Equity Definitions. In the event that Counterparty does not so notify Bank, this Transaction shall be settled pursuant to the Default Settlement Method provision below.
Settlement Currency:	USD

Settlement Price:	The arithmetic mean of the closing price of the Shares on the Exchange on each Averaging Date.
Cash Settlement Payment Date:	Three (3) Currency Business Days after the Valuation Date
Settlement Method Election:	Applicable with respect to Cash Settlement or Net Physical Settlement only.
Electing Party:	Counterparty
Settlement Method Election Date:	Three (3) days prior to the first Averaging Date
Default Settlement Method:	Net Physical Settlement. In the event that this Transaction is settled by Net Physical Settlement, Counterparty shall deliver to Bank on the 1st Full Exchange Business Day following the Valuation Date a number of Shares (the "**Delivered Shares**") equal to the Net Physical Settlement Amount divided by the Settlement Price,provided that in the event that the number of Shares calculated comprises any fractional Share, only whole Shares shall be delivered and an amount equal to the value of such fractional share shall be payable by the Counterparty to Bank in lieu of such fractional Share.
Net Physical Settlement Amount:	With respect to the Valuation Date, an amount, as calculated by the Calculation Agent, equal to the Number of Warrants multiplied by the Strike Price Differential.
Strike Price Differential:	In respect of the Valuation Date, an amount equal to the greater of: (i) the excess, if any, of the Settlement Price over the Strike Price, and (ii) zero.
Net Physical Settlement Adjustment:	Subject to the Maximum Deliverable Share Amount, if Bank receives any Delivered Shares under this Transaction that cannot be freely sold under the Securities Act (as defined below) or are subject to any legend restricting transferability: (i) Bank shall sell the Delivered Shares in a commercially reasonable manner until the amount received by Bank for the sale of the Shares (the "**Proceeds Amount**") is equal to the Net Physical Settlement Amount. Any remaining Delivered Shares shall be returned to Counterparty. (ii) If the Proceeds Amount is less than the Net Physical Settlement Amount, Counterparty shall promptly deliver upon notice from Bank additional Shares to Bank until the dollar amount from the sale of such Shares by Bank equals the difference between the Net Physical Settlement Amount and the Proceeds Amount. In no event shall Counterparty be required to deliver to Bank a number of Shares greater than the Maximum Deliverable Share Amount.
Conditions to Net Physical Settlement:	(i) If, in connection with or following delivery of Shares hereunder, Bank notifies the Counterparty that the Bank has reasonably determined after advice from counsel that there is a substantial material risk that such Shares are subject to restrictions on transfer in the hands of Bank pursuant to the rules and regulations under the Securities Act of 1933, as amended (the "**Securities Act**"), Counterparty shall promptly make available to Bank an effective registration statement (the "**Registration Statement**") filed pursuant to Rule 415 under the Securities Act and such prospectuses as Bank may reasonably request to comply with the applicable prospectus delivery requirements (the "**Prospectus**") for the

resale by Bank of such number of Shares as Bank shall reasonably specify in accordance with this paragraph, such Registration Statement to be effective and Prospectus to be current until the earliest of the date on which (a) all Delivered Shares have been sold by Bank or returned to Counterparty pursuant to the Net Physical Settlement Adjustment provision above, (b) Bank has advised Counterparty that it no longer requires that such Registration Statement be effective, (c) all remaining Delivered Shares could be sold by Bank without registration pursuant to Rule 144 promulgated under the Securities Act (the "**Registration Period**") or (d) Counterparty has provided a legal opinion in form and substance satisfactory to Bank (with customary assumptions and exceptions) that the Shares issuable upon exercise of these Warrants will be freely tradable under the Securities Act upon delivery to Bank and not subject to any legend restricting transferability. It is understood that the Registration Statement and Prospectus may cover a number of Shares equal to the aggregate number of Shares (if any) reasonably estimated by Bank to be potentially deliverable by Counterparty in connection with Net Physical Settlement hereunder (not to exceed the Maximum Deliverable Share Amount);

Notwithstanding the foregoing, the Registration Statement and Prospectus provided for by this paragraph shall be subject to the same suspension of sales during "blackout dates" as provided in the following paragraph (ii).

(ii) In the event that Bank notifies the Counterparty that the Bank has reasonably determined after advice from counsel that there is a substantial material risk that the Shares are subject to restrictions on transfer in the hands of Bank pursuant to the rules and regulations under the Securities Act, Counterparty will enter into a registration rights agreement with Bank in form and substance reasonably acceptable to Bank, which agreement will contain among other things, customary representations and warranties and indemnification, restrictions on sales during "blackout dates" as provided for in the registration rights agreement (the **"Registration Rights Agreement"**) entered into between Counterparty and the Initial Purchaser in connection with Counterparty's 0.375% Convertible Senior Notes due 2013 (the "**Convertible Notes**"), and other rights relating to the registration of a number of Shares equal to the number of Delivered Shares and others Shares deliverable hereunder up to the Maximum Deliverable Share Amount.

(iii) Counterparty shall promptly pay to Bank a $0.04 per Share fee with all Shares delivered in connection with Net Physical Settlement pursuant to a Registration Statement.

(iv) In the event Counterparty fails to comply with any of the conditions set forth in "**Conditions to Net Physical Settlement**" herein, Counterparty shall settle the Transaction through Cash Settlement;provided,however, that notwithstanding the foregoing, if either (a) Counterparty does not provide for the sale of the Shares under the Registration Statement as provided in the Registration Rights Agreement, (b) some Shares cannot be registered under the Registration Statement due to Rule 415(a)(4) under the Securities Act, or (c) some or all of the Delivered Shares cannot be used to close out stock loans in the shares of Counterparty entered into to establish or maintain short positions by Bank in connection with this Transaction without a prospectus being required by applicable law to be delivered to such lender, then Counterparty may deliver unregistered or registered Shares. In the case of clauses (a) or (b) above, the value of any unregistered Shares so delivered shall be discounted to reflect their market value (calculated in a commercially reasonable manner). In the case of clause (c) above, the value of any such Delivered Shares shall reflect the cost

	(calculated in a commercially reasonable manner) to Bank of trading Shares in order to close out its hedge position if any, in all cases for purposes of calculating the Delivered Shares. In no event shall Counterparty be required to top-up the delivery in cash.
Limitations on Net Physical Settlement by Counterparty:	Notwithstanding anything herein or in the Agreement to the contrary, the number of Shares that may be delivered at settlement by Counterparty shall not exceed 39,316,875 at any time ("**Maximum Deliverable Share Amount**"). Counterparty represents and warrants that the number of Available Shares as of the Trade Date is greater than the Maximum Deliverable Share Amount. Counterparty covenants and agrees that Counterparty shall not take any action of corporate governance or otherwise to reduce the number of Available Shares below the Maximum Deliverable Share Amount. For this purpose, "**Available Shares**" means the number of Shares Counterparty currently has authorized (but not issued and outstanding) less the maximum number of Shares that may be required to be issued by Counterparty in connection with stock options, convertibles, and other commitments of Counterparty that may require the issuance or delivery of Shares in connection therewith.
Dividends:	
Extraordinary Dividends:	Any and all dividends paid by Counterparty.
Share Adjustments:	
Method of Adjustment:	Calculation Agent Adjustment
Extraordinary Events:	
Consequences of Merger Events:	(a) Share-for-Share: Cancellation and Payment (Calculation Agent Determination) (b) Share-for-Other: Cancellation and Payment (Calculation Agent Determination) (c) Share-for-Combined: Cancellation and Payment (Calculation Agent Determination) With respect to any Extraordinary Events hereunder, upon the occurrence of Cancellation and Payment in whole or in part, the parties agree that the amount to be paid, in accordance with the Equity Definitions, shall constitute a Transaction Early Termination Amount, subject to satisfaction by the payment or delivery of Shares or cash as set forth in the Early Termination section below.
Tender Offer:	Not Applicable
Nationalization, Insolvency or Delisting:	Cancellation and Payment (Calculation Agent Determination) (subject to satisfaction by payment or delivery of Shares or cash as set forth in "Early Termination" below)

Determining Party:	Buyer
Additional Disruption Events:	
Change in Law:	Not Applicable
Failure to Deliver:	Not Applicable
Insolvency Filing:	Applicable
Hedging Disruption Event:	Not Applicable
Increased Cost of Hedging:	Not Applicable
Hedging Party:	Bank
Loss of Stock Borrow:	Not Applicable
Increased Cost of Stock Borrow:	Not Applicable
Determining Party:	Bank
Non-Reliance:	Applicable
Agreements and Acknowledgments Regarding Hedging Activities:	Applicable
Additional Acknowledgments:	Applicable
Other Provisions:	
Additional Agreements:	If due to the occurrence of an Extraordinary Event or otherwise Counterparty would be obligated to pay cash to Bank pursuant to the terms of this Agreement for any reason without having had the right (other than pursuant to this paragraph) to elect to deliver Shares in satisfaction of such payment obligation, then Counterparty may elect to deliver to Bank a number of Shares (whether registered or unregistered) having a cash value equal to the amount of such payment obligation (such number of Shares to be delivered to be determined by the Calculation Agent acting in a commercially reasonable manner to determine the number of Shares that could be sold by Bank over a reasonable period of time to realize the cash equivalent of such payment obligation taking into account any applicable discount (determined in a commercially reasonable manner) to reflect any restrictions on transfer as well as the market value of the Shares). Further, if Counterparty is delivering Shares as a result of a Merger Event, the Settlement Date will be immediately prior to the effective time of the Merger Event and the Shares will be deemed delivered at such time such that Bank will be a holder of the Shares prior to such effective time. Settlement relating to any delivery of Shares pursuant to this paragraph shall occur within a reasonable period of time. The number of Shares delivered pursuant to this paragraph shall not exceed the Maximum Deliverable Share Amount and shall be subject to the provisions under "Early Termination" hereof regarding Proceeds Amount.

Early Termination:	Notwithstanding any provision to the contrary, upon the designation of an Early Termination Date hereunder, a party's payment obligation in respect of this Transaction only as determined in accordance with Second Method and Market Quotation (the "**Transaction Early Termination Amount**") may, at the option of Counterparty, be satisfied by the delivery of a number of Shares equal to the Transaction Early Termination Amountdivided by the Termination Price ("**Early Termination Stock Settlement**"); provided,however, that Counterparty must notify Bank of its election of Early Termination Stock Settlement by the close of business on the day that is two Exchange Business Days following the day that the notice designating the Early Termination Date is effective. "**Termination Price**" means the closing price per Share on the Exchange on the Early Termination Date. A number of Shares calculated as being due in respect of any Early Termination Stock Settlement will be deliverable on the third Exchange Business Day following the date that notice pursuant to Section 6(d)(i) of the Agreement specifying the number of Shares deliverable is effective. Section 6(d)(i) of the Agreement is hereby amended by adding the following words after the word "paid" in the fifth line thereof: "or any delivery is to be made, as applicable." On or prior to the Early Termination Date (if Early Termination Stock Settlement is elected), if so requested by the Bank, Counterparty shall enter into a registration rights agreement with Bank in form and substance reasonably acceptable to Bank which agreement will contain among other things, customary representations and warranties and indemnification, restrictions on sales during "blackout dates" as provided for in the Registration Rights Agreement and shall satisfy the conditions contained therein and Counterparty shall file and diligently pursue to effectiveness a Registration Statement pursuant to Rule 415 under the Securities Act. If and when such Registration Statement shall have been declared effective by the Securities and Exchange Commission, Counterparty shall have made available to Bank such Prospectuses as Bank may reasonably request to comply with the applicable prospectus delivery requirements for the resale by Bank of such number of Shares as Bank shall specify (or, if greater, the number of Shares that Counterparty shall specify). Such Registration Statement shall be effective and Prospectus shall be current until the earliest of the date on which (i) all Shares delivered by Counterparty in connection with an Early Termination Date, (ii) Bank has advised Counterparty that it no longer requires that such Registration Statement be effective or (iii) all remaining Shares could be sold by Bank without registration pursuant to Rule 144 promulgated under the Securities Act (the "**Termination Registration Period**"). It is understood that the Registration Statement and Prospectus will cover a number of Shares equal to the number of Shares plus the aggregate number of Shares (if any) reasonably estimated by Bank to be potentially deliverable by Counterparty in connection with Early Termination Stock Settlement hereunder, but in no event exceeding the Maximum Deliverable Share Amount. On each day during the Registration Period Counterparty shall represent that each of its filings under the Securities Act, the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), or other applicable securities laws that are required to be filed have been filed and that, as of the respective dates thereof and as of the date of this representation, there is no misstatement of a material fact contained therein or omission of a material fact required to be stated therein or necessary to make the statements therein not misleading.

If Counterparty does not deliver Shares subject to an effective Registration Statement as set forth above, Counterparty may deliver unregistered Shares in an amount determined by Bank based upon Bank's commercially reasonable judgment of the market value of such Shares. In no event shall Counterparty be required to deliver to Bank a number of Shares greater than the Maximum Deliverable Share Amount.

If Bank receives Shares in connection with an Early Termination Stock Settlement that cannot be freely sold under the Securities Act or that are subject to any legend restricting transferability, Bank shall sell such Shares in a commercially reasonable manner until the amount received by Bank for the sale of such Shares (net of transaction costs, calculated in a commercially reasonable manner) (the "**Proceeds Amount**") is equal to the Transaction Early Termination Amount. Any remaining Shares shall be returned to Counterparty. If the Proceeds Amount is less than the Transaction Early Termination Amount, Counterparty shall promptly deliver additional Shares to Bank upon request until the dollar amount from the sale of such additional Shares by Bank (net of transaction costs, calculated in a commercially reasonable manner) equals the difference between the Transaction Early Termination Amount and the Proceeds Amount. In no event shall Counterparty be required to deliver to Bank a number of Shares greater than the Maximum Deliverable Share Amount.

Compliance With Securities Laws:

Each party represents and agrees that it has complied, and will comply, in connection with this Transaction and all related or contemporaneous sales and purchases of Shares, with the applicable provisions of the Securities Act, the Exchange Act, and the rules and regulations thereunder, including, without limitation, Rule 10b-5 and 13e and Regulation M under the Exchange Act,provided that each party shall be entitled to rely conclusively on any information communicated by the other party concerning such other party's market activities andprovided further that Counterparty shall have no liability as a result of a breach of this representation due to Bank's gross negligence or willful misconduct.

Each party further represents that if such party ("**X**") purchases any Shares from the other party pursuant to this Transaction, such purchase(s) will comply in all material respects with (i) all laws and regulations applicable to X, and (ii) all contractual obligations of X.

Each party acknowledges that the offer and sale of the Transaction to it is intended to be exempt from registration under the Securities Act by virtue of Section 4(2) thereof. Accordingly, Counterparty represents and warrants to Bank that (i) it has the financial ability to bear the economic risk of its investment in the Transaction and is able to bear a total loss of its investment, (ii) it is an "accredited investor" as that term is defined in Regulation D as promulgated under the Securities Act and (iii) the disposition of the Transaction is restricted under this Confirmation, the Securities Act and state securities laws. On or prior to the Trade Date, Counterparty shall deliver to Bank a resolution of Counterparty's board of directors authorizing the Transaction and such other certificate or certificates as Bank shall reasonably request.

Counterparty represents and acknowledges that as of the date hereof:

(a) No consent, approval, authorization, or order of, or filing with, any governmental agency or body or any court is required in connection with the execution, delivery or performance by Company of this Confirmation, except such as have been obtained or made and such as may be required under the Securities Act or state securities laws;

(b) the number of Available Shares on the date hereof is greater than the Maximum Deliverable Share Amount; and

(c) without limiting the generality of Section 13.1 of the Equity Definitions, Bank is not making any representations or warranties with respect to the treatment of the Transaction under FASB Statements 149 or 150, EITF Issue No. 00-19 (or any successor issue statements) or under FASB's Liabilities & Equity Project.

Account Details:

Account for payments to Counterparty: Not Applicable

Account for payment to Bank: Chase Manhattan Bank, New York
ABA#: 021-000-021
FAO: ML Equity Derivatives
A/C: 066213118

Agreement Regarding Shares: Counterparty agrees that, in respect of any Shares delivered to Bank, such Shares shall be, upon such delivery, duly and validly authorized, issued and outstanding, fully paid and non-assessable and subject to no adverse claims of any other party. The issuance of such Shares does not and will not require the consent, approval, authorization, registration or qualification of any government authority, except such as shall have been obtained on or before the delivery date of any Shares or in connection with any Registration Statement filed with respect to any Shares.

Covenant Regarding Shares: Counterparty covenants that it shall not take any action to decrease the number of Available Shares below the Maximum Deliverable Share Amount.

Bankruptcy Rights: In the event of Counterparty's bankruptcy, Bank's rights in connection with this Transaction shall not exceed those rights held by common shareholders. For the avoidance of doubt, the parties acknowledge and agree that Bank's rights with respect to any other claim arising from this Transaction prior to Counterparty's bankruptcy shall remain in full force and effect and shall not be otherwise abridged or modified in connection herewith.

Set-Off: Each party waives any and all rights it may have to set-off, whether arising under any agreement, applicable law or otherwise.

Collateral: None.

Transfer: Counterparty may transfer its rights and delegate its obligations under this Transaction in accordance with Section 7 of the Master Agreement. Bank may assign its rights and delegate its obligations hereunder, in whole or in part, to any other person (an "**Assignee**") without the prior consent of the Counterparty, effective (the "**Transfer Effective Date**") upon delivery to Counterparty of an executed acceptance and assumption by the Assignee (an "**Assumption**") of the transferred obligations of Bank under this Transaction (the "**Transferred Obligations**").

Regulation:	Bank is regulated by The Securities and Futures Authority Limited and has entered into this Transaction as principal.
Indemnity:	Each party agrees to indemnify the other party, its Affiliates and their respective directors, officers, agents and controlling parties (each such person being an "**Indemnified Party**") from and against any and all losses, claims, damages and liabilities, joint and several, to which such Indemnified Party may become subject because of a breach of any representation or covenant hereunder, in the Agreement or any other Agreement relating to the Agreement or Transaction and will reimburse any Indemnified Party for all reasonable expenses (including reasonable legal fees and expenses) as they are incurred in connection with the investigation of, preparation for, or defense of, any pending or threatened claim or any action or proceeding arising therefrom, whether or not such Indemnified Party is a party thereto.

Additional Agreements, Representations and Covenants of Counterparty, Etc.:

(a) Counterparty hereby represents and warrants to Bank, on each day from the Trade Date to and including the earlier of (i) February 17, 2006 and (ii) the date by which Bank is able to initially complete a hedge of its position created by this Transaction, that:

(1) it will not, and will not permit any person or entity subject to its control to, bid for or purchase Shares during such period except as disclosed in the Offering Memorandum relating to the Convertible Notes; and

(2) it has publicly disclosed all material information necessary for it to be able to purchase or sell Shares in compliance with applicable federal securities laws and that it has publicly disclosed all material information with respect to its condition (financial or otherwise).

(b) The parties hereby agree that all documentation with respect to this Transaction is intended to qualify this Transaction as an equity instrument for purposes of EITF 00-19.

(c) No collateral shall be required by either party for any reason in connection with this Transaction.

(d) Bank shall not be entitled to exercise any Warrant hereunder as provided below, and Automatic Exercise shall not apply with respect to any Warrant, to the extent the exercise of such Warrant would cause Bank to become, directly or indirectly, the beneficial owner of more than 8.0 percent of the class of the Counterparty's equity securities that is comprised of the Shares for purposes of Section 13 of the Exchange Act (in such case, an "**Excess Share Owner**").

Bank shall provide prior notice to Counterparty if the exercise of any Warrant hereunder would cause Bank to become directly or indirectly, an Excess Share Owner;provided that the failure of Bank to provide such notice shall not alter the effectiveness of the provisions set forth in the preceding sentence and any purported exercise in violation of such provisions shall be void and have no effect.

If Bank is not entitled to exercise any Warrant because such exercise would cause Bank to become, directly or indirectly, an Excess Share Owner and Bank thereafter disposes of Shares owned by it or any action is taken that would then permit Bank to exercise such Warrant without such exercise causing it to become, directly or indirectly, an Excess Share Owner, then Bank shall provide notice of the taking of such action to Counterparty and such Warrant shall then become exercisable by Bank to the extent such Warrant is otherwise or had otherwise become exercisable hereunder. In such event, the Expiration Date with respect to such Warrant shall be the date on which Counterparty receives such notice from Bank, and the related Settlement Date shall be as soon as reasonably practicable after receipt of such notice but no more than three (3) Exchange Business Days thereafter (but in no event shall the Settlement Date occur prior to the date on which it would have otherwise occurred but for the

provisions of this paragraph (d));provided that the related Net Physical Settlement Amount shall be the same as the Net Physical Settlement Amount but for the provisions of this paragraph (d). In addition, within 30 calendar days of the Settlement Date, Counterparty shall use its reasonable efforts to refrain from activities that could reasonably be expected to result in Bank's ownership of Shares exceeding 10% of all issued and outstanding Shares.

(e) Bank hereby agrees that from the Trade Date through to and including the Settlement Date, it will:

(1) use its reasonable efforts to not become an "affiliate" of Counterparty as such term is defined in Regulation 144(a)(1) under the Securities Act; and

(2) not vote any Shares held or received pursuant hereto, as to which it has the right to exercise a vote.

ISDA Master Agreement

With respect to the Agreement, Bank and Counterparty each agree as follows:

Specified Entities:

(i) in relation to Bank, for the purposes of:

Section 5(a)(v): not applicable
Section 5(a)(vi): not applicable
Section 5(a)(vii): not applicable
Section 5(b)(iv): not applicable

and (ii) in relation to Counterparty, for the purposes of:

Section 5(a)(v): not applicable
Section 5(a)(vi): not applicable
Section 5(a)(vii): not applicable
Section 5(b)(iv): not applicable

"**Specified Transaction"** will have the meaning specified inSection 14 of this Agreement.

The "**Credit Event Upon Merger"** provisions ofSection 5(b)(iv) of the Agreement will not apply to Bank and Counterparty.

The **"Automatic Early Termination"** provision ofSection 6(a) of the Agreement will not apply to Bank or to Counterparty.

Payments on Early Termination. For the purpose ofSection 6(e) of the Agreement: (i) Market Quotation shall apply; and (ii) the Second Method shall apply.

"**Termination Currency"** means USD.

Tax Representations:

(I) For the purpose of Section 3(e) of the Agreement, each party represents to the other party that it is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii), or 6(e) of the Agreement) to be made by it to the other party under the Agreement. In making this representation, each party may rely on (i) the accuracy of any

representations made by the other party pursuant to Section 3(f) of the Agreement, (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of the Agreement, and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of the Agreement, and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of the Agreement;provided that it will not be a breach of this representation where reliance is placed on clause (ii) above and the other party does not deliver a form or document under Section 4(a)(iii) of the Agreement by reason of material prejudice to its legal or commercial position.

(II) For the purpose of Section 3(f) of the Agreement, each party makes the following representations to the other party:

(i) Bank represents that it is a corporation organized under the laws of England and Wales.

(ii) Counterparty represents that it is a corporation incorporated under the laws of the State of Delaware.

Delivery Requirements: For the purpose ofSections 3(d),4(a)(i) and(ii) of the Agreement, each party agrees to deliver the following documents:

Tax forms, documents or certificates to be delivered are:

Each party agrees to complete (accurately and in a manner reasonably satisfactory to the other party), execute, and deliver to the other party, United States Internal Revenue Service Form W-9 or W-8 BEN, or any successor of such form(s): (i) before the first payment date under this agreement; (ii) promptly upon reasonable demand by the other party; and (iii) promptly upon learning that any such form(s) previously provided by the other party has become obsolete or incorrect.

Other documents to be delivered:

Party Required to Deliver Document	Document Required to be Delivered	When Required	Covered by Section 3(d) Representation
Counterparty	Evidence of the authority and true signatures of each official or representative signing this Confirmation	Upon or before execution and delivery of this Confirmation	Yes
Counterparty	Certified copy of the resolution of the Board of Directors or equivalent document authorizing the execution and delivery of this Confirmation	Upon or before execution and delivery of this Confirmation	Yes
Bank	Guarantee of its Credit Support Provider, substantially in the form of Exhibit A attached hereto, together with evidence of the authority and true signatures of the signatories, if applicable	Upon or before execution and delivery of this Confirmation	Yes

Addresses for Notices: For the purpose ofSection 12(a) of the Agreement:

Address for notices or communications to Bank for all purposes:

Address:	Merrill Lynch International Merrill Lynch Financial Centre 2 King Edward Street London EC1A 1HQ
Attention:	Manager, Fixed Income Settlements
Facsimile No.:	44 207 995 2004
Telephone No.:	44 207 995 3769

Address for notices or communications to Counterparty for all purposes:

Amgen Inc.
One Amgen Center Drive
Thousand Oaks, CA 91320-1799
Telephone No.: (805) 447-1000
Facsimile No.: (805) 449-2863
Attention: Treasurer

Process Agent: For the purpose of Section 13(c) of the Agreement, Bank appoints as its process agent:

Address:	Merrill Lynch, Pierce, Fenner & Smith Incorporated 222 Broadway, 16th Floor New York, New York 10038
Attention:	Litigation Department

Counterparty does not appoint a Process Agent.

Multibranch Party. For the purpose of Section 10(c) of the Agreement: Neither Bank nor Counterparty is a Multibranch Party.

Calculation Agent. The Calculation Agent is Bank.

Credit Support Document.

Bank: Guarantee of ML & Co. in the form attached hereto as Exhibit A.

Counterparty: Not Applicable

Credit Support Provider.

With respect to Bank: ML & Co.

With respect to Counterparty: Not Applicable.

Governing Law. This Confirmation will be governed by, and construed in accordance with, the laws of the State of New York.

Waiver of Jury Trial. Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Transaction. Each party (i) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that such other party would not, in the event of such a suit, action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this Transaction, as applicable, by, among other things, the mutual waivers and certifications provided herein.

Netting of Payments. The provisions of Section 2(c) of the Agreement shall not be applicable to this Transaction.

Basic Representations. Section 3(a) of the Agreement is hereby amended by the deletion of "and" at the end of Section 3(a)(iv); the substitution of a semicolon for the period at the end of Section 3(a)(v) and the addition of Sections 3(a)(vi), as follows:

> **Eligible Contract Participant; Line of Business.** Each party agrees and represents that it is an "eligible contract participant" as defined in Section 1a(12) of the U.S. Commodity Exchange Act, as amended ("**CEA**"), this Agreement and the Transaction thereunder are subject to individual negotiation by the parties and have not been executed or traded on a "trading facility" as defined in Section 1a(33) of the CEA, and it has entered into this Confirmation and this Transaction in connection with its business or a line of business (including financial intermediation), or the financing of its business.

Amendment of Section 3(a)(iii). Section 3(a)(iii) of the Agreement is modified to read as follows:

> **No Violation or Conflict**. Such execution, delivery and performance do not materially violate or conflict with any law known by it to be applicable to it, any provision of its constitutional documents, any order or judgment of any court or agency of government applicable to it or any of its assets or any material contractual restriction relating to Specified Indebtedness binding on or affecting it or any of its assets.

Amendment of Section 3(a)(iv). Section 3(a)(iv) of the Agreement is modified by inserting the following at the beginning thereof:

> "To such party's best knowledge,"

Additional Representations:

Counterparty Representations. Counterparty (i) has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of entering into this Transaction; and (ii) has consulted with its own legal, financial, accounting and tax advisors in connection with this Transaction.

Acknowledgements:

(1) The parties acknowledge and agree that there are no other representations, agreements or other undertakings of the parties in relation to this Transaction, except as set forth in this Confirmation.

(2) The parties hereto intend for:

(a) this Transaction to be a "securities contract" as defined in Section 741(7) of Title 11 of the United States Code (the "**Bankruptcy Code**"), qualifying for the protections under Section 555 of the Bankruptcy Code;

(b) a party's right to liquidate this Transaction and to exercise any other remedies upon the occurrence of any Event of Default under the Agreement with respect to the other party to constitute a "contractual right" as defined in the Bankruptcy Code;

(c) all payments for, under or in connection with this Transaction, all payments for the Shares and the transfer of such Shares to constitute "settlement payments" as defined in the Bankruptcy Code.

(3) The parties acknowledge and agree that in the event of an Early Termination Date as a result of an Event of Default, the amount payable under the Agreement will be a cash amount calculated as described therein and that any delivery specified in this Transaction will no longer be required.

Amendment of Section 6(d)(ii). Section 6(d)(ii) of the Agreement is modified by deleting the words "on the day" in the second line thereof and substituting therefor "on the day that is three Local Business Days after the day".

Section 6(d)(ii) is further modified by deleting the words "two Local Business Days" in the fourth line thereof and substituting therefor "three Local Business Days."

Amendment of Definition of Reference Market-Makers. The definition of "Reference Market-Makers" inSection 14 is hereby amended by adding in clause (a) after the word "credit" and before the word "and" the words "or to enter into transactions similar in nature to the Transactions."

Consent to Recording. Each party consents to the recording of the telephone conversations of trading and marketing personnel of the parties and their Affiliates in connection with this Confirmation. To the extent that one party records telephone conversations (the "Recording Party") and the other party does not (the "Non-Recording Party"), the Recording Party shall in the event of any dispute, make a complete and unedited copy of such party's tape of the entire day's conversations with the Non-Recording Party's personnel available to the Non-Recording Party. The Recording Party's tapes may be used by either party in any forum in which a dispute is sought to be resolved and the Recording Party will retain tapes for a consistent period of time in accordance with the Recording Party's policy unless one party notifies the other that a particular transaction is under review and warrants further retention.

Disclosure. Each party hereby acknowledges and agrees that Bank has authorized Counterparty to disclose this Transaction and any related hedging transaction between the parties if and to the extent that Counterparty reasonably determines (after consultation with Bank) that such disclosure is required by law or by the rules of NASDAQ or any securities exchange. Notwithstanding any provision in this Confirmation or the Agreement, in connection with Section 1.6011-4 of the Treasury Regulations, the parties hereby agree that each party (and each employee, representative, or other agent of such party) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the Transaction and all materials of any kind (including opinions or other tax analyses) that are provided to such party relating to such U.S. tax treatment and U.S. tax structure, other than any information for which nondisclosure is reasonably necessary in order to comply with applicable securities laws.

Severability. If any term, provision, covenant or condition of this Confirmation, or the application thereof to any party or circumstance, shall be held to be invalid or unenforceable in whole or in part for any reason, the remaining terms, provisions, covenants, and conditions hereof shall continue in full force and effect as if this Confirmation had been executed with the invalid or unenforceable provision eliminated, so long as this Confirmation as so modified continues to express, without material change, the original intentions of the parties as to the subject matter of this Confirmation and the deletion of such portion of this Confirmation will not substantially impair the respective benefits or expectations of parties to this Agreement;provided,however, that this severability provision shall not be applicable if any provision ofSection 2,5,6 or13 of the Agreement (or any definition or provision inSection 14 to the extent that it relates to, or is used in or in connection with any such Section) shall be so held to be invalid or unenforceable.

Affected Parties. For purposes ofSection 6(e) of the Agreement, each party shall be deemed to be an Affected Party in connection with Illegality and any Tax Event.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us.

Very truly yours,

Merrill Lynch International

By: _____
Name:
Title:

Confirmed as of the date first above written:

AMGEN INC.

By: _____
Name:
Title:

EXHIBIT A

GUARANTEE OF MERRILL LYNCH & CO., INC.

FOR VALUE RECEIVED, receipt of which is hereby acknowledged, MERRILL LYNCH & CO., INC., a corporation duly organized and existing under the laws of the State of Delaware ("ML & Co."), hereby unconditionally guarantees to Amgen, Inc. (the "Company"), the due and punctual payment of any and all amounts payable by Merrill Lynch International, a company organized under the laws of England and Wales ("ML"), under the terms of the Confirmation of OTC Warrant Transaction between the Company and ML (ML as Buyer), dated as of February 14, 2006 (the "Confirmation"), including, in case of default, interest on any amount due, when and as the same shall become due and payable, whether on the scheduled payment dates, at maturity, upon declaration of termination or otherwise, according to the terms thereof. In case of the failure of ML punctually to make any such payment, ML & Co. hereby agrees to make such payment, or cause such payment to be made, promptly upon demand made by the Company to ML & Co.; provided, however that delay by the Company in giving such demand shall in no event affect ML & Co.'s obligations under this Guarantee. This Guarantee shall remain in full force and effect or shall be reinstated (as the case may be) if at any time any payment guaranteed hereunder, in whole or in part, is rescinded or must otherwise be returned by the Company upon the insolvency, bankruptcy or reorganization of ML or otherwise, all as though such payment had not been made.

ML & Co. hereby agrees that its obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Confirmation; the absence of any action to enforce the same; any waiver or consent by the Company concerning any provisions thereof; the rendering of any judgment against ML or any action to enforce the same; or any other circumstances that might otherwise constitute a legal or equitable discharge of a guarantor or a defense of a guarantor. ML covenants that this guarantee will not be discharged except by complete payment of the amounts payable under the Confirmation. This Guarantee shall continue to be effective if ML merges or consolidates with or into another entity, loses its separate legal identity or ceases to exist.

ML & Co. hereby waives diligence; presentment; protest; notice of protest, acceleration, and dishonor; filing of claims with a court in the event of insolvency or bankruptcy of ML; all demands whatsoever, except as noted in the first paragraph hereof; and any right to require a proceeding first against ML.

ML & Co. hereby certifies and warrants that this Guarantee constitutes the valid obligation of ML & Co. and complies with all applicable laws.

This Guarantee shall be governed by, and construed in accordance with, the laws of the State of New York.

This Guarantee may be terminated at any time by notice by ML & Co. to the Company given in accordance with the notice provisions of the Confirmation, effective upon receipt of such notice by the Company or such later date as may be specified in such notice; provided, however, that this Guarantee shall continue in full force and effect with respect to any obligation of ML under the Confirmation.

This Guarantee becomes effective concurrent with the effectiveness of the Confirmation, according to its terms.

IN WITNESS WHEREOF, ML & Co. has caused this Guarantee to be executed in its corporate name by its duly authorized representative.

MERRILL LYNCH & CO., INC.

By: _____
Name:
Title:
Date:

Confirmation of OTC Warrant Transaction

Date: **February 14, 2006**

To: **Amgen Inc.** ("**Counterparty**")

From: **Morgan Stanley & Co. International Limited ("MSIL")**

Dear Sir / Madam:

The purpose of this letter agreement (this "**Confirmation**") is to confirm the terms and conditions of the above-referenced transaction entered into between Counterparty and MSIL on the Trade Date specified below (the "**Transaction**"). This Confirmation constitutes a "Confirmation" as referred to in the Agreement specified below.

The definitions and provisions contained in the 2000 ISDA Definitions (the "**Swap Definitions**") and the 2002 ISDA Equity Derivatives Definitions (the "**Equity Definitions**" and, together with the Swap Definitions, the "**Definitions**"), in each case as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between the Swap Definitions and the Equity Definitions, the Equity Definitions will govern, and in the event of any inconsistency between the Definitions and this Confirmation, this Confirmation will govern. References herein to a "Transaction" shall be deemed to be references to a "Share Option Transaction" for the purposes of the Equity Definitions and to a "Swap Transaction" for the purposes of the Swap Definitions. For purposes of this Transaction, "Warrant Style", "Warrant Type", "Number of Warrants" and "Warrant Entitlement" (each as defined below) shall be used herein as if such terms were referred to as "Option Style", "Option Type", "Number of Options" and "Option Entitlement", respectively, in the Definitions.

This Confirmation evidences a complete binding agreement between you and us as to the terms of the Transaction to which this Confirmation relates. This Confirmation (notwithstanding anything to the contrary herein), shall be subject to an agreement in the 1992 form of the ISDA Master Agreement (Multicurrency Cross Border) (the "**Master Agreement**" or "**Agreement**") as if we had executed an agreement in such form (but without any Schedule and with elections specified in the "ISDA Master Agreement" Section of this Confirmation) on the Trade Date of the first such Transaction between us. In the event of any inconsistency between the provisions of that Agreement and this Confirmation, this Confirmation will prevail for the purpose of this Transaction. The parties hereby agree that the Transaction evidenced by this Confirmation shall be the only Transaction subject to and governed by the Agreement.

The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date:	February 14, 2006
Warrant Style:	European
Warrant Type:	Call
Effective Date:	Subject to cancellation of the Warrants prior to 5:00 pm (EST) on such date by the Counterparty, February 17, 2006
Seller:	Counterparty

Buyer:	MSIL
Shares:	Shares of common stock, $0.0001 par value, of Counterparty (Security Symbol: "AMGN")
Number of Warrants:	15,655,875
Warrant Entitlement:	One (1) Share per Warrant
Multiple Exercise:	Inapplicable
Strike Price:	$107.90
Premium:	$146,666,667, payable by MSIL to Counterparty on the Premium Payment Date
Premium Payment Date:	Trade Date + 3 business days
Exchange:	NASDAQ National Market
Related Exchange(s):	All Exchanges

Procedures for Exercise:

Expiration Time:	11:59 pm
Expiration Date:	The Valuation Date.
Exercise Date:	The Expiration Date
Automatic Exercise:	Applicable

Valuation:

Valuation Date:	The later of (a) May 2, 2011 and (b) the 20th Averaging Date.
Averaging Dates:	The 20 Full Exchange Business Days beginning on and including April 4, 2011.
Full Exchange Business Day:	A Scheduled Trading Day that has a scheduled closing time for its regular trading session that is 4 pm (New York City time) or the then standard closing time for regular trading on the Exchange and is not a Disrupted Day.
Averaging Date Disruption:	Modified Postponement.

Settlement Terms:

Cash Settlement:	Counterparty may elect to settle this Transaction by Cash Settlement or Net Physical Settlement by providing MSIL with notice ("**Settlement Notice**") in accordance with the Settlement Method Election provisions herein and in Section 7.1 of the Equity Definitions. In the event that Counterparty does not so notify MSIL, this Transaction shall be settled pursuant to the Default Settlement Method provision below.
Settlement Currency:	USD

Settlement Price:	The arithmetic mean of the closing price of the Shares on the Exchange on each Averaging Date.
Cash Settlement Payment Date:	Three (3) Currency Business Days after the Valuation Date
Settlement Method Election:	Applicable with respect to Cash Settlement or Net Physical Settlement only.
Electing Party:	Counterparty
Settlement Method Election Date:	Three (3) days prior to the first Averaging Date
Default Settlement Method:	Net Physical Settlement. In the event that this Transaction is settled by Net Physical Settlement, Counterparty shall deliver to MSIL on the 1st Full Exchange Business Day following the Valuation Date a number of Shares (the "**Delivered Shares**") equal to the Net Physical Settlement Amount divided by the Settlement Price,provided that in the event that the number of Shares calculated comprises any fractional Share, only whole Shares shall be delivered and an amount equal to the value of such fractional share shall be payable by the Counterparty to MSIL in lieu of such fractional Share.
Net Physical Settlement Amount:	With respect to the Valuation Date, an amount, as calculated by the Calculation Agent, equal to the Number of Warrants multiplied by the Strike Price Differential.
Strike Price Differential:	In respect of the Valuation Date, an amount equal to the greater of: (i) the excess, if any, of the Settlement Price over the Strike Price, and (ii) zero.
Net Physical Settlement Adjustment:	Subject to the Maximum Deliverable Share Amount, if MSIL receives any Delivered Shares under this Transaction that cannot be freely sold under the Securities Act (as defined below) or are subject to any legend restricting transferability: (i) MSIL shall sell the Delivered Shares in a commercially reasonable manner until the amount received by MSIL for the sale of the Shares (the "**Proceeds Amount**") is equal to the Net Physical Settlement Amount. Any remaining Delivered Shares shall be returned to Counterparty. (ii) If the Proceeds Amount is less than the Net Physical Settlement Amount, Counterparty shall promptly deliver upon notice from MSIL additional Shares to MSIL until the dollar amount from the sale of such Shares by MSIL equals the difference between the Net Physical Settlement Amount and the Proceeds Amount. In no event shall Counterparty be required to deliver to MSIL a number of Shares greater than the Maximum Deliverable Share Amount.
Conditions to Net Physical Settlement:	(i) If, in connection with or following delivery of Shares hereunder, MSIL notifies the Counterparty that the MSIL has reasonably determined after advice from counsel that there is a substantial material risk that such Shares are subject to restrictions on transfer in the hands of MSIL pursuant to the rules and regulations under the Securities Act of 1933, as amended (the "**Securities Act**"), Counterparty shall promptly make available to MSIL an effective registration statement (the "**Registration Statement**") filed pursuant to Rule 415 under the Securities Act and such prospectuses as MSIL may reasonably request to comply with the applicable prospectus delivery requirements (the "**Prospectus**")

for the resale by MSIL of such number of Shares as MSIL shall reasonably specify in accordance with this paragraph, such Registration Statement to be effective and Prospectus to be current until the earliest of the date on which (a) all Delivered Shares have been sold by MSIL or returned to Counterparty pursuant to the Net Physical Settlement Adjustment provision above, (b) MSIL has advised Counterparty that it no longer requires that such Registration Statement be effective, (c) all remaining Delivered Shares could be sold by MSIL without registration pursuant to Rule 144 promulgated under the Securities Act (the "**Registration Period**") or (d) Counterparty has provided a legal opinion in form and substance satisfactory to MSIL (with customary assumptions and exceptions) that the Shares issuable upon exercise of these Warrants will be freely tradable under the Securities Act upon delivery to MSIL and not subject to any legend restricting transferability. It is understood that the Registration Statement and Prospectus may cover a number of Shares equal to the aggregate number of Shares (if any) reasonably estimated by MSIL to be potentially deliverable by Counterparty in connection with Net Physical Settlement hereunder (not to exceed the Maximum Deliverable Share Amount);

Notwithstanding the foregoing, the Registration Statement and Prospectus provided for by this paragraph shall be subject to the same suspension of sales during "blackout dates" as provided in the following paragraph (ii).

(ii) In the event that MSIL notifies the Counterparty that the MSIL has reasonably determined after advice from counsel that there is a substantial material risk that the Shares are subject to restrictions on transfer in the hands of MSIL pursuant to the rules and regulations under the Securities Act, Counterparty will enter into a registration rights agreement with MSIL in form and substance reasonably acceptable to MSIL, which agreement will contain among other things, customary representations and warranties and indemnification, restrictions on sales during "blackout dates" as provided for in the registration rights agreement (the **"Registration Rights Agreement"**) entered into between Counterparty and the Initial Purchaser in connection with Counterparty's 0.125% Convertible Senior Notes due 2011 (the "**Convertible Notes**"), and other rights relating to the registration of a number of Shares equal to the number of Delivered Shares and others Shares deliverable hereunder up to the Maximum Deliverable Share Amount.

(iii) Counterparty shall promptly pay to MSIL a $0.04 per Share fee with all Shares delivered in connection with Net Physical Settlement pursuant to a Registration Statement.

(iv) In the event Counterparty fails to comply with any of the conditions set forth in "**Conditions to Net Physical Settlement**" herein, Counterparty shall settle the Transaction through Cash Settlement;provided,however, that notwithstanding the foregoing, if either (a) Counterparty does not provide for the sale of the Shares under the Registration Statement as provided in the Registration Rights Agreement, (b) some Shares cannot be registered under the Registration Statement due to Rule 415(a)(4) under the Securities Act, or (c) some or all of the Delivered Shares cannot be used to close out stock loans in the shares of Counterparty entered into to establish or maintain short positions by MSIL in connection with this Transaction without a prospectus being required by applicable law to be delivered to such lender, then Counterparty may deliver unregistered or registered Shares. In the case of clauses (a) or (b) above, the value of any unregistered Shares so delivered shall be discounted to reflect their market value (calculated in a commercially reasonable manner). In the case of clause (c) above, the value of any such Delivered Shares shall reflect the cost

	(calculated in a commercially reasonable manner) to MSIL of trading Shares in order to close out its hedge position if any, in all cases for purposes of calculating the Delivered Shares. In no event shall Counterparty be required to top-up the delivery in cash.
Limitations on Net Physical Settlement by Counterparty:	Notwithstanding anything herein or in the Agreement to the contrary, the number of Shares that may be delivered at settlement by Counterparty shall not exceed 19,569,844 at any time ("**Maximum Deliverable Share Amount**"). Counterparty represents and warrants that the number of Available Shares as of the Trade Date is greater than the Maximum Deliverable Share Amount. Counterparty covenants and agrees that Counterparty shall not take any action of corporate governance or otherwise to reduce the number of Available Shares below the Maximum Deliverable Share Amount. For this purpose, "**Available Shares**" means the number of Shares Counterparty currently has authorized (but not issued and outstanding) less the maximum number of Shares that may be required to be issued by Counterparty in connection with stock options, convertibles, and other commitments of Counterparty that may require the issuance or delivery of Shares in connection therewith.
Dividends:	
Extraordinary Dividends:	Any and all dividends paid by Counterparty.
Share Adjustments:	
Method of Adjustment:	Calculation Agent Adjustment
Extraordinary Events:	
Consequences of Merger Events:	(a) Share-for-Share: Cancellation and Payment (Calculation Agent Determination) (b) Share-for-Other: Cancellation and Payment (Calculation Agent Determination) (c) Share-for-Combined: Cancellation and Payment (Calculation Agent Determination) With respect to any Extraordinary Events hereunder, upon the occurrence of Cancellation and Payment in whole or in part, the parties agree that the amount to be paid, in accordance with the Equity Definitions, shall constitute a Transaction Early Termination Amount, subject to satisfaction by the payment or delivery of Shares or cash as set forth in the Early Termination section below.
Tender Offer:	Not Applicable
Nationalization, Insolvency or Delisting:	Cancellation and Payment (Calculation Agent Determination) (subject to satisfaction by payment or delivery of Shares or cash as set forth in "Early Termination" below)

Determining Party:	Buyer
Additional Disruption Events:	
Change in Law:	Not Applicable
Failure to Deliver:	Not Applicable
Insolvency Filing:	Applicable
Hedging Disruption Event:	Not Applicable
Increased Cost of Hedging:	Not Applicable
Hedging Party:	MSIL
Loss of Stock Borrow:	Not Applicable
Increased Cost of Stock Borrow:	Not Applicable
Determining Party:	MSIL
Non-Reliance:	Applicable
Agreements and Acknowledgments Regarding Hedging Activities:	Applicable
Additional Acknowledgments:	Applicable
Other Provisions:	
Additional Agreements:	If due to the occurrence of an Extraordinary Event or otherwise Counterparty would be obligated to pay cash to MSIL pursuant to the terms of this Agreement for any reason without having had the right (other than pursuant to this paragraph) to elect to deliver Shares in satisfaction of such payment obligation, then Counterparty may elect to deliver to MSIL a number of Shares (whether registered or unregistered) having a cash value equal to the amount of such payment obligation (such number of Shares to be delivered to be determined by the Calculation Agent acting in a commercially reasonable manner to determine the number of Shares that could be sold by MSIL over a reasonable period of time to realize the cash equivalent of such payment obligation taking into account any applicable discount (determined in a commercially reasonable manner) to reflect any restrictions on transfer as well as the market value of the Shares). Further, if Counterparty is delivering Shares as a result of a Merger Event, the Settlement Date will be immediately prior to the effective time of the Merger Event and the Shares will be deemed delivered at such time such that MSIL will be a holder of the Shares prior to such effective time. Settlement relating to any delivery of Shares pursuant to this paragraph shall occur within a reasonable period of time. The number of Shares delivered pursuant to this paragraph shall not exceed the Maximum Deliverable Share Amount and shall be subject to the provisions under "Early Termination" hereof regarding Proceeds Amount.

Early Termination:	Notwithstanding any provision to the contrary, upon the designation of an Early Termination Date hereunder, a party's payment obligation in respect of this Transaction only as determined in accordance with Second Method and Market Quotation (the "**Transaction Early Termination Amount**") may, at the option of Counterparty, be satisfied by the party owing such amount by the delivery of a number of Shares equal to the Transaction Early Termination Amount divided by the Termination Price ("**Early Termination Stock Settlement**"); provided, however, that Counterparty must notify MSIL of its election of Early Termination Stock Settlement by the close of business on the day that is two Exchange Business Days following the day that the notice designating the Early Termination Date is effective. "**Termination Price"** means the closing price per Share on the Exchange on the Early Termination Date. A number of Shares calculated as being due in respect of any Early Termination Stock Settlement will be deliverable on the third Exchange Business Day following the date that notice pursuant to Section 6(d)(i) of the Agreement specifying the number of Shares deliverable is effective. Section 6(d)(i) of the Agreement is hereby amended by adding the following words after the word "paid" in the fifth line thereof: "or any delivery is to be made, as applicable." On or prior to the Early Termination Date (if Early Termination Stock Settlement is elected), if so requested by the MSIL, Counterparty shall enter into a registration rights agreement with MSIL in form and substance reasonably acceptable to MSIL which agreement will contain among other things, customary representations and warranties and indemnification, restrictions on sales during "blackout dates" as provided for in the Registration Rights Agreement and shall satisfy the conditions contained therein and Counterparty shall file and diligently pursue to effectiveness a Registration Statement pursuant to Rule 415 under the Securities Act. If and when such Registration Statement shall have been declared effective by the Securities and Exchange Commission, Counterparty shall have made available to MSIL such Prospectuses as MSIL may reasonably request to comply with the applicable prospectus delivery requirements for the resale by MSIL of such number of Shares as MSIL shall specify (or, if greater, the number of Shares that Counterparty shall specify). Such Registration Statement shall be effective and Prospectus shall be current until the earliest of the date on which (i) all Shares delivered by Counterparty in connection with an Early Termination Date, (ii) MSIL has advised Counterparty that it no longer requires that such Registration Statement be effective or (iii) all remaining Shares could be sold by MSIL without registration pursuant to Rule 144 promulgated under the Securities Act (the "**Termination Registration Period**"). It is understood that the Registration Statement and Prospectus will cover a number of Shares equal to the number of Shares plus the aggregate number of Shares (if any) reasonably estimated by MSIL to be potentially deliverable by Counterparty in connection with Early Termination Stock Settlement hereunder, but in no event exceeding the Maximum Deliverable Share Amount. On each day during the Registration Period Counterparty shall represent that each of its filings under the Securities Act, the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), or other applicable securities laws that are required to be filed have been filed and that, as of the respective dates thereof and as of the date of this representation, there is no misstatement of a material fact contained therein or omission of a material fact required to be stated therein or necessary to make the statements therein not misleading.

If Counterparty does not deliver Shares subject to an effective Registration Statement as set forth above, Counterparty may deliver unregistered Shares in an amount determined by MSIL based upon MSIL's commercially reasonable judgment of the market value of such Shares. In no event shall Counterparty be required to deliver to MSIL a number of Shares greater than the Maximum Deliverable Share Amount.

If MSIL receives Shares in connection with an Early Termination Stock Settlement that cannot be freely sold under the Securities Act or that are subject to any legend restricting transferability, MSIL shall sell such Shares in a commercially reasonable manner until the amount received by MSIL for the sale of such Shares (net of transaction costs, calculated in a commercially reasonable manner) (the "**Proceeds Amount**") is equal to the Transaction Early Termination Amount. Any remaining Shares shall be returned to Counterparty. If the Proceeds Amount is less than the Transaction Early Termination Amount, Counterparty shall promptly deliver additional Shares to MSIL upon request until the dollar amount from the sale of such additional Shares by MSIL (net of transaction costs, calculated in a commercially reasonable manner) equals the difference between the Transaction Early Termination Amount and the Proceeds Amount. In no event shall Counterparty be required to deliver to MSIL a number of Shares greater than the Maximum Deliverable Share Amount.

Compliance With Securities Laws:

Each party represents and agrees that it has complied, and will comply, in connection with this Transaction and all related or contemporaneous sales and purchases of Shares, with the applicable provisions of the Securities Act, the Exchange Act, and the rules and regulations thereunder, including, without limitation, Rule 10b-5 and 13e and Regulation M under the Exchange Act,provided that each party shall be entitled to rely conclusively on any information communicated by the other party concerning such other party's market activities andprovided further that Counterparty shall have no liability as a result of a breach of this representation due to MSIL's gross negligence or willful misconduct.

Each party further represents that if such party ("**X**") purchases any Shares from the other party pursuant to this Transaction, such purchase(s) will comply in all material respects with (i) all laws and regulations applicable to X, and (ii) all contractual obligations of X.

Each party acknowledges that the offer and sale of the Transaction to it is intended to be exempt from registration under the Securities Act by virtue of Section 4(2) thereof. Accordingly, Counterparty represents and warrants to MSIL that (i) it has the financial ability to bear the economic risk of its investment in the Transaction and is able to bear a total loss of its investment, (ii) it is an "accredited investor" as that term is defined in Regulation D as promulgated under the Securities Act and (iii) the disposition of the Transaction is restricted under this Confirmation, the Securities Act and state securities laws. On or prior to the Trade Date, Counterparty shall deliver to MSIL a resolution of Counterparty's board of directors authorizing the Transaction and such other certificate or certificates as MSIL shall reasonably request.

Counterparty represents and acknowledges that as of the date hereof:

(a) No consent, approval, authorization, or order of, or filing with, any governmental agency or body or any court is required in connection with the execution, delivery or performance by Company of this Confirmation, except such as have been obtained or made and such as may be required under the Securities Act or state securities laws;

(b) the number of Available Shares on the date hereof is greater than the Maximum Deliverable Share Amount; and

(c) without limiting the generality of Section 13.1 of the Equity Definitions, MSIL is not making any representations or warranties with respect to the treatment of the Transaction under FASB Statements 149 or 150, EITF Issue No. 00-19 (or any successor issue statements) or under FASB's Liabilities & Equity Project.

Account Details:

Account for payments

to Counterparty: Not Applicable

Account for payment to MSIL: Chase Manhattan Bank, New York
BIC: CHASUS33
ABA#: 021-000-021
FAO: Morgan Stanley & Co Intl Ltd.
A/C: 400333139

For further credit to Customer Account 033AC0048

Agreement Regarding Shares: Counterparty agrees that, in respect of any Shares delivered to MSIL, such Shares shall be, upon such delivery, duly and validly authorized, issued and outstanding, fully paid and non-assessable and subject to no adverse claims of any other party. The issuance of such Shares does not and will not require the consent, approval, authorization, registration or qualification of any government authority, except such as shall have been obtained on or before the delivery date of any Shares or in connection with any Registration Statement filed with respect to any Shares.

Covenant Regarding Shares: Counterparty covenants that it shall not take any action to decrease the number of Available Shares below the Maximum Deliverable Share Amount.

Bankruptcy Rights: In the event of Counterparty's bankruptcy, MSIL's rights in connection with this Transaction shall not exceed those rights held by common shareholders. For the avoidance of doubt, the parties acknowledge and agree that MSIL's rights with respect to any other claim arising from this Transaction prior to Counterparty's bankruptcy shall remain in full force and effect and shall not be otherwise abridged or modified in connection herewith.

Set-Off: Each party waives any and all rights it may have to set-off, whether arising under any agreement, applicable law or otherwise.

Collateral: None.

Transfer: Counterparty may transfer its rights and delegate its obligations under this Transaction in accordance with Section 7 of the Master Agreement. MSIL may assign its rights and delegate its obligations hereunder, in whole or in part, to any other person (an "**Assignee**") without the prior consent of the Counterparty, effective (the "**Transfer Effective Date**") upon delivery to Counterparty of an executed acceptance and assumption by the Assignee (an "**Assumption**") of the transferred obligations of MSIL under this Transaction (the "**Transferred Obligations**").

Regulation:	MSIL is regulated by The Securities and Futures Authority Limited and has entered into this Transaction as principal.
Indemnity:	Each party agrees to indemnify the other party, its Affiliates and their respective directors, officers, agents and controlling parties (each such person being an "**Indemnified Party**") from and against any and all losses, claims, damages and liabilities, joint and several, to which such Indemnified Party may become subject because of a breach of any representation or covenant hereunder, in the Agreement or any other Agreement relating to the Agreement or Transaction and will reimburse any Indemnified Party for all reasonable expenses (including reasonable legal fees and expenses) as they are incurred in connection with the investigation of, preparation for, or defense of, any pending or threatened claim or any action or proceeding arising therefrom, whether or not such Indemnified Party is a party thereto.

Additional Agreements, Representations and Covenants of Counterparty, Etc.:

(a) Counterparty hereby represents and warrants to MSIL, on each day from the Trade Date to and including the earlier of (i) February 17, 2006 and (ii) the date by which MSIL is able to initially complete a hedge of its position created by this Transaction, that:

(1) it will not, and will not permit any person or entity subject to its control to, bid for or purchase Shares during such period except as disclosed in the Offering Memorandum relating to the Convertible Notes; and

(2) it has publicly disclosed all material information necessary for it to be able to purchase or sell Shares in compliance with applicable federal securities laws and that it has publicly disclosed all material information with respect to its condition (financial or otherwise).

(b) The parties hereby agree that all documentation with respect to this Transaction is intended to qualify this Transaction as an equity instrument for purposes of EITF 00-19.

(c) No collateral shall be required by either party for any reason in connection with this Transaction.

(d) MSIL shall not be entitled to exercise any Warrant hereunder as provided below, and Automatic Exercise shall not apply with respect to any Warrant, to the extent the exercise of such Warrant would cause MSIL to become, directly or indirectly, the beneficial owner of more than 8.0 percent of the class of the Counterparty's equity securities that is comprised of the Shares for purposes of Section 13 of the Exchange Act (in such case, an "**Excess Share Owner**").

MSIL shall provide prior notice to Counterparty if the exercise of any Warrant hereunder would cause MSIL to become directly or indirectly, an Excess Share Owner;provided that the failure of MSIL to provide such notice shall not alter the effectiveness of the provisions set forth in the preceding sentence and any purported exercise in violation of such provisions shall be void and have no effect.

If MSIL is not entitled to exercise any Warrant because such exercise would cause MSIL to become, directly or indirectly, an Excess Share Owner and MSIL thereafter disposes of Shares owned by it or any action is taken that would then permit MSIL to exercise such Warrant without such exercise causing it to become, directly or indirectly, an Excess Share Owner, then MSIL shall provide notice of the taking of such action to Counterparty and such Warrant shall then become exercisable by MSIL to the extent such Warrant is otherwise or had otherwise become exercisable hereunder. In such event, the Expiration Date with respect to such Warrant shall be the date on which Counterparty receives such

notice from MSIL, and the related Settlement Date shall be as soon as reasonably practicable after receipt of such notice but no more than three (3) Exchange Business Days thereafter (but in no event shall the Settlement Date occur prior to the date on which it would have otherwise occurred but for the provisions of this paragraph (d));provided that the related Net Physical Settlement Amount shall be the same as the Net Physical Settlement Amount but for the provisions of this paragraph (d). In addition, within 30 calendar days of the Settlement Date, Counterparty shall use its reasonable efforts to refrain from activities that could reasonably be expected to result in MSIL's ownership of Shares exceeding 10% of all issued and outstanding Shares.

(e) MSIL hereby agrees that from the Trade Date through to and including the Settlement Date, it will:

(1) use its reasonable efforts to not become an "affiliate" of Counterparty as such term is defined in Regulation 144(a)(1) under the Securities Act; and

(2) not vote any Shares held or received pursuant hereto, as to which it has the right to exercise a vote.

ISDA Master Agreement

With respect to the Agreement, MSIL and Counterparty each agree as follows:

Specified Entities:

(i) in relation to MSIL, for the purposes of:

Section 5(a)(v): not applicable
Section 5(a)(vi): not applicable
Section 5(a)(vii): not applicable
Section 5(b)(iv): not applicable

and (ii) in relation to Counterparty, for the purposes of:

Section 5(a)(v): not applicable
Section 5(a)(vi): not applicable
Section 5(a)(vii): not applicable
Section 5(b)(iv): not applicable

"**Specified Transaction"** will have the meaning specified inSection 14 of this Agreement.

The "**Credit Event Upon Merger"** provisions ofSection 5(b)(iv) of the Agreement will not apply to MSIL and Counterparty.

The **"Automatic Early Termination"** provision ofSection 6(a) of the Agreement will not apply to MSIL or to Counterparty.

Payments on Early Termination. For the purpose ofSection 6(e) of the Agreement: (i) Market Quotation shall apply; and (ii) the Second Method shall apply.

"**Termination Currency"** means USD.

Tax Representations:

(I) For the purpose of Section 3(e) of the Agreement, each party represents to the other party that it is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or

withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii), or 6(e) of the Agreement) to be made by it to the other party under the Agreement. In making this representation, each party may rely on (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of the Agreement, (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of the Agreement, and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of the Agreement, and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of the Agreement;provided that it will not be a breach of this representation where reliance is placed on clause (ii) above and the other party does not deliver a form or document under Section 4(a)(iii) of the Agreement by reason of material prejudice to its legal or commercial position.

(II) For the purpose of Section 3(f) of the Agreement, each party makes the following representations to the other party:

(i) MSIL represents that it is a limited company organized under the laws of England and Wales and a resident of the United Kingdom.

(ii) Counterparty represents that it is a corporation incorporated under the laws of the State of Delaware.

Delivery Requirements: For the purpose ofSections 3(d),4(a)(i) and(ii) of the Agreement, each party agrees to deliver the following documents:

Tax forms, documents or certificates to be delivered are:

Each party agrees to complete (accurately and in a manner reasonably satisfactory to the other party), execute, and deliver to the other party, United States Internal Revenue Service Form W-9 or W-8 BEN, or any successor of such form(s): (i) before the first payment date under this agreement; (ii) promptly upon reasonable demand by the other party; and (iii) promptly upon learning that any such form(s) previously provided by the other party has become obsolete or incorrect.

Other documents to be delivered:

Party Required to Deliver Document	Document Required to be Delivered	When Required	Covered by Section 3(d) Representation
Counterparty	Evidence of the authority and true signatures of each official or representative signing this Confirmation	Upon or before execution and delivery of this Confirmation	Yes
Counterparty	Certified copy of the resolution of the Board of Directors or equivalent document authorizing the execution and delivery of this Confirmation	Upon or before execution and delivery of this Confirmation	Yes
MSIL	Guarantee of its Credit Support Provider together with evidence of the authority and true signatures of the signatories, if applicable	Upon or before February 17, 2006	Yes

Addresses for Notices: For the purpose of Section 12(a) of the Agreement:

Address for notices or communications to MSIL for all purposes:

Address:	Morgan Stanley & Co. International Limited c/o Morgan Stanley Bank One New York Plaza, 4th Floor New York, NY 10004
Attention:	Fred Gonfiantini
Facsimile No.:	(212) 507-0724
Telephone No.:	(212) 276-2427

With a copy to:	Law Division Morgan Stanley 1585 Broadway, 38th Floor New York, NY 10036
Attention:	Anthony Cicia
Facsimile No:	(212) 507-4338
Telephone No:	(212) 761-3452

Address for notices or communications to Counterparty for all purposes:

Amgen Inc.
One Amgen Center Drive
Thousand Oaks, CA 91320-1799
Telephone No.: (805) 447-1000
Facsimile No.: (805) 449-2863
Attention: Treasurer

Process Agent: For the purpose of Section 13(c) of the Agreement, MSIL appoints as its process agent:

Address:	Morgan Stanley Bank One New York Plaza, 4th Floor New York, NY 10004
Attention:	Fred Gonfiantini
Facsimile No.:	(212) 507-0724
Telephone No.:	(212) 276-2427

Counterparty does not appoint a Process Agent.

Multibranch Party. For the purpose of Section 10(c) of the Agreement: Neither MSIL nor Counterparty is a Multibranch Party.

Calculation Agent. The Calculation Agent is MSIL.

Credit Support Document.

MSIL: Guarantee of Morgan Stanley dated February 16, 2006

Counterparty: Not Applicable

Credit Support Provider.

With respect to MSIL: Morgan Stanley

With respect to Counterparty: Not Applicable.

Governing Law. This Confirmation will be governed by, and construed in accordance with, the laws of the State of New York.

Waiver of Jury Trial. Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any suit, action or proceeding relating to this Transaction. Each party (i) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that such other party would not, in the event of such a suit, action or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party have been induced to enter into this Transaction, as applicable, by, among other things, the mutual waivers and certifications provided herein.

Netting of Payments. The provisions of Section 2(c) of the Agreement shall not be applicable to this Transaction.

Basic Representations. Section 3(a) of the Agreement is hereby amended by the deletion of "and" at the end of Section 3(a)(iv); the substitution of a semicolon for the period at the end of Section 3(a)(v) and the addition of Sections 3(a)(vi), as follows:

> **Eligible Contract Participant; Line of Business.** Each party agrees and represents that it is an "eligible contract participant" as defined in Section 1a(12) of the U.S. Commodity Exchange Act, as amended ("**CEA**"), this Agreement and the Transaction thereunder are subject to individual negotiation by the parties and have not been executed or traded on a "trading facility" as defined in Section 1a(33) of the CEA, and it has entered into this Confirmation and this Transaction in connection with its business or a line of business (including financial intermediation), or the financing of its business.

Amendment of Section 3(a)(iii). Section 3(a)(iii) of the Agreement is modified to read as follows:

> **No Violation or Conflict**. Such execution, delivery and performance do not materially violate or conflict with any law known by it to be applicable to it, any provision of its constitutional documents, any order or judgment of any court or agency of government applicable to it or any of its assets or any material contractual restriction relating to Specified Indebtedness binding on or affecting it or any of its assets.

Amendment of Section 3(a)(iv). Section 3(a)(iv) of the Agreement is modified by inserting the following at the beginning thereof:

> "To such party's best knowledge,"

Additional Representations:

Counterparty Representations. Counterparty (i) has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of entering into this Transaction; and (ii) has consulted with its own legal, financial, accounting and tax advisors in connection with this Transaction.

Acknowledgements:

(1) The parties acknowledge and agree that there are no other representations, agreements or other undertakings of the parties in relation to this Transaction, except as set forth in this Confirmation.

(2) The parties hereto intend for:

(a) this Transaction to be a "securities contract" as defined in Section 741(7) of Title 11 of the United States Code (the "**Bankruptcy Code**"), qualifying for the protections under Section 555 of the Bankruptcy Code;

(b) a party's right to liquidate this Transaction and to exercise any other remedies upon the occurrence of any Event of Default under the Agreement with respect to the other party to constitute a "contractual right" as defined in the Bankruptcy Code;

(c) all payments for, under or in connection with this Transaction, all payments for the Shares and the transfer of such Shares to constitute "settlement payments" as defined in the Bankruptcy Code.

(3) The parties acknowledge and agree that in the event of an Early Termination Date as a result of an Event of Default, the amount payable under the Agreement will be a cash amount calculated as described therein and that any delivery specified in this Transaction will no longer be required.

Amendment of Section 6(d)(ii). Section 6(d)(ii) of the Agreement is modified by deleting the words "on the day" in the second line thereof and substituting therefor "on the day that is three Local Business Days after the day". Section 6(d)(ii) is further modified by deleting the words "two Local Business Days" in the fourth line thereof and substituting therefor "three Local Business Days."

Amendment of Definition of Reference Market-Makers. The definition of "Reference Market-Makers" in Section 14 is hereby amended by adding in clause (a) after the word "credit" and before the word "and" the words "or to enter into transactions similar in nature to the Transactions."

Consent to Recording. Each party consents to the recording of the telephone conversations of trading and marketing personnel of the parties and their Affiliates in connection with this Confirmation. To the extent that one party records telephone conversations (the "Recording Party") and the other party does not (the "Non-Recording Party"), the Recording Party shall in the event of any dispute, make a complete and unedited copy of such party's tape of the entire day's conversations with the Non-Recording Party's personnel available to the Non-Recording Party. The Recording Party's tapes may be used by either party in any forum in which a dispute is sought to be resolved and the Recording Party will retain tapes for a consistent period of time in accordance with the Recording Party's policy unless one party notifies the other that a particular transaction is under review and warrants further retention.

Disclosure. Each party hereby acknowledges and agrees that MSIL has authorized Counterparty to disclose this Transaction and any related hedging transaction between the parties if and to the extent that Counterparty reasonably determines (after consultation with MSIL) that such disclosure is required by law or by the rules of NASDAQ or any securities exchange. Notwithstanding any provision in this Confirmation or the Agreement, in connection with Section 1.6011-4 of the Treasury Regulations, the parties hereby agree that each party (and each employee, representative, or other agent of such party) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the Transaction and all materials of any kind (including opinions or other tax analyses) that are provided to such party relating to such U.S. tax treatment and U.S. tax structure, other than any information for which nondisclosure is reasonably necessary in order to comply with applicable securities laws.

Severability. If any term, provision, covenant or condition of this Confirmation, or the application thereof to any party or circumstance, shall be held to be invalid or unenforceable in whole or in part for any reason, the remaining terms, provisions, covenants, and conditions hereof shall continue in full force and effect as if this Confirmation had been executed with the invalid or unenforceable provision eliminated, so long as this Confirmation as so modified continues to express, without material change, the original intentions of the parties as to the subject matter of this Confirmation and the deletion of such portion of this Confirmation will not substantially impair the respective benefits or expectations of parties to this Agreement; provided, however, that this severability provision shall not be applicable if any provision of Section 2, 5, 6 or 13 of the Agreement (or any definition or provision in Section 14 to the extent that it relates to, or is used in or in connection with any such Section) shall be so held to be invalid or unenforceable.

Affected Parties. For purposes of Section 6(e) of the Agreement, each party shall be deemed to be an Affected Party in connection with Illegality and any Tax Event.

Agent. (a) Morgan Stanley Bank ("MSB") is acting as agent for both parties but does not guarantee the performance of MSIL. MSIL is not a member of the Securities Investor protection Corporation; (b) MSB, MSIL and Counterparty each hereby acknowledges that any transactions by MSIL or MSB in the Shares will be undertaken by MSIL as principal for its own account; (c) all of the actions to be taken by MSIL and MSB in connection with the Transaction shall be taken by MSIL or MSB independently and without any advance or subsequent consultation with the Counterparty; and (d) MSB is hereby authorized to act as agent for Counterparty only to the extent required to satisfy the requirements of Rule 15a-6 under the Exchange Act in respect of the transactions described hereunder.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us.

Very truly yours,

Morgan Stanley & Co. International Limited

By: _____
Name:
Title:

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us.

Very truly yours,

Morgan Stanley Bank, as agent

By: _____
Name:
Title:

Confirmed as of the date first above written:

AMGEN INC.

By: _____
Name:
Title:

February , 2006

To: Amgen, Inc.

Ladies and Gentlemen:

In consideration of that certain 1992 ISDA Master Agreement and Schedule related thereto dated as of February 14, 2006 among Morgan Stanley & Co. International Limited (hereinafter "Party A") and Amgen Inc. (hereinafter "Party B") with Morgan Stanley Bank as agent for both parties (such 1992 ISDA Master Agreement and Schedule related thereto, together with each Confirmation exchanged between the parties pursuant thereto, hereinafter the "Agreement"), Morgan Stanley, a Delaware corporation (hereinafter "MS"), hereby irrevocably and unconditionally guarantees to Party B, with effect from the date of the Agreement, the due and punctual payment of all amounts payable by Party A under the Agreement when the same shall become due and payable, whether on Scheduled Payment Dates, upon demand, upon declaration of termination or otherwise, in accordance with the terms of the Agreement. Upon failure of Party A punctually to pay any such amounts, and upon written demand by Party B to MS at its address set forth in the signature block of this Guarantee (or to such other address as MS may specify in writing), MS agrees to pay or cause to be paid such amounts; provided that delay by Party B in giving such demand shall in no event affect MS's obligations under this Guarantee.

MS hereby agrees that its obligations hereunder shall be continuing and unconditional and will not be discharged except by complete payment of the amounts payable under the Agreement, irrespective of any claim as to the Agreement's validity, regularity or enforceability or the lack of authority of Party A to execute or deliver the Agreement; or any change in or amendment to the Agreement; or any waiver or consent by Party B with respect to any provisions thereof; or the absence of any action to enforce the Agreement, or the recovery of any judgment against Party A or of any action to enforce a judgment against Party A under the Agreement; any similar circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor generally.

MS hereby waives diligence, presentment, demand on Party A for payment or otherwise (except as provided hereinabove), filing of claims, requirement of a prior proceeding against Party A and protest or notice, except as provided for in the Agreement with respect to amounts payable by Party A. This Guarantee is a guarantee of payment and not of collection. If at any time payment under the Agreement is rescinded or must be otherwise restored or returned by Party B upon the insolvency, bankruptcy or reorganization of Party A or MS or otherwise, MS's obligations hereunder with respect to such payment shall be reinstated upon such restoration or return being made by Party B.

MS represents to Party B as of the date hereof that:

1. it is duly organized and validly existing under the laws of the jurisdiction of its incorporation and has full power and legal right to execute and deliver this Guarantee and to perform the provisions of this Guarantee on its part to be performed;

2. its execution, delivery and performance of this Guarantee have been and remain duly authorized by all necessary corporate action and do not contravene any provision of its certificate of incorporation or by-laws or any law, regulation or contractual restriction binding on it or its assets;

3. all consents, authorizations, approvals and clearances (including, without limitation, any necessary exchange control approval) and notifications, reports and registrations requisite for its due execution, delivery and performance of this Guarantee have been obtained from or, as the case may be, filed with the relevant governmental authorities having jurisdiction and remain in full force and effect and all conditions thereof have been duly complied with and no other action by, and no notice to or filing with, any governmental authority having jurisdiction is required for such execution, delivery or performance; and

4. this Guarantee is its legal, valid and binding obligation enforceable against it in accordance with its terms except as enforcement hereof may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' right or by general equity principles.

By accepting this Guarantee and entering into the Agreement, Party B agrees that MS shall be subrogated to all rights of Party B against Party A in respect of any amounts paid by MS pursuant to this Guarantee, provided that MS shall be entitled to enforce or to receive any payment arising out of or based upon such right of subrogation only to the extent that it has paid all amounts payable by Party A under the Agreement.

This Guarantee shall be governed by and construed in accordance with the laws of the State of New York. All capitalized terms not otherwise defined herein shall have the respective meanings assigned to them in the Agreement.

MORGAN STANLEY

By: _____

Name:

Title:

Address:

Exhibit 10.81

PURCHASE AGREEMENT

As of February 16, 2006

Citigroup Global Markets Inc.
390 Greenwich Street
New York, New York 10013
Attention: Corporate Equity Derivatives

Ladies and Gentlemen:

Amgen Inc., a Delaware corporation (the "**Company**"), subject to the terms and conditions and in reliance upon the representations and warranties set forth herein, confirms its agreement with Citigroup Global Markets Inc. (the "**Dealer**") to purchase from the Dealer 14,188,162 shares (the "**Initial Shares**"), of the Company's common stock, $0.0001 par value per share (the "**Common Stock**"), at a per share price of $81.00 (the "**Initial Price**") (subject to adjustment as provided herein). Prior to the close of business on the first Trading Day immediately following the date hereof (the "**Settlement Date**"), (A) the Company will pay for the Initial Shares by delivering an amount equal to the Aggregate Purchase Price (as hereinafter defined) by wire transfer of immediately available funds to an account designated by the Dealer and (B) the Dealer will deliver the Initial Shares to the Company. The parties understand and agree that the delivery of the Initial Shares by or on behalf of the Dealer upon the payment of the Aggregate Purchase Price by the Company is irrevocable and that as of the Settlement Date the Company shall be the sole beneficial owner of the Initial Shares for all purposes.

The parties to this Agreement agree that the purchases of shares of Common Stock anticipated by this Agreement shall be made pursuant to the requirements of and in conformity with the provisions of Rule 10b5-1 under the Exchange Act (as hereinafter defined), and a plan established by the Company as permitted by Rule 10b5-1 (the "**Plan**") described in Annex B hereto.

Section 1.Purchase Price Adjustment.

(a) [Reserved]

(b) For each Trading Day, commencing on the Settlement Date, the Calculation Agent (as hereinafter defined) shall determine the following amounts, as applicable:

(i) The Purchase Price Adjustment (as hereinafter defined) owed to the Dealer by the Company on the Excess Daily Value (as hereinafter defined), if any, for each prior Trading Day;

(ii) The Purchase Price Adjustment owed to the Company by the Dealer on the Deficit Daily Value (as hereinafter defined), if any, for each prior Trading Day;

(iii) The Daily Rebate Value (as hereinafter defined) owed to the Company by the Dealer on a Daily Notional Amount (as hereinafter defined), if any, for each prior Trading Day; and

(iv) The value (which may be positive or negative) equal to the sum of the Purchase Price Adjustment pursuant to clause (ii) above and the Daily Rebate Value pursuant to clause (iii) above minus the Purchase Price Adjustment pursuant to clause (i) above with respect to each day during the Transaction Term (a "**Daily Accrual Value**").

(c) On the tenth Trading Day immediately following the last day of the Transaction Term (the "**Final Settlement Date**"), the Dealer shall pay the Final Settlement Value if the Final Settlement Value is negative or the Company shall pay the Final Settlement Value if the Final Settlement Value is positive.

(d) In the event that the Final Settlement Value is positive, prior to the close of business on the Final Settlement Date, the Company shall cause to be delivered the lesser of (Y) Final Stock Settlement Shares, the value of which is equal to the Final Settlement Value or (Z) the Cap Amount (such lesser amount, the "**Positive Final Settlement Value**"). If the Company represents to the Dealer that the Company is not in possession of material non-public information or if the Company has terminated the Plan pursuant to its terms, then the Company may, in lieu of the foregoing, elect at its discretion to pay to the Dealer an amount in cash (by wire transfer of immediately available funds) equal to the Positive Final Settlement Value. Such election by the Company to pay cash instead of shares of Common Stock shall be made by the second Trading Day immediately succeeding the notice by the Dealer to the Company that the Final Settlement Value is positive.

If a Stock Settlement Deficiency exists, the Dealer will notify the Company within five (5) Trading Days of the determination of such Stock Settlement Deficiency. Within three (3) Trading Days of such notification, the Company shall deliver to the Dealer shares of Common Stock, the value of which is equal to the Stock Settlement Deficiency Amount (such number of shares being based on the Closing Price of the Common Stock on the third Trading Day immediately succeeding the date of the notification by the Dealer to the Company of the Stock Settlement Deficiency). If the Company delivers shares of Common Stock pursuant to the preceding sentence, the Company shall be obligated to deliver shares of Common Stock to the Dealer, upon notification by the Dealer, until such time as the Dealer has received an amount

from the sale of such shares equal to the Final Settlement Value or until such time as the Company has delivered the amount of shares which is equal to the Cap Amount. If the Company represents to the Dealer that the Company is not in possession of material non-public information or if the Company has terminated the Plan pursuant to its terms, then the Company may, in lieu of the foregoing, elect at its discretion to pay to the Dealer an amount in cash (by wire transfer of immediately available funds) equal to the Stock Settlement Deficiency instead of delivering shares of Common Stock anticipated by the first sentence of this paragraph. Such election by the Company to pay cash instead of shares of Common Stock shall be made by the second Trading Day immediately succeeding the notice by the Dealer to the Company of Stock Settlement Deficiency.

If a Stock Settlement Excess exists, the Dealer will notify the Company within five (5) Trading Days of the determination of such Stock Settlement Excess. Within three (3) Trading Days of such notification, the Dealer shall deliver to the Company the Stock Settlement Excess Amount. If the Company represents to the Dealer that the Company is not in possession of material non-public information or if the Company has terminated the Plan pursuant to its terms, then the Company may, in lieu of the foregoing, elect at its discretion to have the Dealer pay an amount in cash (by wire transfer of immediately available funds) equal to proceeds received by Dealer from the sale of the Stock Settlement Excess Amount instead of delivering shares of Common Stock anticipated by the immediately preceding sentence. Such election by the Company to receive cash instead of shares of Common Stock shall be made by the second Trading Day immediately succeeding the notice by the Dealer to the Company of Stock Settlement Excess.

In the event that the Final Settlement Value is negative, the Dealer shall cause such amount to be delivered to the Company. The Dealer shall satisfy such obligation by delivery to the Company of a number of shares of Common Stock equal to the quotient obtained by dividing the Final Settlement Value by the average per share purchase price paid by the Dealer to acquire (in a commercially reasonable manner) such shares of Common Stock. If the Company represents to the Dealer that the Company is not in possession of material non-public information or if the Company has terminated the Plan pursuant to its terms, then the Company may, in lieu of the foregoing, elect at its discretion to have the Dealer pay an amount in cash (by wire transfer of immediately available funds) equal to the Final Settlement Value instead of delivering shares of Common Stock anticipated by the immediately preceding sentence. Such election to receive cash instead of shares of Common Stock shall be made by second Trading Day immediately succeeding the notice by the Dealer to the Company that the Final Settlement Value is negative.

If the Dealer is unable to purchase a total number of shares of Common Stock equal to the Initial Shares by the deadline established in the definition of "Maturity Date," then such deadline shall be postponed to a date determined by the Dealer in a written notice to the Company that would enable the Dealer to purchase a total number of shares of Common Stock equal to the Initial Shares. For the purposes of clarity, it is understood and acknowledged by the parties hereto that such postponement shall, among other consequences, extend the Transaction Term and that additional postponements may be required if the Dealer continues to be unable to purchase a total number of shares of Common Stock equal to the Initial Shares by any postponed deadline for the Maturity Date.

The Final Stock Settlement Shares and any other shares of Common Stock made as payment by the Company to the Dealer pursuant to Section 1(d) shall be delivered by the Company in shares of Common Stock the resale of which may be unregistered or registered

under the Securities Act (in the Company's sole discretion). In the event the Company elects to deliver shares pursuant to Section 1(d) that are intended to be registered under the Securities Act, no later than the Trading Day immediately prior to any delivery, the Company shall have executed and delivered to the Dealer the Registration Rights Agreement. In the event that shares which are not intended to be registered under the Securities Act are delivered to the Dealer pursuant to Section 1(d), the Dealer shall, in consultation with the Company, determine the value of such shares by applying a commercially reasonable discount (which discount shall reflect any costs associated with the delay in resale addressed in the next sentence). If at the time of the delivery and resale of any shares which are not intended to be registered under the Securities Act the Company is unable to represent that the Company is not in possession of material non-public information, then the Dealer shall delay the resale of such shares until such representation may be made.

Section 2.Anti-dilution Adjustments.

(a) Subdivisions and Combination of Common Stock. In the event that the outstanding shares of the Common Stock shall be subdivided or split (including by means of a stock dividend) into a greater number of shares of Common Stock where the effective date of such subdivision or the record date for such split occurs during the Transaction Term, the Initial Shares, the Daily Share Purchase Amount, the Cap Amount and the other share-based terms used herein shall be proportionately increased and the Initial Price shall be deemed to be proportionately decreased. Conversely, in the event that the outstanding shares of Common Stock shall each be combined into a smaller number of shares of Common Stock through a combination of shares of Common Stock or a reverse stock split where the effective date of such combination or the record date for such reverse stock split occurs during the Transaction Term,

the Initial Shares, the Daily Share Purchase Amount, the Cap Amount and the other share-based terms used herein shall be proportionately decreased and the Initial Price shall be proportionately increased. Any adjustment pursuant to this Section 2(a) shall become effective (i) in the case of a subdivision or combination of the Common Stock, on the effective date of such subdivision or combination or (ii) in the case of a stock split or reverse stock split, at the close of business on the record date for such stock split or reverse stock split. Notwithstanding anything to the contrary contained herein, no adjustment shall be made pursuant to this Section 2(a) unless a similar adjustment is required to be made to the number of shares of Common Stock delivered or deliverable to the lender or lenders of Common Stock to the Dealer.

(b) Reclassification, Consolidation, Merger or Sale of Assets. In the event that during the Transaction Term the Company shall enter into any agreement, arrangement or understanding that provides for any recapitalization or reclassification of the Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of an event specified in Section 2(a)), any consolidation of the Company with, or merger of the Company into, any other person, any merger of another person into the Company (other than a merger which does not result in a reclassification, conversion, exchange or cancellation of outstanding shares of Common Stock), any sale or transfer of all or substantially all of the assets of the Company or any compulsory share exchange and pursuant to any of which the Common Stock is converted into the right to receive other securities, cash or other property (each of the foregoing, an "**Extraordinary Transaction**"), then the Dealer and the Company shall negotiate in good faith to amend this Agreement to give appropriate effect to the Extraordinary Transaction. In the event that the parties are unable to reach an agreement on the earlier of (i) twenty (20) Trading Days prior to the date, if any, that is specified for the consummation of such

transaction under the governing legal agreements for such transaction and (ii) ten (10) Trading Days after the first public disclosure of the contemplated Extraordinary Transaction (such earlier date, the "**Early Termination Date**"), (w) the Transaction Term shall be deemed to terminate on the fifth Trading Day after the Early Termination Date, (x) the provisions of Section 3(b)(i) shall be void and of no further force or effect from and after the Early Termination Date, (y) the Final Settlement Date shall be the eighth Trading Day after the Early Termination Date and (z) the Final Settlement Value shall be determined in a commercially reasonable manner by the Calculation Agent in consultation with the Company and the Dealer.

(c) Stock Borrow. In the event the Dealer cannot borrow a sufficient number of shares of Common Stock equal to the remaining number of Initial Shares not repurchased prior to such time at an average cost equal to the Spread or less, the Dealer, may request a change to the Spread to directly compensate for such cost above the Spread.

Section 3.Covenants.

(a) The Company covenants and agrees with the Dealer:

(i) during the Transaction Term, (A) neither the Company nor any of its affiliates shall take any action that would cause the purchases by the Dealer pursuant to Section 3(b)(i) of this Agreement not to comply with the provisions of Rule 10b-18(b)(1) under the Exchange Act as if such provisions applied and (B) the Company will provide the Dealer with all information necessary for Dealer to comply with Rule 10b-18(b)(4) as if such provisions applied;

(ii) during the Transaction Term, to promptly notify the Dealer telephonically (which oral communication shall be promptly confirmed by telecopy to the Dealer) that as a result of an acquisition or other business combination transaction or for any

other reason, the Company determines that the Company will be engaged in a distribution of shares of Common Stock or other securities for which Common Stock is a reference security for purposes of Rule 102 of Regulation M under the Exchange Act and to promptly notify the Dealer by telecopy of the period commencing on the date that is one (1) business day before the commencement of such distribution and ending on the day on which the Company completes the distribution;

(iii) during the Transaction Term, the Company shall not (i) alter its dividend policy that is in effect on the date hereof, (ii) declare an extraordinary dividend or (iii) set an ex-dividend date prior to the Maturity Date; and

(iv) the Company will pay the reasonable and documented fees and expenses of Davis Polk & Wardwell, counsel to the Dealer in connection with this Agreement and the transactions contemplated hereby.

(b) the Dealer covenants and agrees with the Company:

(i) subject to clauses (ii), (iii), (iv) and (v) below, to use its best efforts to purchase, or cause to be purchased, on each Trading Day during the Transaction Term the Daily Share Purchase Amount on the open market at the then market price;

(ii) in connection with bids and purchases pursuant to clause (i) above, the Dealer shall comply, or cause compliance, with the timing and volume provisions of Rule 10b-18(b)(2) and (4) under the Exchange Act as if such provisions applied;

(iii) in connection with bids and purchases pursuant to clause (i) above, the Dealer will effect purchases at a purchase price that does not exceed the highest independent bid or the last independent transaction price, whichever is higher, reported in the

consolidated system at the time such purchases are effected (as those terms are defined in Rule 10b-18 under the Exchange Act);

(iv) not to purchase shares of Common Stock on any Trading Day with respect to which the Dealer reasonably determines in good faith that it is required, in light of legal or regulatory requirements or related policies and procedures reasonably adopted by the Dealer, to refrain from purchasing shares of Common Stock on any such Trading Day. The Dealer shall promptly notify the Company upon exercising its rights pursuant to this clause (iv) and shall subsequently promptly notify the Company on the day the Dealer shall resume purchasing shares of Common Stock pursuant to clause (i) above, it being understood that the Dealer shall not be required to indicate to the Company the reason for the Dealer's exercise of its rights pursuant to this clause (iv) if the Dealer reasonably determines in good faith that disclosing such reason to the Company may result in a violation of federal or state securities laws or is prohibited by the Dealer's internal conflicts policies and procedures; and

Section 4. Representations and Warranties.

The Company hereby represents and warrants to the Dealer that as of the date hereof and each Trading Day during the Transaction Term:

(a) the Company has all power and authority to execute this Agreement and enter into the Plan and the transactions contemplated hereby (other than with respect to discretionary actions which, if undertaken by the Company, shall be duly authorized by the Board of Directors of the Company);

(b) this Agreement has been duly authorized, validly executed and delivered by the

Company and constitutes a legal, valid and binding agreement of the Company, enforceable against the Company in accordance with its terms (subject, as to enforcement of remedies, to applicable bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or other similar laws affecting the rights of creditors now or hereafter in effect, and to equitable principles that may limit the right to specific enforcement of remedies);

(c) the Company is not entering into this Agreement (i) to create actual or apparent trading activity in the Common Stock (or any security convertible into or exchangeable for Common Stock) or (ii) to facilitate a future distribution of the Common Stock (or any security convertible into or exchangeable for Common Stock) or in connection with a future issuance of securities as part of a plan, in either case with the intention to manipulate the price of the Common Stock (or any security convertible into or exchangeable for Common Stock);

(d) the purchase of the Initial Shares by the Company, the compliance by the Company with all of the provisions of this Agreement and the consummation of the transactions herein contemplated will not result in any violation of the provisions of the Restated Certificate of Incorporation, as amended, or Amended and Restated Bylaws, as amended, of the Company or any statute or any rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its properties;

(e) no consent, approval, authorization, order, registration or qualification of or with any court or governmental agency or governmental body having jurisdiction over the Company is required for the purchase of the Initial Shares by the Company, the compliance by the Company with all the terms of this Agreement, or the consummation by the Company of the transactions contemplated by this Agreement, other than the registration of shares of Common Stock pursuant to the Registration Rights Agreement; and

(f) the Company has made its own independent inquiry as to the legal, tax, credit and accounting aspects of the transactions contemplated by this Agreement and any related transactions, and the Company has not relied on the Dealer, the Dealer's legal counsel or the Dealer's accounting advisors for legal, tax, credit or accounting advice in connection with the transactions contemplated by this Agreement or any related transactions. The Company agrees and acknowledges that the Dealer and its affiliates may from time to time, not in the capacity of the Company's agent but in the ordinary course of their business, execute transactions for their own account or the account of customers and hold and deal in securities or options on securities of the Company (including, without limitation, Common Stock) and that the Dealer and its affiliates may continue to conduct such transactions during the Transaction Term.

The Dealer hereby represents and warrants to the Company that:

(a) the Dealer has all power and authority to execute this Agreement and to consummate the transactions contemplated hereby;

(b) this Agreement has been duly authorized, validly executed and delivered by the Dealer and constitutes a legal, valid and binding agreement of the Dealer, enforceable against the Dealer in accordance with its terms (subject, as to enforcement of remedies, to applicable bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or other similar laws affecting the rights of creditors now or hereafter in effect, and to equitable principles that may limit the right to specific enforcement of remedies);

(c) the Dealer has made its own independent inquiry as to the legal, tax, credit and accounting aspects of the transactions contemplated by this Agreement and any related transactions, and the Dealer has not relied on the Company or its legal counsel or accounting advisors for legal, tax, credit or accounting advice in connection with the transactions contemplated by this Agreement or any related transactions; and

(d) the Dealer acknowledges that its rights under this Agreement (other than Section 5) do not directly or indirectly give rise to any rights or claims against the Company as a creditor of the Company.

Section 5.Indemnification.

(i) The Company agrees to indemnify the Dealer and its affiliates and their respective directors, officers, employees, agents and controlling persons (the Dealer and each such person being an "**Indemnified Party**") from and against any and all losses, claims, damages and liabilities, joint or several, to which such Indemnified Party may become subject (and with respect to which is not duplicative of reimbursements otherwise made pursuant to the terms of this Agreement other than Section 5) under any applicable federal or state law, or otherwise, and related to or arising out of (a) the breach by the Company of any of its representations or warranties contained in this Agreement or the Plan and (b) the breach by the Company of any of its covenants or agreements contained in this Agreement or the Plan, and will reimburse any Indemnified Party for all expenses (including reasonable counsel fees and expenses) in connection with the investigation of, preparation for or defense or settlement of any pending or threatened claim or any action or proceeding arising therefrom, whether or not such Indemnified Party is a party except if such claim, action or proceeding is initiated or brought by or on behalf of the Company. The Company will not be liable under the foregoing indemnification provision to the extent that any loss, claim, damage, liability or expense is found in a final judgment by a court to have resulted directly from willful misconduct or negligence on the part of the Dealer or on the part of any other Indemnified Party.

(ii) If the indemnification provided for in this Agreement is for any reason held unenforceable, the Company agrees to contribute to the aggregate losses, claims, damages and liabilities (including legal or other expenses reasonably incurred in connection with the same) for which such indemnification is held unenforceable as shall be appropriate to reflect (1) the relative fault of the Company on the one hand and the Indemnified Parties on the other hand in connection with the actions or inactions that have resulted in such losses, claims, damages, liabilities and expenses, (2) the relative benefits received by the Company on the one hand and the Dealer on the other hand from the transactions contemplated by this Agreement and (3) any other relevant equitable considerations. Relative fault shall be determined by reference to, among other things, each such party's relative intent, knowledge, access to information and opportunity to correct or prevent such action or inaction. The Company and the Dealer each agree that it would not be just and equitable if contribution pursuant to this subparagraph (ii) were to be determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this Section 5, the Dealer shall not be required to contribute in excess of the amount equal to the excess of (x) the compensation received by the Dealer pursuant to this Agreement over (y) the amount of any damages which the Dealer has otherwise been required to pay by reason of any such action or inaction.

(iii) The Company agrees that without the prior written consent of the Dealer, which consent shall not be unreasonably withheld, it will not settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding in respect of which indemnification could be sought under the indemnification provision of this Agreement unless such settlement, compromise or consent includes an unconditional release of each Indemnified Party from all liability arising out of such claim, action or proceeding.

(v) The provisions of this Section 5 shall survive any termination of this Agreement or completion of the transactions contemplated hereby for one (1) year.

(vi) Promptly after receipt by an Indemnified Party of notice of the commencement of any action, such Indemnified Party will, if a claim in respect thereof may be made against the Company under this Section 5, notify the Company in writing of the commencement thereof, but the omission so to notify the Company will not relieve it from any liability which it may have to any Indemnified Party otherwise than under this Section 5 except to the extent that the Company's rights are materially prejudiced as a result of such delay. In case such notice of any such action shall be so given, the Company shall be entitled to participate at its own expense in the defense, or if it so elects, to assume the defense of such action, in which event such defense shall be conducted by counsel chosen by the Company and reasonably satisfactory to the Indemnified Party or Indemnified Parties who shall be defendant or defendants in such action, and such defendant or defendants shall bear the fees and expenses of any additional counsel retained by them; but if the Company shall elect not to assume the defense of such action, the Company will reimburse such Indemnified Party or Indemnified Parties for the reasonable fees and expenses of any counsel retained by them;provided,however, if the defendants in any such action (including impleaded parties) include both the Indemnified Parties and the Company and counsel for the Company shall have reasonably concluded that there may be a conflict of interest involved in the representation by a single counsel of both the Indemnifying Parties and the Company, the Indemnified Party or Indemnified parties shall have the right to select separate counsel, satisfactory to the Company (it being understood, however, that the Company shall not be liable for the expenses of more than one separate counsel representing the Indemnified Parties who are parties to such action.

Section 6. Certain Definitions.

As used herein the following terms shall have the meanings set forth below:

"**Actual Share Purchase Amount**" shall mean the actual number of shares of Common Stock purchased by the Dealer pursuant to Section 3(b)(i) of this Agreement on any given Trading Day.

"**Actual Share Purchase Value**" shall mean, on any given Trading Day, the product of the Actual Share Purchase Amount and the corresponding Settlement Price.

"**Aggregate Actual Share Purchase Value**" shall mean the amount equal to the aggregate value of all Actual Share Purchase Values, as calculated during the Transaction Term.

"Aggregate Purchase Price" shall mean an amount equal to the Initial Price multiplied by the number of Initial Shares.

"**Aggregate Purchase Price Adjustment Value**" shall mean the sum (which may be positive, if the Dealer owes the Company value, or negative, if the Company owes the Dealer value) of all Daily Accrual Values for each Trading Day during the Transaction Term.

"**Applicable Adjustment Rate**" shall mean, for any given Trading Day, an interest rate equal to the Daily Federal Funds Rate.

"**Calculation Agent**" shall mean the Dealer.

"**Cap Amount**" shall mean 16,400,000 shares.

"**Closing Price**" on any day shall mean the last reported sales price regular way of the Common Stock on such day or, in case no such sales price is reported on such day, the average of the reported closing bid and asked prices of the Common Stock, in each case on the NASDAQ, or if not then traded on the NASDAQ, the principal securities exchange or quotation system on which the Common Stock is then listed or admitted to trading, or if not then listed or

admitted to trading on a securities exchange or quotation system, the average of the closing bid and asked prices of the Common Stock in the over-the-counter market on the day in question as reported by the National Quotations Bureau Incorporated, or a similarly generally accepted reporting service, or, if not so available in such manner, as furnished by any NASDAQ member firm selected by the Calculation Agent.

"**Daily Effective Rate**" shall mean an amount determined by the Calculation Agent equal to the Daily Federal Funds Rate less the Spread.

"**Daily Federal Funds Rate**" shall mean, with respect to any Trading Day, the rate on such date for United States dollar federal funds as published in H.15(519) under the heading "Federal Funds (Effective)".

"**Daily Notional Amount**" shall mean an amount determined by the Calculation Agent equal to the product of (i) the Initial Price and (ii) the amount by which the Initial Shares exceeds the sum of all Actual Share Purchase Amounts which have been executed up to and including the Trading Day preceding the applicable Trading Day.

"**Daily Rebate Value**" shall mean an amount determined by the Calculation Agent equal to the product of (i) the Daily Effective Rate, (ii) 1/360 and (iii) each corresponding Daily Notional Amount.

"**Daily Share Purchase Amount**" shall mean an amount to be determined by the Dealer up to the maximum amount of shares of Common Stock permitted to be purchased pursuant to Rule 10b-18 (the "**10b-18 Amount**");provided,however, that such amount shall not be less than the lesser of (1) 1,000,0000 shares of Common Stock and (2) the 10b-18 Amount.

"**Daily Share Purchase Value**" shall mean the product of the Actual Share Purchase Amount and the Initial Price.

"**Deficit Daily Value**" shall mean, on any given Trading Day, if the Settlement Price is less than the Initial Price, the positive value by which the Daily Share Purchase Value exceeds the Actual Share Purchase Value, but in no event less than zero.

"**Excess Daily Value**" shall mean, on any given Trading Day, if the Settlement Price is greater than the Initial Price, the positive value by which the Actual Share Purchase Value exceeds the Daily Share Purchase Value, but in no event less than zero.

"**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended.

"**Final Settlement Value**" shall mean (i) the Aggregate Actual Share Purchase Value minus (ii) the sum of (A) the Aggregate Purchase Price plus (B) the Aggregate Purchase Price Adjustment Value.

"**Final Stock Settlement Shares**" shall mean a number of shares of Common Stock determined by the Calculation Agent (rounded up or down to the nearest whole number) equal to the number of shares of Common Stock that the Company would be required to deliver to the Dealer to satisfy its obligations to the Dealer pursuant to Section 1, based on the Closing Price of the Common Stock as of the Common Stock on the third Trading Day immediately succeeding the date of notification by the Dealer to the Company that the Final Settlement Value is positive.

"**Maturity Date**" shall mean the date on which the total number of shares of Common Stock purchased by the Dealer pursuant to and for purposes of satisfying the Dealer's obligation under Section 3(b)(i) of this Agreement (including for purposes of determining the Final Settlement Value) is equal to or greater than the Initial Shares,provided, that such date may not be after March 10, 2006 (which date is subject to postponement pursuant to Section 1(d) hereof).

"**NASDAQ**" shall mean The NASDAQ Stock Market.

"**Purchase Price Adjustment**" shall mean adjustment amounts accrued on the Excess

Daily Value or Deficit Daily Value, as applicable, and excluding the Trading Day on which such Excess Daily Value or Deficit Daily Value, as applicable, arises up from the first business day immediately succeeding the Settlement Date to and including the Final Settlement Date at the Applicable Adjustment Rate for such Trading Day.

"**Registration Rights Agreement**" shall mean the Registration Rights Agreement, substantially in the form of Annex A attached hereto, and with such changes as the parties may mutually agree.

"**Securities Act**" shall mean the Securities Act of 1933, as amended.

"**Settlement Price**" shall mean, on any given Trading Day, the weighted average market price per share paid by the Dealer to purchase the Actual Share Purchase Amount.

"**Spread**" shall mean 20 basis points.

"**Stock Settlement Deficiency**" shall mean the occurrence of each date, if any, on which the amount received by the Dealer from the sale of the Final Stock Settlement Shares, plus any other shares of Common Stock delivered by the Company to the Dealer pursuant to Section 1(d), is less than the Final Settlement Value.

"**Stock Settlement Deficiency Amount**" shall mean the amount by which the amount received by the Dealer from the sale of the Final Stock Settlement Shares, plus any other shares of Common Stock delivered by the Company to the Dealer pursuant to Section 1(d), is less than the Final Settlement Value.

"**Stock Settlement Excess**" shall mean the occurrence of each date, if any, on which the amount received by the Dealer from the sale of the Final Stock Settlement Shares, plus any other shares of Common Stock delivered by the Company to the Dealer pursuant to Section 1(d), equals or exceeds the Final Settlement Value.

"**Stock Settlement Excess Amount**" shall mean the number of Shares equal to the sum of: (a) the Final Stock Settlement Shares, plus any shares of Common Stock delivered by the Company to the Dealer pursuant to Section 1(d) (together, the "**Delivered Shares**"), remaining when a Stock Settlement Excess occurs and (b) a number of shares of Common Stock purchased by the Dealer (in a commercially reasonable manner) with any cash proceeds received by the Dealer from the sale of the Delivered Shares in excess of the Final Settlement Value.

"**Trading Day**" shall mean any day on which the Common Stock is traded on NASDAQ, or, if not then traded on the NASDAQ, the principal securities exchange or quotation system on which such securities are then traded or, if not then traded on a securities exchange or quotation system, in the over-the-counter market.

"**Transaction Term**" shall mean the period commencing on the Settlement Date and terminating on, and including, the Maturity Date.

Section 7.Miscellaneous.

(a) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and obligations set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

(b) Assignment. Neither the rights under this Agreement nor the obligations created by this Agreement shall be assignable or delegable, in whole or in part, by either party herein without the prior written consent of the other, and any attempt to assign or delegate any rights or obligations arising under this Agreement without such consent shall be void.

(c) Waivers, etc. No failure or delay on the part of either party in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any

such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. No amendment, modification or waiver of any provision of this Agreement nor consent to any departure by either party therefrom shall in any event be effective unless the same shall be in writing, and, in the case of a waiver or consent, shall be effective only in the specific instance and for the purpose for which given.

(d) Beneficiaries. This Agreement shall be binding upon, and inure solely to the benefit of, the Company and the Dealer and no other person shall acquire any rights hereunder. Without limiting the generality of the foregoing, the Dealer's obligations under Section 3(b)(i) are solely for the benefit of the Company and not the holders of any of the Company's securities.

(e) Changes of Law. If, due to any change in applicable law or regulations or the interpretation thereof by any court of law or other body having jurisdiction subsequent to the date of this Agreement, performance of any provision of this Agreement or any transaction contemplated hereby shall become impracticable or impossible, the parties hereto shall use their best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such provision.

(f) Confidentiality. Subject (i) to any contrary requirement of law or applicable regulator, (ii) to the right of each party to enforce its rights hereunder in any legal action and (iii) in the case of the Company, to the determination by its counsel that disclosure is appropriate or necessary, each party shall keep strictly confidential and shall cause its employees and agents to keep strictly confidential the terms of this Agreement and any information of or concerning the other party which it or any of its agents or employees may acquire pursuant to, or in the course of performing its obligations under, any provision of this Agreement. The Dealer hereby consents

to the issuance of a press release by the Company announcing its entry into this Agreement and the filing with the Securities and Exchange Commission of such information relating thereto as required under the Exchange Act (in each case in the Company's sole discretion).

Notwithstanding any provision in this Agreement, in connection with Section 1.6011-4 of the Treasury Regulations, the parties hereby agree that each party (and each employee, representative, or other agent of such party) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to such party relating to such U.S. tax treatment and U.S. tax structure, other than any information for which nondisclosure is reasonably necessary in order to comply with applicable securities laws.

(g) Expenses. The Company will pay or cause to be paid all expenses incident to the performance of its obligations under this Agreement, including the fees and disbursements of the Company's counsel and accountants and other experts. The Dealer will pay its own expenses incident to the performance of its obligations under this Agreement.

(h) Headings. Descriptive headings herein are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement.

(i) Counterparts. This Agreement may be executed by the parties hereto in counterparts, and each such executed counterpart shall be, and shall be deemed to be, an original instrument and all such counterparts, taken together, shall constitute one and the same instrument.

(j) Notices. All notices, consents, requests, instructions, approvals and other communications provided for herein shall be validly given, made or served if in writing and delivered personally, by telegram, by telecopy or sent by overnight courier, postage prepaid:

if to the Dealer:

Citigroup Global Markets Inc.
390 Greenwich Street
New York, New York 10013
Attention: Corporate Equity Derivatives

and, in connection with any notices
pursuant to Section 3(a)(ii) by
telephone and facsimile to:

Telephone: 212-723-7357
Facsimile: 212-723-8328

if to the Company:

Amgen Inc.
One Amgen Center Drive
Thousand Oaks, California 91320-1799
Facsimile: 805-499-8011
Attention: Corporate Secretary

with a copy to:

Latham & Watkins LLP
633 West Fifth Street, Suite 4000
Los Angeles, California 90071
Facsimile: 213-891-8763
Attention: Gregory P. Rodgers

or to such other address as any party may, from time to time, designate in a written notice given in a like manner. Notice given by telegram or telecopy shall be deemed delivered when evidence of the transmission is received by the sender and shall be confirmed in writing by overnight courier, postage prepaid. Notice given by overnight courier as set out above shall be deemed delivered the business day after the date the same is mailed.

(k) Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York without reference to conflict of law principles.

(l) Cap Amount. For the avoidance of doubt, notwithstanding anything herein to the contrary, in no event shall the Company be obligated to issue or deliver to the Dealer shares of Common Stock pursuant to this Agreement in excess of the Cap Amount (as such amount may be adjusted from time to time pursuant to Section 2).

(m) Waiver of Set-Off. Each of the Dealer and the Company waives any and all rights it may have to set-off under this Agreement, whether arising under any agreement, applicable law or otherwise.

If the foregoing is in accordance with our understanding of our agreement, please sign and return to us the enclosed duplicate hereof, whereupon this letter and your acceptance shall represent a binding Agreement between the Company and you.

Very truly yours,

AMGEN INC.

By _____
Name:
Title:

Accepted as of the date
first written above.

CITIGROUP GLOBAL MARKETS INC.

By _____
Name:
Title:

REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT dated as of , 200 between Amgen Inc., a Delaware corporation (the "**Company**"), and Citigroup Global Markets Inc. (the "**Shareholder**").

DEFINITIONS

1.1.Definitions. The following terms, as used herein, have the following meanings:

"**1933 Act**" means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

"**1934 Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

"**Business Day**" means any day except a Saturday, Sunday or other day on which commercial banks in New York are authorized by law or executive order to close.

"**Commission**" means the Securities and Exchange Commission.

"**Common Stock**" means the Company's common stock, $0.0001 par value.

"**Person**" means an individual, a corporation, a partnership, a limited liability company, an association, a trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"**Prospectus**" shall mean the prospectus that is a part of the Shelf Registration Statement at all times after the effective date of the Shelf Registration Statement, as the same may be amended.

"**Purchase Agreement**" means the Purchase Agreement between the Company and the Shareholder dated as of February 16, 2006.

"**Registrable Securities**" means all shares of Common Stock delivered by the Company to the Shareholder pursuant to the Purchase Agreement that it intends to register under the 1933 Act.

"**Shelf Registration Statement**" means the Shelf Registration Statement as defined in Section 2.1.

"**Underwriter**" means a securities dealer who purchases any Registrable Securities as principal and not as part of such dealer's market-making activities.

REGISTRATION RIGHTS

2.1.Shelf Registration. (a) If the Company delivers Registrable Securities to the Shareholder, the Company covenants and agrees that as of the date of such delivery the Company shall have prepared and filed with the Commission a shelf registration statement (as amended and supplemented from time to time, the "**Shelf Registration Statement**") relating to the Registrable Securities in accordance with Rule 415 under the 1933 Act, and, to the extent the Shelf Registration Statement has not theretofore been declared effective or is not automatically effective upon such filing, the Company shall cause such Shelf Registration Statement to be declared effective no later than the Final Settlement Date (as defined in the Purchase Agreement) and to keep such Shelf Registration Statement continuously effective and in compliance with the 1933 Act and usable for resale of such Registrable Securities for a period from the date on which

the Commission declares such Shelf Registration Statement effective until the second anniversary of the Final Settlement Date.

(b) [Reserved]

(c) Prior to the Shelf Registration Statement becoming effective, the Shareholder shall provide such information as reasonably requested by the Company so that the Shareholder is named as a selling securityholder in the Shelf Registration Statement and is permitted to deliver the Prospectus to purchasers of the Shareholder's Registrable Securities in accordance with applicable law.

(d) The Company may suspend the use of the Prospectus for a period not to exceed 45 days in any three-month period or an aggregate of 120 days in any twelve month period for valid business reasons (not including the avoidance of its obligations hereunder) or to avoid premature public disclosure of a pending corporate transaction, including pending acquisitions or divestiture of assets, mergers and combinations and similar events;provided that the period that the Company is required to keep the Shelf Registration Statement effective shall be extended by the number of days during which such Shelf Registration Statement was not effective or usable pursuant to the foregoing provisions.

REGISTRATION PROCEDURES; INDEMNIFICATION

3.1. In connection with any Shelf Registration Statement:

(a) The Company will promptly notify the Shareholder, and confirm the notice in writing, (i) when the Shelf Registration Statement, or any post-effective amendment to the Shelf Registration Statement, shall have become effective, or any supplement to the Prospectus or any amended Prospectus shall have been filed, (ii) of any request by the Commission to amend the Shelf Registration Statement or amend or supplement the Prospectus or for additional

information after the Shelf Registration Statement shall have become effective, (iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Shelf Registration Statement or of any order preventing or suspending the use of any preliminary prospectus, or of the suspension of the qualification of the Registrable Securities for offering or sale in any jurisdiction, or of the institution or threatening of any proceedings for any of such purposes and (iv) of the existence of any fact that results in the Shelf Registration Statement, the Prospectus or any document incorporated therein by reference containing an untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make any statement therein not misleading.

(b) The Company will use its reasonable best efforts to prevent the issuance of any stop order suspending the effectiveness of the Shelf Registration Statement or of any order preventing or suspending the use of any preliminary prospectus and, if any such order is issued, to obtain the lifting thereof at the earliest possible moment.

(c) The Company will furnish to the Shareholder, without charge, as many signed copies of the Shelf Registration Statement (as originally filed) and of all amendments thereto, whether filed before or after the Shelf Registration Statement becomes effective, copies of all exhibits and documents filed therewith, including documents incorporated by reference into the Prospectus, prospectus supplements, and signed copies of all consents of experts, as the Shareholder may reasonably request. The Company will deliver to the Shareholder, without charge, from time to time during the period when the Prospectus is required to be delivered under the 1933 Act, such number of copies of the Prospectus (as supplemented or amended) as the Shareholder may reasonably request.

(d) The Company will comply with the 1933 Act and the 1934 Act so as to permit the completion of the distribution of the Registrable Securities in accordance with the intended method or methods of distribution contemplated in the Prospectus.

(e) The Company will use its reasonable best efforts, in cooperation with the Shareholder, to qualify the Registrable Securities for offering and sale under the applicable securities laws of such states and other jurisdictions as the Shareholder may designate; provided,however, that the Company shall not be obligated to qualify the Registrable Securities for offering and sale under the applicable securities laws of such states and other jurisdictions where the Company will be obligated (i) to file any general consent to service of process or to qualify as a foreign corporation or as a broker or dealer in securities in any jurisdiction in which it is not so qualified, (ii) to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject or (iii) file annual reports or comply with any other requirements deemed in its reasonable judgment to be unduly burdensome. The Company will file such statements and reports as may be required by the laws of each jurisdiction in which the Registrable Securities have been qualified as above provided.

(f) The Company will use its reasonable best efforts to effect the listing of the Registrable Securities covered by a Shelf Registration Statement on each securities exchange on which the Company's Common Stock is then listed.

(g) The Company will enter into such customary agreements, and take all such other reasonable and customary actions in connection with the offering in order to expedite or facilitate the disposition of the Registrable Securities.

(h) The Company will pay and bear all costs and expenses incident to the performance of its obligations in connection with the Shelf Registration Statement, including, without limitation:

(i) the costs of preparation, printing and filing of the Shelf Registration Statement (including financial statements and exhibits), as originally filed and as amended, any preliminary prospectuses and the Prospectus and any amendments or supplements thereto, and the cost of furnishing copies thereof to the Shareholder; (ii) the costs of preparation, printing and distribution of certificates representing the Registrable Securities and other documents relating to the performance of and compliance with this Agreement by the Company; (iii) the fees and disbursements of the Company's counsel and accountants; (iv) expenses relating to the qualification of the Registrable Securities under applicable securities laws and any filing for review of the offering with the National Association of Securities Dealers, Inc.; (v) all fees and expenses incurred in connection with the listing, if any, of any of the Registrable Securities on any securities exchange; and (vi) the reasonable fees and disbursements of one counsel to review the Shelf Registration Statement on behalf of the Shareholder.

(i) Upon the request of the Shareholder or if required by the rules, regulations or instructions applicable to the registration form used by the Company, or otherwise by the 1933 Act in connection with the offering of Registrable Securities pursuant to the Shelf Registration Statement, the Company will prepare a prospectus supplement that complies with the 1933 Act and that sets forth the aggregate amount of the Registrable Securities being sold, the price at which the Registrable Securities are to be sold, any discounts, commissions or other items constituting compensation, and such other information as the Shareholder and the Company deem appropriate in connection with the offering of the Registrable Securities prior to such prospectus supplement being used or filed with the Commission.

(j) If the Shareholder reasonably determines, based on advice of legal counsel, that the Shareholder could be deemed an "underwriter" under the 1933 Act in connection with any resale

of the Registrable Securities pursuant to the Shelf Registration Statement, then in connection with any offering of the Registrable Securities by the Shareholder, the Company will (i) furnish to the Shareholder (A) an opinion or opinions of counsel to the Company and (B) a comfort letter or comfort letters from the Company's independent public accountants, each in customary form and covering such matters of the type customarily covered by opinions or comfort letters, as the case may be, as the Shareholder reasonably requests and (ii) make its management and corporate records reasonably available for customary due diligence review by the Shareholder.

(k) The Company shall indemnify the Shareholder (in its capacity as such and in its capacity as an Underwriter), its respective officers and directors and each Person, if any, who controls any of such parties within the meaning of Section 15 of the 1933 Act (each an "**Indemnified Party**") from and against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the 1933 Act or any other statute or common law and shall reimburse each such Indemnified Party for any legal or other expenses (including, to the extent hereinafter provided, reasonable counsel fees) as and when incurred by them in connection with investigating any such losses, claims, damages or liabilities or in connection with defending any actions, insofar as such losses, claims, damages, liabilities, expenses or actions arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Prospectus, or in the Shelf Registration Statement, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;provided,however, that the indemnity agreement contained in this Section 3.1(k) as to any Indemnified Party shall not apply to any such losses, claims, damages, liabilities, expenses or actions arising out of, or based upon, any such untrue statement or alleged untrue

statement, or any such omission or alleged omission, if such statement or omission was made in reliance upon and in conformity with information furnished in writing to the Company by such Indemnified Party expressly for use in connection with the preparation of the Shelf Registration Statement or the related Prospectus or any amendment or supplement to either thereof; and provided further, that the indemnity agreement contained in this Section 3.1(k) with respect to the related Prospectus or any amendment or supplement thereto (if the Company shall have furnished any amendment or supplement thereto) shall not inure to the benefit of any Indemnified Party on account of any such losses, claims, damages, liabilities, expenses or actions arising from the sale of Registrable Securities to any person if a copy of the related Prospectus (exclusive of any documents incorporated by reference) shall not have been given or sent to such person by or on behalf of such Indemnified Party with or prior to the written confirmation of the sale involved unless, with respect to the delivery of any amendment or supplement to the Prospectus, the alleged omission or alleged untrue statement was not corrected in such amendment or supplement at the time of such written confirmation. The indemnity agreement of the Company contained in this Section 3.1(k) shall remain operative and in full force and effect regardless of any termination of this Agreement or of any investigation made by or on behalf of any Indemnified Party, and shall survive the registration of the Registrable Securities.

(l) The Shareholder shall indemnify, defend and hold harmless the Company and any underwriter and other selling security holder, and their respective officers and directors, and each person who controls the Company or any other selling holder within the meaning of Section 15 of the 1933 Act, from and against any and all losses, claims, damages or liabilities, joint or several, to which they or any of them may become subject under the 1933 Act or any other statute or common law and shall reimburse each of them for any legal or other expenses

(including, to the extent hereinafter provided, reasonable counsel fees) as and when incurred by them in connection with investigating any such losses, claims, damages or liabilities or in connection with defending any actions, insofar as such losses, claims, damages, liabilities, expenses or actions arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Shelf Registration Statement or the related Prospectus, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, if such statement or omission was made in reliance upon and in conformity with information furnished in writing to the Company by or on behalf of the Shareholder, expressly for use in connection with the preparation of the Shelf Registration Statement or the related Prospectus or any amendment or supplement to either thereof. The indemnity agreement of the Shareholder contained in this Section 3.1(l) shall remain operative and in full force and effect regardless of any termination of this Agreement or of any investigation made by or on behalf of the Company, any underwriter, or any other selling shareholder, or their respective managers, directors or officers, or any such controlling person, and shall survive the registration of the Registrable Securities.

(m) The Company and the Shareholder each shall, upon the receipt of notice of the commencement of any action against it or any person controlling it as aforesaid, in respect of which indemnity may be sought on account of any indemnity agreement contained herein, promptly give written notice of the commencement thereof to the party or parties against whom indemnity shall be sought hereunder, but the failure to notify such indemnifying party or parties of any such action shall not relieve such indemnifying party or parties from any liability hereunder to the extent such indemnifying party or parties is/are not materially prejudiced as a

result of such failure to notify and in any event shall not relieve such indemnifying party or parties from any liability that it or they may have to the indemnified party otherwise than on account of such indemnity agreement. In case such notice of any such action shall be so given, such indemnifying party shall be entitled to participate at its own expense in the defense, or, if it so elects, to assume (in conjunction with any other indemnifying parties) the defense of such action, in which event such defense shall be conducted by counsel chosen by such indemnifying party or parties and reasonably satisfactory to the indemnified party or parties who shall be defendant or defendants in such action, and such defendant or defendants shall bear the fees and expenses of any additional counsel retained by them; but if the indemnifying party shall elect not to assume the defense of such action, such indemnifying party will reimburse such indemnified party or parties for the reasonable fees and expenses of any counsel retained by them; provided, however, if the defendants in any such action (including impleaded parties) include both the indemnified party and the indemnifying party and counsel for the indemnifying party shall have reasonably concluded that there may be a conflict of interest involved in the representation by a single counsel of both the indemnifying party and the indemnified party, the indemnified party or parties shall have the right to select separate counsel, satisfactory to the indemnifying party, whose reasonable fees and expenses shall be paid by such indemnifying party, to participate in the defense of such action on behalf of such indemnified party or parties (it being understood, however, that the indemnifying party shall not be liable for the fees and expenses of more than one separate counsel (in addition to local counsel) representing the indemnified parties who are parties to such action). The Company and the Shareholder each agree that without the other party's prior written consent, which consent shall not be unreasonably withheld, it will not settle, compromise or consent to the entry of any judgment in any claim in respect of which

indemnification may be sought under the indemnification provisions of this Agreement, unless such settlement, compromise or consent (i) includes an unconditional release of such other party from all liability arising out of such claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of such other party.

(n) If the indemnification provided for in Sections 3.1(k) or (l) above shall be unenforceable under applicable law by an indemnified party, each indemnifying party agrees to contribute to such indemnified party with respect to any and all losses, claims, damages, liabilities and expenses for which each such indemnification provided for in Sections 3.1(k) or (l) above shall be unenforceable, in such proportion as shall be appropriate to reflect (i) the relative benefits received by each indemnifying party on the one hand and the indemnified party on the other hand from the offering of the Registrable Securities pursuant to this agreement, (ii) if an allocation solely on the basis provided by clause (i) is not permitted by applicable law or is inequitable or against public policy, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of each indemnifying party on the one hand and the indemnified party on the other hand in connection with the statements or omissions which have resulted in such losses, claims, damages, liabilities and expenses and (iii) any other relevant equitable considerations; provided, however, that no indemnified party guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any indemnifying party not guilty of such fraudulent misrepresentation. Relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or the indemnified party and each such party’s relative intent, knowledge, access to

information and opportunity to correct or prevent such untrue statement or omission. The Company and the Shareholder each agree that it would not be just and equitable if contributions pursuant to this Section 3.1(n) were to be determined by pro rata allocation or by any other method of allocation which does not taken account of the equitable consideration referred to above. Notwithstanding the provisions of this Section 3.1(n), the Shareholder shall not be required to contribute in excess of the amount equal to the excess of (i) the net proceeds received by the Shareholder from the sale of Registrable Securities by it, over (ii) the amount of any damages which the Shareholder has otherwise been required to pay by reason of any such untrue or alleged untrue statement or omission or alleged omission.

MISCELLANEOUS

4.1.Participation in Underwritten Registrations. No Person may participate in any underwritten registered offering contemplated hereunder unless such Person (a) agrees to sell its securities on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements and these Registration Rights.

4.2.Notices. All notices, requests and other communications to either party hereunder shall be in writing (including telecopy or similar writing) and shall be given,

if to the Company, to:

Amgen Inc.
One Amgen Center Drive
Thousand Oaks, California 91320-1799
Telecopy No.: 805-499-8011
Attention: Corporate Secretary

with a copy to:
Latham & Watkins LLP
633 West Fifth Street, Suite 4000
Los Angeles, California 90071
Telecopy No.: 213-891-8763)
Attention: Gregory P. Rodgers.

if to the Shareholder, to:

Citigroup Global Markets Inc.
390 Greenwich Street
New York, New York 10013
Telephone: 212-723-7357
Facsimile: 212-723-8328
Attention: Corporate Equity Derivatives

or such other address or telecopier number as such party may hereafter specify for the purpose by notice to the other party hereto. Each such notice, request or other communication shall be effective when delivered at the address specified in this Section 4.2.

4.3. Amendments; No Waivers.

(a) Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by the Shareholder and the Company, or in the case of a waiver, by the party against whom the waiver is to be effective.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

4.4. Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

Neither this Agreement nor any provision hereof is intended to confer upon any Person other than the parties hereto any rights or remedies hereunder.

4.5.Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by the other party hereto.

4.6.Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersede all prior agreements, understandings and negotiations, both written and oral, between the parties with respect thereto. No representation, inducement, promise, understanding, condition or warranty not set forth herein or therein has been made or relied upon by any of the parties hereto.

4.7.Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of New York, without regard to the conflicts of law rules of such state.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

AMGEN INC.

By: _____
Name:
Title:

CITIGROUP GLOBAL MARKETS INC.

By: _____
Name:
Title:

Rule 10b5-1 Purchase Plan

Amgen Inc., a Delaware corporation (the "**Corporation**"), as of this 16th day of December, 2005, has established this Plan (the "**Plan**") in order to purchase the Corporation's common stock, $0.0001 par value (the "**Common Stock**"), pursuant to the requirements of and in conformity with the provisions of Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). The Corporation requests that Citigroup Global Markets Inc. (the "**Dealer**") execute the Plan, in coordination with the purchase requirements of the attached Purchase Agreement, dated as of February 16, 2006, between the Corporation and the Dealer (the "**Purchase Agreement**"), as follows:

1. Starting on February 16, 2006, the Dealer shall purchase shares pursuant to the Purchase Agreement.

2. The Plan shall end on the earliest of:

(i) March 10, 2006 or any date to which the deadline for the Maturity Date is postponed pursuant to the Purchase Agreement;

(ii) the completion of all purchases contemplated by the Purchase Agreement; and

(iii) in the reasonable determination by either the Corporation or the Dealer that:

(1) this 10b5-1 Plan does not comply with Rule 10b5-1 or other applicable securities laws; or

(2) the Corporation has not, or the Dealer has not, complied with this 10b5-1 Plan, Rule 10b5-1 or other applicable securities laws.

In the event that the Plan terminates pursuant to this clause (iii), the Purchase Agreement shall be terminated with the same effect as the occurrence of an Early Termination Date as set forth in Section 2(b) of the Purchase Agreement.

3. The Corporation represents and agrees that in connection with this Plan it has complied and will comply with the provisions of Rule 10b-18. The Dealer is entitled to conclusively rely on information communicated to it by the Corporation concerning the Corporation's market activities. In executing the Plan, the Dealer is instructed to comply with the purchasing conditions specified in the Purchase Agreement.

4. The Corporation confirms that (a) it established this 10b5-1 Plan in good faith in compliance with the requirements of Rule 10b5-1 at a time when it was not in possession of material non-public information, and is entering into this 10b5-1 Plan in good faith and not as part of a plan or scheme to evade compliance with the federal securities laws, (b) it understands the proscriptions of Rule 10b5-1 in respect of offsetting and hedging transactions, (c) it will not, and it will instruct its executive officers to not, disclose to any persons at the Dealer effecting purchases under this 10b5-1 Plan, or making decisions with respect to any such purchases, any information regarding the Corporation that might influence the execution of this 10b5-1 Plan, and (d) it will inform the Dealer as soon as possible of any subsequent legal or contractual restrictions affecting the execution of this 10b5-1 Plan by the Dealer or by the Corporation and of the occurrence of any event that would cause this 10b5-1 Plan to end or be suspended as contemplated in Paragraph 2 or 5.

5. If the Dealer must suspend purchases of shares under this 10b5-1 Plan on a particular day for any of the following reasons:

(i) a day specified by this 10b5-1 Plan is not a day on which the common stock of the Corporation trades regular way on The NASDAQ Stock Market (the "**Exchange**");

(ii) trading of the Common Stock on the Exchange is suspended for any reason; or

(iii) The Dealer cannot effect a purchase of shares due to legal, regulatory or contractual restrictions applicable to it or to the Corporation (including without limitation, Regulation M or Rule 10b-5);

then the Dealer will resume purchases in accordance with paragraph 1 above on the next day specified in this 10b5-1 Plan after the condition causing the suspension of purchases has been resolved to the reasonable satisfaction of the Dealer in good faith.

6. It is the intent of the Corporation and the Dealer that this Agreement shall be interpreted to comply with the requirements of Rule 10b5-1(c).

7. This 10b5-1 Plan, together with the Purchase Agreement, constitutes the entire agreement between the Corporation and the Dealer and supersede any prior agreements or understandings regarding this 10b5-1 Plan.

8. The Plan may be signed in counterparts, each of which will be an original.

9. All notices given by the parties under this Plan will be as follows:

If to the Dealer:

(i) Citigroup Global Markets Inc. – 390 Greenwich Street, New York, New York 10013, (facsimile: 212-723-8328), Attention: Corporate Equity Derivatives.

If to the Corporation:

(ii) Amgen Inc. – One Amgen Center Drive, Thousand Oaks, California 91320-1799 (facsimile no. 805-499-8011), Attention: Corporate Secretary, with a

copy to Latham & Watkins LLP, 633 West Fifth Street, Suite 4000, Los Angeles, California 90071 (facsimile no. 213-891-8763), Attention: Gregory P. Rodgers.

10. This Plan will be governed by and construed in accordance with the internal laws of the State of New York.

11. The Corporation may terminate the Plan effective immediately at any time after the Maturity Date by written notice to the Dealer.

IN WITNESS WHEREOF, the parties hereto have caused this Plan to be duly executed as of the day and year first above written.

AMGEN INC.

By _____
(Name)
(Title)

Acknowledged and Agreed:

CITIGROUP GLOBAL MARKETS INC.

By _____
(Name)
(Title)

Exhibit 21

AMGEN INC.

SUBSIDIARY (Name under which subsidiary does business)	STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION
Immunex Corporation	Washington
Amgen Manufacturing, Limited	Bermuda

Exhibit 31

CERTIFICATIONS

I, Kevin W. Sharer, Chairman of the Board, Chief Executive Officer and President of Amgen Inc., certify that:

1. I have reviewed this Annual Report on Form 10-K of Amgen Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and

   (d) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 10, 2006

/s/ KEVIN W. SHARER
Kevin W. Sharer
Chairman of the Board,
Chief Executive Officer and President

CERTIFICATIONS

I, Richard D. Nanula, Executive Vice President and Chief Financial Officer of Amgen Inc., certify that:

1. I have reviewed this Annual Report on Form 10-K of Amgen Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and

   (d) Disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 10, 2006

/s/ RICHARD D. NANULA
Richard D. Nanula
Executive Vice President
and Chief Financial Officer

Exhibit 32

Certification of Chief Executive Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Amgen Inc. (the "Company") hereby certifies that:

(i) the accompanying Annual Report on Form 10-K of the Company for the period ended December 31, 2005 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 10, 2006

/s/ KEVIN W. SHARER
Kevin W. Sharer
Chairman of the Board, Chief Executive Officer and President

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Amgen Inc. and will be retained by Amgen Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Certification of Chief Financial Officer

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Amgen Inc. (the "Company") hereby certifies that:

(i) the accompanying Annual Report on Form 10-K of the Company for the period ended December 31, 2005 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 10, 2006

/s/ RICHARD D. NANULA
Richard D. Nanula
Executive Vice President
and Chief Financial Officer

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 ("Section 906"), or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Amgen Inc. and will be retained by Amgen Inc. and furnished to the Securities and Exchange Commission or its staff upon request.