SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549
FORM 10-K

(Mark One)
[ X ] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]
For the fiscal year ended December 31, 1995
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
Commission file number 0-12477

AMGEN INC.
(Exact name of registrant as specified in its charter)

| Delaware | 95-3540776 |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

| 1840 Dehavilland Drive, Thousand Oaks, California | 91320-1789 |
|---|---|
| (Address of principal executive offices) | (Zip Code) |

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

Securities registered pursuant to Section 12(g) of the Act:
Common stock, $.0001 par value, Common shares purchase rights, Contractual contingent payment rights
(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X 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. [ ]

The approximate aggregate market value of voting stock held by non-affiliates of the registrant was $15,624,694,000 as of February 29, 1996 (A)
261,501,157 (B)
(Number of shares of common stock outstanding as of February 29, 1996)

Documents incorporated by reference:

| Document | Form 10-K Parts |
|---|---|
| Definitive Proxy Statement, to be filed within 120 days of December 31, 1995 (specified portions) | III |

(A) Excludes 4,508,450 shares of common stock held by directors and officers, and stockholders whose ownership exceeds five percent of the shares outstanding, at February 29, 1996. 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.
(B) All share numbers have been retroactively adjusted to reflect a two-for-one split of the common stock effected in the form of a 100% stock dividend.

## PART I

### Item 1. BUSINESS

#### Overview

Amgen Inc. ("Amgen" or the "Company") is a global biotechnology company that develops, manufactures and markets human therapeutics based on advanced cellular and molecular biology.

The Company manufactures and markets two human therapeutic products, NEUPOGEN(R) (Filgrastim) and EPOGEN(R) (Epoetin alfa). NEUPOGEN(R) selectively stimulates the production of neutrophils, one type of white blood cell. The Company markets NEUPOGEN(R) in the

United States, countries of the European Union ("EU"), Canada and Australia for use in decreasing the incidence of infection in patients undergoing myelosuppressive chemotherapy. In addition, NEUPOGEN(R) is marketed in most of these countries for use in reducing the duration of neutropenia for patients undergoing myeloablative therapy followed by bone marrow transplantation, for treating patients with severe chronic neutropenia, and to support peripheral blood progenitor cell ("PBPC") transplantations. EPOGEN(R) stimulates the production of red blood cells and is marketed by Amgen in the United States for the treatment of anemia associated with chronic renal failure in patients on dialysis.

The Company focuses its research on biological cell/tissue events and its development efforts on human therapeutics in the areas of hematopoiesis, neurobiology, inflammation, endocrinology, and soft tissue repair and regeneration. The Company has research facilities in the United States and Canada and has clinical development staff in the United States, the EU, Canada, Australia, Japan and Hong Kong. To augment internal research and development efforts the Company has established external research collaborations and has acquired certain product and technology rights.

Amgen operates commercial manufacturing facilities located in the United States and Puerto Rico. A sales and marketing force is maintained in the United States, the EU, Canada, and Australia. In addition, Amgen has entered into licensing and co-promotion agreements to market NEUPOGEN(R) and EPOGEN(R) in certain geographic areas.

The Company was incorporated in California in 1980 and was merged into a Delaware corporation in 1987. Amgen's principal executive offices are located at 1840 Dehavilland Drive, Thousand Oaks, California 91320-1789.

Products

Recombinant human granulocyte colony-stimulating factor

NEUPOGEN(R) (proper name - Filgrastim) is Amgen's trademark for its recombinant human granulocyte colony-stimulating factor ("G-CSF"), a protein that selectively stimulates production of certain white blood cells known as neutrophils. Neutrophils are the body's first defense against infection. Treatments for various diseases and diseases themselves can result in extremely low numbers of

neutrophils, or neutropenia. Myelosuppressive chemotherapy, one treatment option for individuals with cancer, targets cell types which grow rapidly, such as tumor cells, neutrophils and other blood cells. Providing NEUPOGEN(R) as an adjunct to myelosuppressive chemotherapy can reduce the duration of neutropenia and thereby reduce the potential for infection.

Congenital neutropenia is an example of disease-related neutropenia. In congenital neutropenia, the body fails to manufacture sufficient neutrophils. Chronic administration of NEUPOGEN(R) has been shown to reduce the incidence and duration of neutropenia-related consequences such as fever and infections in patients with congenital neutropenia.

Patients undergoing bone marrow transplantation are treated with NEUPOGEN(R) to accelerate recovery of neutrophils following chemotherapy and bone marrow infusion. NEUPOGEN(R) also has been shown to induce immature blood cells (progenitor cells) to migrate (mobilize) from the bone marrow into the blood circulatory system. When these progenitor cells are collected from the blood, stored and re-infused after chemotherapy (transplanted), recovery of platelets, red blood cells and neutrophils is accelerated. PBPC transplantation is becoming an alternative to autologous bone marrow transplantation in some patients.

The Company began selling NEUPOGEN(R) in the United States in February 1991 (see "Joint Venture and Business Relationships - Kirin Brewery Company, Limited"). NEUPOGEN(R) was initially indicated to decrease the incidence of infection as manifested by febrile neutropenia for patients with non-myeloid malignancies undergoing myelosuppressive chemotherapy. The U.S. Food and Drug Administration ("FDA") subsequently cleared supplements to the Filgrastim product license which include claims to reduce the duration of neutropenia for patients with non-myeloid malignancies undergoing myeloablative therapy followed by bone marrow transplantation and to reduce the incidence and duration of neutropenia-related consequences in symptomatic patients with congenital neutropenia, cyclic neutropenia or idiopathic neutropenia. In December 1995, NEUPOGEN(R) received FDA clearance for use in mobilization of PBPC for stem cell transplantation.

In the EU, Canada and Australia, NEUPOGEN(R) is marketed as an adjunct to chemotherapy and a treatment for patients with severe chronic neutropenia. In the EU and Australia, NEUPOGEN(R) is also marketed for use in reducing the duration of neutropenia for patients undergoing myeloablative therapy followed by bone marrow transplantation and to support PBPC transplantations. In March 1996, NEUPOGEN(R) was approved for use in the United Kingdom as a supportive therapy to treat neutropenia in people with advanced HIV infection.

In Japan, Taiwan and Korea, Kirin Brewery Company, Limited ("Kirin"), was granted rights to market G-CSF under licensing agreements with Kirin-Amgen, Inc. ("Kirin-Amgen"). Kirin-Amgen is a joint venture between the Company and Kirin (see "Joint Ventures and Business Relationships - Kirin Brewery Company, Limited"). Kirin

markets its G-CSF product in these countries under the trademark GRAN(R).

The Company is conducting numerous clinical trials with NEUPOGEN(R). Later stage trials are examining NEUPOGEN(R) as an adjunct to dose-intensified chemotherapy in patients with various tumor types and for the treatment of neutropenia in HIV-infected patients. In 1995, the Company completed a Phase 3 clinical trial in patients with severe community-acquired pneumonia. Although the primary endpoint was not met, NEUPOGEN(R) was found to have statistically significant clinical benefits relating to two serious complications of pneumonia: reducing the incidence of end organ failures and reducing the incidence of adult respiratory distress syndrome. The Company is continuing the clinical development of NEUPOGEN(R) for severe pneumonia. The Company also completed clinical trials examining NEUPOGEN(R) as an adjunct to chemotherapy in patients with acute myelogenous leukemia. A licensing application for approval of this supplemental indication will be submitted to the U.S., European, Canadian and Australian regulatory authorities.

For the years ended December 31, 1995, 1994 and 1993, sales of NEUPOGEN(R) accounted for approximately 48%, 50% and 52%, respectively, of total revenues.

Recombinant human erythropoietin

EPOGEN(R) (proper name - Epoetin alfa) is Amgen's trademark for its recombinant human erythropoietin product, a protein that stimulates red blood cell production. EPOGEN(R) is effective in the treatment of anemia associated with chronic renal failure for patients on dialysis and is indicated to elevate or maintain the red blood cell level (as manifested by hematocrit or hemoglobin determinations) and to decrease the need for blood transfusions in these patients.

In the United States, Amgen was granted rights to market recombinant human erythropoietin under a licensing agreement with Kirin-Amgen (see "Joint Ventures and Business Relationships - Kirin Brewery Company, Limited"). The Company began selling EPOGEN(R) in 1989 when the FDA gave clearance for its use in the treatment of anemia associated with chronic renal failure. The FDA designated EPOGEN(R) as an orphan drug, and such designation will expire in 1996. In July 1994, the FDA cleared a supplement to the Epoetin alfa product license which included an expanded target hematocrit range for patients with chronic renal failure. The target hematocrit, or percentage of red blood cells, was expanded to a range of 30 to 36 percent from the previously indicated range of 30 to 33 percent. Ongoing clinical trials are investigating whether there are additional benefits for dialysis patients in maintaining a higher, even more normal, hematocrit range. The Company markets EPOGEN(R) in the United States for dialysis patients, a market to which Amgen has maintained exclusive rights.

Amgen has granted Ortho Pharmaceutical Corporation, a subsidiary of Johnson & Johnson, hereafter referred to as "Johnson & Johnson", a license to pursue commercialization of recombinant human

erythropoietin as a human therapeutic in the United States in all markets other than dialysis and diagnostics. See Note 1 to the Consolidated Financial Statements - "Product sales" and Note 5 to the Consolidated Financial Statements - "Johnson & Johnson arbitrations".

In August 1995, the U.S. Patent and Trademark Office issued to the Company a patent on the process for the manufacture of recombinant human erythropoietin. The patent provides protection against the making, importation, use or sale of recombinant human erythropoietin in the United States.

In Japan, Kirin was granted rights to market recombinant human erythropoietin under a licensing agreement with Kirin-Amgen (see "Joint Ventures and Business Relationships - Kirin Brewery Company, Limited"). Kirin markets its recombinant human erythropoietin product under the trademark ESPO(R).

In countries other than the United States, the People's Republic of China and Japan, Johnson & Johnson was granted rights to pursue the commercialization of erythropoietin as a human therapeutic under a licensing agreement with Kirin-Amgen. Affiliates of Johnson & Johnson market erythropoietin for treatment of anemia associated with chronic renal failure under the trademark EPREX(R) in several countries.

For the years ended December 31, 1995, 1994 and 1993, sales of EPOGEN(R) accounted for approximately 45%, 44% and 42%, respectively, of total revenues.

Product Candidates

Consensus interferon

Interferons are a class of naturally occurring proteins with anti-viral and anti-tumor activity that also modulate the immune system. INFERGEN(R), Amgen's consensus interferon, is a non-naturally occurring protein that combines structural features of many interferon sub-types. A Phase 3 clinical trial for treatment of chronic hepatitis C with INFERGEN(R), completed in 1995, indicated that INFERGEN(R) is safe and effective in treating this disease. Hepatitis C viral infection is a potentially deadly disease that, if not treated, may lead to cirrhosis and liver cancer. The Company is preparing a biologics license application for submission to the FDA. Amgen is exploring out-licensing opportunities for INFERGEN(R) with several companies as a potential alternative to marketing this product candidate through the Company's sales force. A decision will be made in 1996.

Hematopoietic growth factors

Hematopoietic growth factors are proteins which influence growth, migration, and maturation of certain types of blood cells. Stem cell factor ("SCF"), one of the Company's hematopoietic growth factors in development, may influence the production, mobilization, and maturation of progenitor cells. Human clinical trials are underway to investigate the utility of SCF in combination with

NEUPOGEN(R) for improved mobilization of progenitor cells prior to PBPC transplantation. A Phase 3 study of SCF in this indication is underway.

The Company's novel platelet growth factor, MGDF, another hematopoietic growth factor, has been shown in pre-clinical and early clinical research to be a promising agent for ameliorating the thrombocytopenia caused by intensive chemotherapy or irradiation. Thrombocytopenia, or severely depressed platelet numbers, can result in severe internal bleeding. The Company is collaborating in the development of MGDF with Kirin (see "Joint Ventures and Business Relationships - Kirin Brewery Company, Limited"), and human clinical testing is underway. In 1995, Amgen, Kirin, and Kirin-Amgen signed agreements with Novo Nordisk A/S and certain of its subsidiaries (including ZymoGenetics, Inc.) for rights to thrombopoietin, a protein hormone that stimulates the production of platelets in the blood. The acquisition of these rights complements the development of MGDF.

Cell therapy

Cell selection technology complements the Company's research and development efforts in hematopoiesis. Amgen's hematopoietic growth factors, together with selected hematopoietic cells, enable the Company to pursue the investigation of new and potentially more effective cancer therapy protocols. In 1994, Amgen acquired an equity interest in AmCell Inc. ("AmCell"), a U.S. company which will develop and manufacture cell selection and characterization devices based on the technology of Miltenyi Biotec GmbH. Amgen and AmCell entered into an agreement whereby AmCell will manufacture certain cell selection devices for Amgen, and Amgen will clinically develop and commercialize these devices (see "Joint Ventures and Business Relationships - AmCell Inc."). Amgen has initiated clinical trials in cell selection.

Neurobiology

The Company has extensive discovery programs in neurological and neuroendocrine disorders. Neurotrophic factors are proteins which play a role in nerve cell protection and regeneration and which may therefore be useful in treating a variety of neurological disorders, including neurodegenerative diseases of the central and peripheral nervous systems, and also nerve injury or trauma. Human clinical testing of two neurotrophic factors, brain-derived neurotrophic factor ("BDNF") and neurotrophin-3 ("NT-3"), is currently being conducted in collaboration with Regeneron Pharmaceuticals, Inc. ("Regeneron") (see "Joint Ventures and Business Relationships - Regeneron Pharmaceuticals, Inc."). BDNF is being investigated to treat amyotrophic lateral sclerosis ("ALS" or Lou Gehrig's disease), a fatal disorder which causes rapid degeneration of motor neurons that innervate skeletal muscles. In 1995, Phase 1/2 trials with BDNF were completed showing that BDNF appears to be safe and well tolerated in treating people with ALS, and a Phase 3 trial was initiated to confirm the therapeutic benefits and safety of BDNF in slowing the progression of ALS. NT-3 is being investigated in treating peripheral neuropathies.

Glial cell line derived neurotrophic factor ("GDNF") was added to the Company's neurobiology research program through the acquisition of Synergen, Inc. ("Synergen") (see Note 2 to the Consolidated Financial Statements). GDNF is in preclinical studies for possible use in the treatment of Parkinson's disease and other motor neuron diseases.

Inflammation

The inflammatory response is essential for defense against harmful micro-organisms and for the repair of damaged tissues. The failure of the body's control mechanisms regulating inflammatory response occurs in conditions such as rheumatoid arthritis, acute respiratory distress syndrome and asthma. Tumor necrosis factor binding protein ("TNFbp") and interleukin-1 receptor antagonist ("IL-1ra") are two product candidates added to the Company's inflammation research program through the acquisition of Synergen. TNFbp is currently in preclinical studies for possible use in the treatment of rheumatoid arthritis, inflammatory bowel disease, pancreatitis and multiple sclerosis. IL-1ra is in clinical studies for rheumatoid arthritis. The Company is also conducting research to discover and develop other molecules for the treatment of inflammatory diseases.

Endocrinology

Leptin is the protein produced by the obesity gene which is made in fat cells and is believed to help regulate the amount of fat stored by the body. This protein has been shown in some early pre-clinical animal models to produce a reduction in body weight and body fat. In 1995, The Rockefeller University granted to the Company an exclusive license which allows the Company to develop products based on the obesity gene (see "Joint Venture and Business Relationships - Other business relationships"). The Company anticipates beginning human clinical trials of Leptin in 1996.

Primary hyperparathyroidism ("HPT") is a disorder that causes excessive secretion of parathyroid hormone from the parathyroid gland, leading to elevated serum calcium, called hypercalcemia. Symptoms may include bone loss, gastrointestinal distress, muscle weakness, depression and forgetfulness. This disorder currently lacks effective treatment other than surgery. Secondary HPT is commonly seen as a result of kidney failure, affecting as many as 80 percent of dialysis patients. The Company has entered into an agreement with NPS Pharmaceuticals, Inc. ("NPS") for Amgen to develop and commercialize NPS's NORCALCIN(TM) and other compounds based on NPS's proprietary calcium receptor technology for the treatment of HPT and certain other indications (see "Joint Venture and Business Relationships - Other business relationships"). NORCALCIN(TM) is being investigated as a treatment for primary and secondary HPT.

Soft tissue repair and regeneration

Soft tissue growth factors are believed to play a role in accelerating or improving tissue regeneration and wound healing. In some cases, these agents may also protect tissues from injuries such

as irradiation, chemotherapy, and hyperoxia. These growth factors likely regulate a broad range of cellular activities. Amgen currently is conducting research on certain tissue growth factors including keratinocyte growth factor ("KGF"). Human clinical trials have been initiated for KGF.

Joint Ventures and Business Relationships

The Company intends to self-market its products where possible. From time to time it may supplement this effort by using joint ventures and other business relationships to provide additional marketing and product development capabilities. The Company also supplements its internal research and development efforts with acquisitions of product and technology rights and external research collaborations. Amgen has established the relationships described below and may establish others in the future.

F. Hoffmann-La Roche Ltd.

Amgen and F. Hoffmann - La Roche Ltd. ("Roche") entered into a co-promotion agreement in September 1988 for the sale of NEUPOGEN(R) (Filgrastim) in the EU. Under this agreement, Amgen and Roche share the clinical development, regulatory and commercialization responsibilities for the product. Amgen manufactures NEUPOGEN(R), and the two companies share in the profits from sales of NEUPOGEN(R) in the EU. This agreement allows Amgen the option to regain complete control for marketing the product in the future.

In 1989, Amgen and Roche entered into another agreement to commercialize NEUPOGEN(R) in certain European countries not located within the EU. Under this agreement, Roche markets NEUPOGEN(R) in these countries and pays a royalty to Amgen on these sales.

Johnson & Johnson

Amgen granted Johnson & Johnson a license to pursue commercialization of recombinant human erythropoietin as a human therapeutic in the United States in all markets other than dialysis and diagnostics. The Company is engaged in arbitration proceedings regarding this agreement. For a complete discussion of this matter, see Note 5 to the Consolidated Financial Statements - "Johnson & Johnson arbitrations".

Kirin Brewery Company, Limited

The Company has a 50-50 joint venture (Kirin-Amgen) with Kirin. Kirin-Amgen was formed in 1984 to develop and commercialize certain of the Company's technologies. Amgen and Kirin have been exclusively licensed by Kirin-Amgen to manufacture and market recombinant human erythropoietin in the United States and Japan, respectively. Kirin-Amgen has also granted Amgen an exclusive license to manufacture and market G-CSF in the United States, Europe, Canada, Australia and New Zealand. Kirin has been licensed by Kirin-Amgen with similar rights for G-CSF in Japan, Taiwan and Korea. Kirin markets recombinant human erythropoietin in the Peoples Republic of China under a

separate agreement. In 1994, Kirin-Amgen licensed to Amgen and Kirin the rights to develop and market MGDF.

Pursuant to the terms of agreements entered into with Kirin-Amgen, the Company conducts certain research and development activities on behalf of Kirin-Amgen and is paid for such services at a negotiated rate. Included in revenues from corporate partners in the Company's Consolidated Financial Statements for the years ended December 31, 1995, 1994 and 1993, are $72.6 million, $58.6 million and $41.2 million, respectively, related to these agreements.

In connection with its various agreements with Kirin-Amgen, the Company has been granted sole and exclusive licenses for the manufacture and sale of certain products in specified geographic areas of the world. In return for such licenses, the Company paid Kirin-Amgen stated amounts upon the receipt of the licenses and/or pays Kirin-Amgen royalties based on sales. During the years ended December 31, 1995, 1994 and 1993, Kirin-Amgen earned royalties from Amgen of $74.2 million, $67.5 million and $53.1 million, respectively, under such agreements.

Regeneron Pharmaceuticals, Inc.

In 1990, the Company entered into a collaboration agreement with Regeneron to co-develop and commercialize BDNF and NT-3 in the United States. In addition, Regeneron licensed these potential products to Amgen for development in certain other countries. To facilitate this collaboration, the Company and Regeneron formed Amgen-Regeneron Partners, a 50-50 partnership. Amgen-Regeneron Partners commenced operations with respect to BDNF in June 1993. Operations with respect to NT-3 began in January 1994.

AmCell Inc.

During 1994, Amgen acquired an equity interest in AmCell Inc., a company which will manufacture cell selection and characterization devices based on the technology of Miltenyi Biotec GmbH ("Miltenyi"). Amgen has an exclusive license to clinically develop and commercialize selected products of AmCell incorporating Miltenyi technology in exchange for development funding and milestone payments.

Synergen Clinical Partners

Synergen Clinical Partners, L.P. ("SCP"), a limited partnership, was formed to fund development and commercialization of IL-1ra in certain geographic areas. The general partner of SCP was a wholly-owned subsidiary of Synergen and is now a wholly-owned subsidiary of the Company. This wholly-owned subsidiary would be obligated to pay SCP royalties on sales of such products and a milestone payment upon receiving the first FDA marketing approval of an IL-1ra product. In connection with the formation of SCP, Synergen was granted options to purchase all of the limited partners' interests in SCP upon the occurrence of certain future events for a specified amount of consideration.

Other business relationships

In 1995, the Company obtained an exclusive license from The Rockefeller University which allows the Company to develop products based on the obesity gene. Amgen made a $20 million payment upon signing the agreement and will make payments for milestones and royalties on sales of any resulting products. The Company also entered into an agreement with NPS Pharmaceuticals, Inc. for Amgen to develop and commercialize NORCALCIN(TM) and other compounds based on NPS's proprietary technology. Under this agreement, Amgen made a $10 million signing payment and will make milestone payments and royalty payments on sales of any resulting products. In addition to these agreements, the Company has an extensive number of other corporate and academic research collaborations.

Marketing

In the United States, the Company's sales force markets its products to physicians and pharmacists primarily in hospitals and clinics. The Company has chosen to use major wholesale distributors of pharmaceutical products as the principal means of distributing EPOGEN(R) (Epoetin alfa) and NEUPOGEN(R) (Filgrastim) to clinics, hospitals and pharmacies. Sales to Bergen Brunswig Corporation and Cardinal Distribution, two major distributors of these products, accounted for 21% and 15%, and 22% and 16%, respectively, of total revenues for the years ended December 31, 1995 and 1994, respectively. Sales to Bergen Brunswig Corporation and McKesson Drug Company accounted for 23% and 10% of total revenues for the year ended December 31, 1993.

NEUPOGEN(R) is reimbursed by both public and private payors, and changes in coverage and reimbursement policies of these payors could have a material effect on sales of NEUPOGEN(R). EPOGEN(R) is primarily reimbursed by the Federal Government through the End Stage Renal Disease Program ("ESRD") of Medicare. The ESRD Program reimburses approved providers for 80% of allowed dialysis costs; the remainder is paid by other sources, including Medicaid, state kidney patient programs and private insurance. The reimbursement rate is established by Congress and is monitored by the Health Care Financing Administration. The reimbursement rate for EPOGEN(R) is subject to yearly review. Changes in coverage and reimbursement policies could have a material effect on the sales of EPOGEN(R).

Except for purchases by Veterans Administration hospitals, the Company does not receive any payments directly from the Federal Government, nor does it have any significant supply contracts with the Federal Government. However, the use of NEUPOGEN(R) and EPOGEN(R) by hospitals, clinics, and physicians may be impacted by the amount and methods of reimbursement that they receive from the Federal Government.

In the EU, Amgen and Roche share clinical development, regulatory and commercialization responsibilities for NEUPOGEN(R) under a co-promotion agreement. In addition, Amgen manufactures NEUPOGEN(R) for sale in the EU, and the two companies share in the profits from sales of the product. NEUPOGEN(R) is distributed to wholesalers and/or hospitals in all EU countries depending upon the distribution practice of hospital products in each country. Patients receiving NEUPOGEN(R) for approved indications are covered by government health care programs. The consumption of NEUPOGEN(R) is affected by budgetary constraints imposed by certain EU countries.

NEUPOGEN(R) sales volumes in both the United States and Europe are influenced by a number of factors including underlying demand, government financial constraints, private sector financial constraints, seasonal changes in cancer chemotherapy administration, and wholesaler management practices.

In Canada and Australia, NEUPOGEN(R) is marketed by the Company directly to hospitals, pharmacies and medical practitioners. Distribution is handled by third party contractors.

Competition

Competition is intense among companies that develop and market products based on advanced cellular and molecular biology. Amgen has a number of competitors, including Chiron Corp., Chugai Pharmaceutical Co., Ltd., Genetics Institute and Immunex Corp. (subsidiaries of American Home Products Corp.), Genentech, Inc., Rhone-Poulenc Rorer Inc., Sandoz Ltd. and Schering-Plough Corp. For products which the Company manufactures and markets, it faces significant competition from these and other biotechnology and pharmaceutical firms in the United States, Europe and elsewhere, some of whom have greater resources than the Company. Certain specialized biotechnology firms have also entered into cooperative arrangements with major companies for development and commercialization of products, creating an additional source of competition.

Any products or technologies that successfully address anemias could negatively impact the market for recombinant human erythropoietin. Similarly, any products or technologies that successfully address the causes or incidence of low levels of neutrophils could negatively impact the market for G-CSF. These include products that could receive approval for indications similar to those for which NEUPOGEN(R) (Filgrastim) has been approved, development of chemotherapy treatments that are less myelosuppressive than existing treatments and the development of anti-cancer modalities that reduce the need for myelosuppressive chemotherapy.

NEUPOGEN(R) currently faces market competition from a competing CSF product, granulocyte macrophage colony-stimulating factor ("GM-CSF") and from the chemoprotectant, amifostine (WR-2721). Potential future sources of competition include other GM-CSF products, PIXY 321, PGG-glucan, FLT-3 ligand and IL-11, among others.

Chugai Pharmaceuticals Co., Ltd. ("Chugai") markets a G-CSF product in Japan as an adjunct to chemotherapy and as a treatment for bone marrow transplant patients. In June 1993, Chugai and Rhone-Poulenc Rorer Inc. received a favorable opinion from the Committee for Proprietary Medicinal Products for this G-CSF product as an adjunct to chemotherapy and as a treatment in bone marrow transplant settings and began market launches in certain EU countries in early 1994. Chugai, through its licensee, AMRAD, markets this G-CSF product in Australia as an adjunct to chemotherapy and as a treatment for patients receiving bone marrow transplants. Under an agreement with Amgen, Chugai is precluded from selling its G-CSF product in the United States, Canada and Mexico.

Immunex Corp. markets GM-CSF in the United States for bone marrow transplant and PBPC transplant patients and as an adjunct to chemotherapy treatments for acute non-lymphocytic leukemia ("ANLL"). Immunex Corp. is also pursuing other indications for its GM-CSF product including use in treating HIV-infected patients, other infectious diseases and as an adjunct to chemotherapy outside the limited setting of ANLL. Behringwerke AG markets this GM-CSF product in Europe in similar settings. Sandoz Ltd. markets another GM-CSF product for use in bone marrow transplant patients, as an adjunct to chemotherapy and as an adjunct to gancyclovir treatment of HIV-infected patients in the EU and certain other countries. This GM-CSF product is currently being developed for similar indications in the United States and Canada.

In 1995, amifostine received clearance from the FDA as a cytoprotective agent for the combination regimen cyclophosphamide and cisplatinum in patients with advanced ovarian carcinoma. It is used to limit renal toxicity associated with this treatment. Amifostine is also being pursued as a treatment to reduce fever, infection and neutropenia during chemotherapy. U.S. Bioscience, in collaboration with Alza Corp., markets amifostine in the United States. Schering Plough markets amifostine in the EU.

Immunex Corp. is developing PIXY 321 in the United States as an adjunct to chemotherapy and for treating patients receiving bone marrow transplants. PIXY 321 is being developed for use outside North America by American Home Products Corp. Alpha Beta Technologies is developing PGG-glucan for the treatment of certain infectious diseases, as an adjunct to chemotherapy and for use in PBPC transplantation.

Other products which address potential markets for G-CSF may be identified and developed by competitors in the future. Such products could also present competition in potential markets for SCF. Research and development of other hematopoietic growth factors, including those that may compete with MGDF, is being conducted by several companies including Genentech, Inc., Immunex Corp., Sandoz Ltd. and Genetics Institute, Inc.

INFERGEN(R) would face competition from interferons and other related products, several of which are in development or on the market. Schering-Plough Corp. and Roche are major suppliers of interferons.

Several companies are developing neurotrophic factors including Cephalon Inc., Genentech, Inc. and Regeneron. Many companies are believed to be conducting research in the area of inflammation including Celltech, Ltd., ICOS Corporation, Rhone-Poulenc Rorer Inc. and AutoImmune.

Many companies have obesity research programs and are believed to be developing obesity treatments including Millennium Pharmaceuticals, Inc. (in collaboration with Roche), Progenitor Inc. (a subsidiary of Interneuron Pharmaceuticals Inc.), Neurogen Inc. (in collaboration with Pfizer), Bristol Myers Squibb, CIBA Geigy, Eli Lilly and Merck. NORCALCIN(TM) would face competition from a product currently marketed by Abbott Laboratories which treats secondary HPT. In addition, other products to treat primary and secondary HPT are currently being developed by Abbott Laboratories, Lunar and Chugai.

The Company faces competition from several companies in the development and utilization of cell selection and characterization devices. Companies involved in the development of these devices and ex-vivo cell expansion with growth factors are Baxter, Cellpro, Rhone Poulenc Rorer Inc. in collaboration with Applied Immune Sciences and Systemix in collaboration with Sandoz Ltd.

Companies believed to be developing certain tissue growth factors include Creative Biomolecules, Inc., Chiron Corp. (in collaboration with Johnson & Johnson), Genentech, Inc., Immunex Corp., Scios Nova Inc. and ZymoGenetics, Inc.

Research and Development

The Company's two primary sources of new product candidates are internal research and development and acquisition and licensing from third parties. Research and development expense, which includes technology license fees paid to third parties, for the years ended December 31, 1995, 1994 and 1993 were $451.7 million, $323.6 million and $255.3 million, respectively. The amount for the year ended December 31, 1994 excludes a $116.4 million write-off of in-process technology purchased in connection with the acquisition of Synergen (see Note 2 to the Consolidated Financial Statements).

Government Regulation

Regulation by governmental authorities in the United States and other countries is a significant factor in the production and marketing of the Company's products and its ongoing research and development activities. In order to clinically test, manufacture and market products for therapeutic use, Amgen must satisfy mandatory procedures and safety standards established by various regulatory bodies.

In the United States, the Company's products and product candidates are regulated primarily on a product by product basis under federal law and are subject to rigorous FDA approval procedures. After purification, laboratory analysis and testing in animals, an investigational new drug application is filed with the FDA to begin human testing. A three-phase human clinical testing program must then be undertaken. In Phase 1, studies are conducted to determine the safety and optimal dosage for administration of the product. In Phase 2, studies are conducted to gain preliminary evidence of the efficacy of the product. In Phase 3, studies are conducted to provide sufficient data for the statistical proof of safety and efficacy. The time and expense required to perform this clinical testing can far exceed the time and expense of the research and development initially required to create the product. No action can be taken to market any therapeutic product in the United States until an appropriate license application has been cleared by the FDA. Even after initial FDA clearance has been obtained, further studies are required to provide additional data on safety and would be required to gain clearance for the use of a product as a treatment for clinical indications other than those initially approved. In addition, use of products during testing and after initial marketing could reveal side effects that could delay, impede or prevent marketing approval, limit uses or expose the Company to product liability claims.

In addition to human clinical testing, the FDA inspects equipment and facilities prior to providing clearance to market a product. If, after receiving clearance from the FDA, a material change is made in manufacturing equipment, location or process, additional regulatory review may be needed.

In the EU countries, Canada and Australia, regulatory requirements and approval processes are similar in principle to those in the United States.

Amgen's research and manufacturing activities are conducted in voluntary compliance with the National Institutes of Health Guidelines for Recombinant DNA Research. The Company's present and future business has been and will continue to be subject to various other laws and regulations, including environmental laws and regulations.

Patents and Trademarks

Patents are very important to the Company in establishing proprietary rights to the products it has developed. The Company has

filed applications for a number of patents and it has been granted patents relating to recombinant human erythropoietin, G-CSF, consensus interferon and various potential products. The Company has obtained licenses from and pays royalties to third parties. Other companies have filed patent applications or have been granted patents in areas of interest to the Company. There can be no assurance any licenses required under such patents would be available for license on reasonable terms or at all. The Company is engaged in arbitration proceedings with Johnson & Johnson and various patent litigation. For a discussion of these matters see Note 5 to the Consolidated Financial Statements - "Johnson & Johnson arbitrations" and Item 3, "Legal Proceedings".

The Company has obtained U.S. registration of its EPOGEN(R), NEUPOGEN(R) and INFERGEN(R) trademarks. In addition, these trademarks have been registered in several other countries.

Human Resources

As of December 31, 1995, the Company had 4,046 employees of which 1,965 were engaged in research and development, 629 were engaged in manufacturing and associated support, 824 were engaged in sales and marketing and 628 were engaged in finance and general administration. There can be no assurance that the Company will be able to continue attracting and retaining qualified personnel in sufficient numbers to meet its needs. None of the Company's employees are covered by a collective bargaining agreement, and the Company has experienced no work stoppages. The Company considers its employee relations to be excellent.

Geographic Area Financial Information

For financial information concerning the geographic areas in which the Company operates see Note 12 to the Consolidated Financial Statements.

## Item 2. PROPERTIES

Amgen's principal executive offices and a majority of its administrative, manufacturing and research and development facilities are located in 34 buildings in Thousand Oaks, California. Twenty-nine of the buildings are owned and five are leased. Adjacent to these facilities are four buildings that are under construction and other property acquired in anticipation of future expansion. The Thousand Oaks, California facilities include manufacturing plants licensed by various regulatory bodies that produce commercial quantities of Epoetin alfa and NEUPOGEN(R) (Filgrastim).

Elsewhere in North America, Amgen owns nine buildings in Boulder, Colorado housing research facilities and a pilot plant. The Company has purchased land in Longmont, Colorado on which it plans to build a new EPOGEN(R) manufacturing plant, and it owns a distribution center in Louisville, Kentucky. The Company leases a research facility and administrative offices in Toronto, Canada, an administrative office in Washington, D.C. and five regional sales offices.

Outside North America, the Company has a formulation, fill and finish facility in Juncos, Puerto Rico which has been licensed by various regulatory bodies. The Company leases facilities in thirteen European countries, Australia, Japan, Hong Kong and the People's Republic of China for administration, marketing and research and development. In addition, the Company has started construction of a European distribution center in the Netherlands.

Amgen believes that its current facilities plus anticipated additions are sufficient to meet its needs for the next several years.

## Item 3. LEGAL PROCEEDINGS

The Company is engaged in arbitration proceedings with one of its licensees. For a complete discussion of this matter see Note 5 to the Consolidated Financial Statements - "Johnson & Johnson arbitrations". Other legal proceedings are discussed below. While it is impossible to predict accurately or to determine the eventual outcome of these matters, the Company believes that the outcome of these proceedings will not have a material adverse effect on the financial statements of the Company.

### Synergen ANTRIL (TM) litigation

Lawsuits have been filed against Synergen (now Amgen Boulder Inc.) alleging misrepresentations in connection with its research and development of ANTRIL(TM) for the treatment of sepsis.

In Johnson v. Amgen Boulder Inc., et al., suits filed on February 14, 1995 in the Superior Court for the State of Washington, King County and in the United States District Court for the Western District of Washington, plaintiff seeks rescission of certain payments made to one of the defendants (or unspecified compensatory damages not less than $50.0 million) and treble damages. The Superior Court action has been removed to federal court and consolidated with the suit filed in the United States District Court for the Western District of Washington. Plaintiff, a limited partner of defendant Synergen Clinical Partners, L.P., represents a class of other limited partners. The complaints allege violations of federal and state securities laws, violations of other federal and state statutes, fraud, misrepresentation and breach of fiduciary duty. The defendants include Synergen, Synergen Clinical Partners, L.P., Synergen Development Corporation and former officers and directors of Synergen. The Company has answered the complaint, denying plaintiffs' claims and asserting various affirmative defenses.

Susquehanna Investment Group, et al. v. Amgen Boulder, Inc., et al., was filed in the United States District Court in Denver, Colorado against Synergen and certain of its former officers and directors. The suit, filed on May 19, 1995, is brought by broker-dealers who acted as market makers in Synergen options. The plaintiffs claim in excess of $3.2 million in trading losses on option positions as the result of alleged misrepresentations.

Elanex Pharmaceuticals litigation

In October 1993, the Company filed a complaint for patent infringement against defendants Elanex Pharmaceuticals, Inc. ("Elanex"), Laboratorios Elanex De Costa Rica, S. A., Bio Sidus S.A., Merckle GmbH, Biosintetica S. A. and other unknown defendants. The complaint, filed in the United States District Court for the Western District of Washington in Seattle, seeks injunctive relief and damages for Elanex's infringement of the Company's patent for DNA sequences and host cells useful in producing recombinant erythropoietin. The complaint also alleges that the foreign defendants entered into agreements with Elanex relating to the production or sale of recombinant erythropoietin and thereby have induced Elanex's infringement.

In December 1993, Elanex responded to the complaint denying the material allegations thereof, and filed a counterclaim seeking a declaratory judgment that the Company's patent is invalid and that Elanex's recombinant erythropoietin technology does not infringe any valid claims of the Company's patent. The counterclaim also seeks an award of reasonable attorneys' fees and other costs of defense but does not seek damages against the Company. The case is currently in discovery.

Genetics Institute litigation

On June 21, 1994, Genetics Institute filed suit in the United States District Court for the District of Delaware in Wilmington, against Johnson & Johnson, a licensee and distributor of the Company, seeking damages for the alleged infringement of a recently issued U.S. Patent 5,322,837 relating to Johnson & Johnson's manufacture, use, and sale of erythropoietin.

On September 12, 1994, the Company filed suit in the United States District Court for the District of Massachusetts in Boston, against Genetics Institute, seeking declaratory judgment of patent non-infringement, invalidity and unenforceability against Genetics Institute in respect to U.S. Patent 5,322,837 issued to Genetics Institute, which relates to homogeneous erythropoietin. Genetics Institute answered the complaint and filed a counterclaim against the Company alleging infringement of the same patent. On February 14, 1995, the United States District Court for the District of Massachusetts granted Amgen's motion for a summary judgment enforcing a prior judgment against Genetics Institute and barring Genetics Institute from asserting its U.S. Patent 5,322,837 against Amgen's recombinant erythropoietin. On March 13, 1995, Genetics Institute filed notice of appeal with the United States Court of Appeals for the Federal Circuit. On December 6, 1995, the Federal Circuit Court heard oral argument on the appeal and reserved decision.

Biogen litigation

On June 15, 1994, Biogen, Inc. ("Biogen") filed suit in the Tokyo District Court in Japan, against Amgen K.K., a subsidiary of

the Company, seeking injunctive relief for the alleged infringement of two Japanese patents relating to alpha-interferon.

On March 10, 1995, Biogen filed suit in the United States District Court for the District of Massachusetts alleging infringement by the Company of certain claims of U.S. Patent 4,874,702 relating to vectors for expressing cloned genes. Biogen alleges that Amgen has infringed its patent by manufacturing and selling NEUPOGEN(R). On March 28, 1995, Biogen filed an amended complaint further alleging that the Company is also infringing the claims of two additional patents allegedly assigned to Biogen, U.S. Patent 5,401,642 and U.S. Patent No. 5,401,658, relating to vectors, methods for making vectors and expressing closed genes. The amended complaint seeks injunctive relief, unspecified compensatory damages and treble damages. On April 24, 1995, the Company answered Biogen's amended complaint, denying its material allegations and pleading counterclaims for declaratory judgment of non-infringement, patent invalidity and unenforceability.

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

No matters were submitted to a vote of the Company's security holders during the last quarter of its fiscal year ended December 31, 1995.

## PART II

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

Price Range of Common Stock

The Company's common stock trades on The Nasdaq Stock Market under the symbol AMGN. As of March 5, 1996, there were approximately 13,000 holders of record of the Company's common stock. No cash dividends have been paid on the common stock to date, and the Company currently intends to retain any earnings for development of the Company's business and for repurchases of its common stock.

The following table sets forth, for the fiscal periods indicated, the range of high and low closing sales prices of the common stock as quoted on The Nasdaq Stock Market for the years 1995 and 1994 (as adjusted retroactively for the August 1995 stock split effected in the form of a dividend of one share of common stock for each share of outstanding common stock):

| | High | Low |
|---|---|---|
| 1995 | | |
| 4th Quarter | $59-3/8 | $43-1/2 |
| 3rd Quarter | 52 | 39-1/4 |
| 2nd Quarter | 40-7/32 | 33-1/16 |
| 1st Quarter | 35-3/8 | 28-1/4 |
| 1994 | | |
| 4th Quarter | $29-11/16 | $25-7/16 |
| 3rd Quarter | 28-7/16 | 21-5/8 |
| 2nd Quarter | 23-19/32 | 17-11/16 |
| 1st Quarter | 25-7/8 | 18-7/8 |

Item 6. SELECTED FINANCIAL DATA (in millions)

| | Years Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 1991 | 1992 | 1993 | 1994 | 1995 |
| Consolidated Statement of Operations Data: | | | | | |
| Revenues: | | | | | |
| Product sales | $645.3 | $1,050.7 | $1,306.3 | $1,549.6 | $1,818.6 |
| Other revenues | 36.7 | 42.3 | 67.5 | 98.3 | 121.3 |
| Total revenues | 682.0 | 1,093.0 | 1,373.8 | 1,647.9 | 1,939.9 |
| Research and development expenses | 120.9 | 182.3 | 255.3 | 323.6 | 451.7 |
| Write-off of in-process technology purchased | - | - | - | 116.4 | - |
| Marketing and selling expenses | 122.2 | 184.5 | 214.1 | 236.9 | 272.9 |
| General and administrative expenses | 80.4 | 107.7 | 114.3 | 122.9 | 145.5 |
| Legal assessment (award) | 129.1 | (77.1) | (13.9) | - | - |
| Net income(1) | 97.9 | 357.6 | 383.3 | 319.7 | 537.7 |
| Primary earnings per share(1) | .34 | 1.21 | 1.33 | 1.14 | 1.92 |
| Cash dividends declared per share | - | - | - | - | - |

| | At December 31, | | | | |
|---|---|---|---|---|---|
| | 1991 | 1992 | 1993 | 1994 | 1995 |
| Consolidated Balance Sheet Data: | | | | | |
| Total assets | $865.5 | $1,374.3 | $1,765.5 | $1,994.1 | $2,432.8 |
| Long-term debt | 39.7 | 129.9 | 181.2 | 183.4 | 177.2 |
| Stockholders' equity | 531.1 | 933.7 | 1,172.0 | 1,274.3 | 1,671.8 |

(1) Includes an increase to net income of $8.7 million, or $.03 per share, to reflect the cumulative effect of a change in accounting principle to adopt Statement of Financial Accounting Standard No. 109 in 1993 (see Note 1 to Consolidated Financial Statements). Also includes the write-off of in-process technology purchased of $116.4 million, or $.42 per share, associated with the acquisition of Synergen in 1994 (see Note 2 to Consolidated Financial Statements).

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

Liquidity and Capital Resources

Cash provided by operating activities has been and is expected to continue to be the Company's primary source of funds. In 1995, operations provided $773.2 million of cash compared with $531.9 million in 1994. The Company had cash, cash equivalents, and marketable securities of $1,050.3 million at December 31, 1995, compared with $696.7 million at December 31, 1994.

Capital expenditures totaled $162.7 million in 1995 compared with $130.8 million in 1994. Over the next few years, the Company expects to spend approximately $250 million to $350 million per year on capital projects and equipment to expand the Company's global operations.

The Company receives cash from the exercise of employee stock options. In 1995, stock options and their related tax benefits provided $145.4 million of cash compared with $67.5 million in 1994. Proceeds from the exercise of stock options and their related tax benefits will vary from period to period based upon, among other factors, fluctuations in the market value of the Company's stock relative to the exercise price of such options. In 1994, the exercise of warrants associated with Amgen Clinical Partners, L.P. provided $15.3 million of cash. The right to exercise these warrants expired on June 30, 1994.

The Company has a stock repurchase program (see Note 7 to the Consolidated Financial Statements) to offset the dilutive effect of its employee benefit stock option and stock purchase plans. During the year ended December 31, 1995, the Company purchased 7.3 million shares of common stock at a cost of $285.7 million compared with 12.9 million shares purchased at a cost of $300.5 million in 1994. The Company expects to repurchase $350 million to $450 million under the program in 1996.

To provide for financial flexibility and increased liquidity, the Company has established several sources of debt financing. The Company has a shelf registration under which it can issue up to $200 million of Medium Term Notes. At December 31, 1995, $109.0 million of Medium Term Notes were outstanding which mature in approximately two to eight years. The Company also has a commercial paper program which provides for short-term borrowings up to an aggregate face amount of $200 million. At December 31, 1995, $69.7 million of commercial paper was outstanding, with maturities of less than three months. The Company also has a $150 million revolving line of credit, which primarily supports the Company's commercial paper program. No borrowings on this line of credit were outstanding at December 31, 1995.

The Company invests its cash in accordance with a policy that seeks to maximize returns while ensuring both liquidity and minimal risk of principal loss. The policy limits investments to certain

types of instruments issued by institutions with investment grade credit ratings, and places restrictions on maturities and concentration by type and issuer. The majority of the Company's portfolio is composed of fixed income investments which are subject to the risk of market interest rate fluctuations, and all of the Company's investments are subject to risks associated with the ability of the issuers to perform their obligations under the instruments.

The Company has a program to manage certain portions of its exposure to fluctuations in foreign currency exchange rates. These exposures primarily result from European sales. The Company generally hedges the related receivables with foreign currency forward contracts, which typically mature within six months. The Company uses foreign currency option and forward contracts which generally expire within 12 months to hedge certain anticipated future sales. At December 31, 1995, outstanding foreign currency option and forward contracts totaled $13.2 million and $70.1 million, respectively.

The Company believes that existing funds, cash generated from operations, and existing sources of debt financing are adequate to satisfy its working capital and capital expenditure requirements and to support its stock repurchase program for the foreseeable future. However, the Company may raise additional capital from time to time to take advantage of favorable conditions in the markets or in connection with the Company's corporate development activities.

Results of Operations

Product sales

In 1995 product sales increased $269.0 million or 17% over the prior year. In 1994, product sales increased $243.3 million or 19% over the prior year.

NEUPOGEN(R) (Filgrastim)

The Company's worldwide NEUPOGEN(R) sales were $936.0 million in 1995, an increase of $107.0 million or 13% over the prior year. In 1994, sales were $829.0 million, an increase of $109.6 million or 15% over the prior year.

Domestic sales of NEUPOGEN(R) were $661.8 million in 1995, an increase of $44.6 million or 7% over the prior year due primarily to increased usage of NEUPOGEN(R) and price increases. In 1994, domestic sales were $617.2 million, an increase of $71.7 million or 13% over the prior year due primarily to the increased usage of NEUPOGEN(R). These results reflect the ongoing and intensifying cost containment pressures in the health care marketplace, including use of guidelines in patient care. This pressure has contributed to the slowing of growth in domestic NEUPOGEN(R) usage over the past several years and is expected to continue to influence such growth for the foreseeable future. During 1995, NEUPOGEN(R) was approved in the United States to support peripheral blood progenitor cell transplants, the product's fourth indication.

International sales of NEUPOGEN(R), primarily in Europe, were $274.2 million in 1995, an increase of $62.4 million or 29% over the prior year. Three factors, each contributing approximately one third, account for this increase: (1) strong unit demand growth, (2) the inclusion of sales from three additional countries as the result of Austria, Sweden, and Finland joining the European Union ("EU") on January 1, 1995 and (3) the favorable effects of strengthened foreign currencies. Prior to the entry of the three additional countries into the EU, F. Hoffmann La Roche paid the Company royalties on sales in these countries under a license agreement. In 1994, international sales were $211.8 million, an increase of $37.9 million or 22% over the prior year. This increase was primarily due to increased demand. The Company's overall share of the colony stimulating factor market in the EU has decreased since the introduction in 1994 of competing colony stimulating factor products.

Quarterly NEUPOGEN(R) sales volume in the United States is influenced by a number of factors including underlying demand, seasonal changes in cancer chemotherapy administration, and wholesaler inventory management practices. Wholesaler inventory reductions tend to reduce domestic NEUPOGEN(R) sales in the first quarter each year. In prior years, NEUPOGEN(R) sales in the EU have experienced a seasonal decline to varying degrees in the third quarter.

EPOGEN(R) (Epoetin alfa)

EPOGEN(R) sales were $882.6 million in 1995, an increase of $162.0 million or 22% over the prior year. In 1994, EPOGEN(R) sales were $720.6 million, an increase of $133.7 million or 23% over the prior year. These increases were primarily due to an increase in the U.S. dialysis patient population, the administration of higher doses, and to a lesser extent, increased penetration of the dialysis market.

Cost of sales

Cost of sales as a percentage of product sales was 15.0%, 15.4% and 16.8% for the years ended December 31, 1995, 1994 and 1993, respectively. In 1996, cost of sales as a percentage of product sales is expected to range from 14% to 15%.

Research and development

In 1995 and 1994, research and development expenses increased $128.1 million or 40% and $68.3 million or 27%, respectively, compared with the prior years primarily due to expansion of the Company's internal research and development staff and increases in external research collaborations. The current year amount includes a charge for a $20 million signing payment to The Rockefeller University and a $10 million charge related to a license fee to NPS Pharmaceuticals for exclusive licenses to certain technologies. Annual research and development expenses are expected to increase at a rate exceeding the anticipated annual product sales growth rate due to planned increases in internal efforts on new product discovery and

development and increases in external research collaboration costs, including acquisitions of product and technology rights.

Write-off of in-process technology purchased

In December 1994, the Company acquired Synergen, a biotechnology company engaged in the discovery and development of protein-based pharmaceuticals. Synergen was acquired for $254.5 million in cash, including related acquisition costs. The purchase price was assigned to the acquired tangible and intangible assets based on their estimated fair values at the date of acquisition. The value assigned to in-process technology of $116.4 million was expensed during the quarter ended December 31, 1994.

Marketing and selling

In 1995 and 1994, marketing and selling expenses increased $36.0 million or 15% and $22.8 million or 11%, respectively, compared with the prior years. These increases primarily reflect marketing efforts to increase the number of patients receiving NEUPOGEN(R) and to bring more patients receiving EPOGEN(R) within the target hematocrit range. In 1996, marketing and selling expenses combined with general and administrative expenses are expected to have an aggregate annual growth rate lower than the anticipated 1996 annual growth in product sales.

General and administrative

In 1995 and 1994, general and administrative expenses increased $22.6 million or 18% and $8.6 million or 8%, respectively, compared with the prior years. These increases are primarily due to staff-related expenses. In 1996, general and administrative expenses combined with marketing and selling expenses are expected to have an aggregate annual growth rate lower than the anticipated 1996 annual growth in product sales.

Interest and other income

Interest and other income increased $44.6 million or 207% in 1995 compared with the prior year. This increase is primarily due to: (1) capital gains realized in the Company's investment portfolio during 1995 while capital losses were incurred in 1994, (2) higher interest rates earned by the Company's investment portfolio during 1995 and (3) higher current year cash balances. Interest and other income decreased $5.7 million or 21% in 1994 compared with the prior year. Due to significant increases in interest rates during 1994, the Company elected to reposition its fixed income investment portfolio which resulted in capital losses of $16.1 million for the year. In 1993, there were no significant capital gains or losses in the investment portfolio. Interest and other income is expected to fluctuate from period to period primarily due to changes in interest rates and cash balances.

Income taxes

In 1995, the Company's effective tax rate was 32.3%. This tax rate reflects tax benefits from the sale of products manufactured in the Puerto Rico fill-and-finish facility which began in the first quarter of 1995. In 1994, the Company's effective tax rate was 45.7%, which is higher than the Company's statutory rate. This is primarily due to the write-off of in-process technology purchased in connection with the Synergen acquisition, which is not deductible for income tax purposes. In 1993, the Company's effective tax rate was 36.8%. The Company expects to maintain tax benefits from its Puerto Rico operations in 1996.

Financial Outlook

Worldwide NEUPOGEN(R) sales for 1996 are expected to grow at a rate lower than the 1995 growth rate. Future NEUPOGEN(R) sales increases are dependent primarily upon further penetration of existing markets, the timing and nature of additional indications for which the product may be approved and the effects of competitive products. NEUPOGEN(R) usage is expected to continue to be affected by cost containment pressures on health care providers worldwide. In addition, international NEUPOGEN(R) sales will continue to be subject to changes in foreign currency exchange rates and increased competition.

EPOGEN(R) sales for 1996 are expected to grow at a rate lower than the 1995 growth rate. The Company anticipates that increases in both the U.S. dialysis patient population and dosing will continue to drive EPOGEN(R) sales. The Company believes that as more dialysis patients' hematocrits reach target levels, the contribution of dosing to sales increases will diminish. Patients receiving treatment for end stage renal disease are covered primarily under medical programs provided by the federal government. Therefore, EPOGEN(R) sales may also be affected by future changes in reimbursement rates or the basis for reimbursement by the federal government.

The Company anticipates that total product sales and earnings will grow at double digit rates in 1996, but these growth rates are expected to be lower than 1995 growth rates. Estimates of future product sales and earnings, however, are necessarily speculative in nature and are difficult to predict with accuracy.

Except for the historical information contained herein, the matters discussed in this Annual Report on Form 10-K are by their nature forward-looking. For the reasons stated in this Annual Report or in the Company's other Securities and Exchange Commission filings, or for various unanticipated reasons, actual results may differ materially.

Legal Matters

The Company is engaged in arbitration proceedings with one of its licensees and various legal proceedings relating to Synergen. For a complete discussion of these matters see Note 5 to the Consolidated Financial Statements.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is incorporated herein by reference to the financial statements listed in Item 14(a) of Part IV of this Form 10-K Annual Report.

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

None.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information concerning the directors of the Company is incorporated by reference to the section entitled "Election of Directors" in the Company's definitive Proxy Statement with respect to the Company's 1996 Annual Meeting to be filed with the Securities and Exchange Commission within 120 days of December 31, 1995 (the "Proxy Statement").

The executive officers of the Company, their ages as of February 29, 1996 and positions are as follows:

Mr. Gordon M. Binder, age 60, has served as a director of the Company since October 1988. He joined the Company in 1982 as Vice President-Finance and was named Senior Vice President-Finance in February 1986. In October 1988, Mr. Binder was elected Chief Executive Officer. In July 1990, Mr. Binder became Chairman of the Board.

Dr. N. Kirby Alton, age 45, became Senior Vice President, Development, in August 1993, having served as Senior Vice President, Therapeutic Product Development, since August 1992. Dr. Alton previously served as Vice President, Therapeutic Product Development, Responsible Head, from October 1988 to August 1992, and as Director, Therapeutic Product Development, from February 1986 to October 1988.

Mr. Robert S. Attiyeh, age 61, has served as Senior Vice President, Finance and Corporate Development, since joining the Company in July 1994. Prior to joining the Company, Mr. Attiyeh served as a director of McKinsey & Company, a consulting firm, in its Los Angeles, Japan and Scandinavian offices from 1967 to 1994.

Mr. Stanley M. Benson. age 44, has served as Senior Vice President, Sales and Marketing, since joining the Company in June 1995. Prior to joining the Company, Mr. Benson held a number of executive management positions at Pfizer Inc., a pharmaceutical company, from 1987 to 1995.

Dr. Dennis M. Fenton, age 44, became Senior Vice President, Operations, in January 1995, having served as Senior Vice President, Sales and Marketing, since August 1992, and having served as Vice President, Process Development, Facilities and Manufacturing Services, from July 1991 to August 1992. Dr. Fenton previously had served as Vice President, Pilot Plant Operations and Clinical Manufacturing, from October 1988 to July 1991, and as Director, Pilot Plant Operations, from 1985 to October 1988.

Mr. Daryl D. Hill, age 50, became Senior Vice President, Asia Pacific, in January 1994, having served as Vice President, Quality Assurance, from October 1988 to January 1994, and as Director of Quality Assurance from January 1984 to October 1988.

Mr. Larry A. May, age 46, became Vice President, Corporate Controller and Chief Accounting Officer in October 1991, having served as Corporate Controller and Chief Accounting Officer from October 1988 to October 1991, and as Controller from January 1983 to October 1988.

Mr. Kevin W. Sharer, age 47, has served as a director of the Company since November 1992. He has served as President and Chief Operating Officer since October 1992. Prior to joining the Company, Mr. Sharer served as President of the Business Markets Division of MCI Communications Corporation, a telecommunications company, from April 1989 to October 1992, and served in numerous executive capacities at General Electric Company from February 1984 to March 1989. Mr. Sharer also serves as a director of Geotek Communications, Inc.

Mr. George A. Vandeman, age 56, has served as Senior Vice President, General Counsel and Secretary since joining the Company in July 1995. Prior to joining the Company, Mr. Vandeman was a partner of Latham & Watkins, an international law firm, from June 1966 to July 1995.

Dr. Daniel Vapnek, age 57, became Senior Vice President, Research, in October 1988, having served as Vice President, Research, since January 1986.

Dr. Linda R. Wudl, age 50, became Vice President, Quality Assurance, in January 1994, having served as Director of Quality Control from April 1991 to January 1994, and as Manager of Quality Control from April 1987 to April 1991.

## Item 11. EXECUTIVE COMPENSATION

The section labeled "Executive Compensation" appearing in the Company's Proxy Statement is incorporated herein by reference, except for such information as need not be incorporated by reference under rules promulgated by the Securities Exchange Commission.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The section labeled "Security Ownership of Directors and Executive Officers and Certain Beneficial Owners" appearing in the Company's Proxy Statement is incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The section labeled "Certain Transactions" appearing in the Company's Proxy Statement is incorporated herein by reference.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. Index to Financial Statements

The following Financial Statements are included herein:



(a) 2. Index to Financial Statement Schedules

The following Schedules are filed as part of this Form 10-K Annual Report:



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

(a) 3. Exhibits

| Exhibit No. | Description |
|---|---|
| 3.1 | Restated Certificate of Incorporation. (6) |
| 3.2 | Certificate of Amendment to Restated Certificate of Incorporation, effective as of July 24, 1991. (11) |

| | |
|---|---|
| 3.3 | Bylaws, as amended to date. (16) |
| 4.1 | Indenture dated January 1, 1992 between the Company and Citibank N.A., as trustee. (12) |
| 4.2 | Forms of Commercial Paper Master Note Certificates. (15) |
| 10.1* | Company's Amended and Restated 1991 Equity Incentive Plan. (22) |
| 10.2* | Company's Amended and Restated 1984 Stock Option Plan. (22) |
| 10.3 | Shareholder's Agreement of Kirin-Amgen, Inc., dated May 11, 1984, between the Company and Kirin Brewery Company, Limited (with certain confidential information deleted therefrom). (1) |
| 10.4 | Amendment Nos. 1, 2, and 3, dated March 19, 1985, July 29, 1985 and December 19, 1985, respectively, to the Shareholder's Agreement of Kirin-Amgen, Inc., dated May 11, 1984 (with certain confidential information deleted therefrom). (3) |
| 10.5 | Product License Agreement, dated September 30, 1985, and Technology License Agreement, dated, September 30, 1985 between the Company and Ortho Pharmaceutical Corporation (with certain confidential information deleted therefrom). (2) |
| 10.6 | Product License Agreement, dated September 30, 1985, and Technology License Agreement, dated September 30, 1985 between Kirin-Amgen, Inc. and Ortho Pharmaceutical Corporation (with certain confidential information deleted therefrom). (3) |
| 10.7* | Company's Amended and Restated Employee Stock Purchase Plan. |
| 10.8 | Research, Development Technology Disclosure and License Agreement PPO, dated January 20, 1986, by and between the Company and Kirin Brewery Co., Ltd. (4) |
| 10.9 | Amendment Nos. 4 and 5, dated October 16, 1986 (effective July 1, 1986) and December 6, 1986 (effective July 1, 1986), respectively, to the Shareholders Agreement of Kirin-Amgen, Inc. dated May 11, 1984 (with certain confidential information deleted therefrom). (5) |
| 10.10 | Assignment and License Agreement, dated October 16, 1986, between the Company and Kirin-Amgen, Inc. (with certain confidential information deleted therefrom). (5) |
| 10.11 | G-CSF European License Agreement, dated December 30, 1986, between Kirin-Amgen, Inc. and the Company (with certain confidential information deleted therefrom). (5) |
| 10.12 | Research and Development Technology Disclosure and License Agreement: GM-CSF, dated March 31, 1987, between Kirin Brewery Company, Limited and the Company (with certain confidential information deleted therefrom). (5) |
| 10.13* | Company's Amended and Restated 1987 Directors' Stock Option Plan. (22) |
| 10.14* | Company's Amended and Restated 1988 Stock Option Plan. (22) |
| 10.15* | Company's Retirement and Savings Plan, amended and restated as of January 1, 1993. (13) |
| 10.16 | Amendment, dated June 30, 1988, to Research, Development, Technology Disclosure and License Agreement: GM-CSF dated March 31, 1987, between Kirin Brewery Company, Limited and the Company. (6) |

| | |
|---|---|
| 10.17 | Agreement on G-CSF in the EU, dated September 26, 1988, between Amgen Inc. and F. Hoffmann-La Roche & Co. Limited Company (with certain confidential information deleted therefrom). (8) |
| 10.18 | Supplementary Agreement to Agreement dated January 4, 1989 to Agreement on G-CSF in the EU, dated September 26, 1988, between the Company and F. Hoffmann-La Roche & Co. Limited Company, (with certain confidential information deleted therefrom). (8) |
| 10.19 | Agreement on G-CSF in Certain European Countries, dated January 1, 1989, between Amgen Inc. and F. Hoffmann-La Roche & Co. Limited Company (with certain confidential information deleted therefrom). (8) |
| 10.20 | Rights Agreement, dated January 24, 1989, between Amgen Inc. and American Stock Transfer and Trust Company, Rights Agent. (7) |
| 10.21 | First Amendment to Rights Agreement, dated January 22, 1991, between Amgen Inc. and American Stock Transfer and Trust Company, Rights Agent. (9) |
| 10.22 | Second Amendment to Rights Agreement, dated April 2, 1991, between Amgen Inc. and American Stock Transfer and Trust Company, Rights Agent. (10) |
| 10.23 | Agency Agreement, dated November 21, 1991, between Amgen Manufacturing, Inc. and Citicorp Financial Services Corporation. (13) |
| 10.24 | Agency Agreement, dated May 21, 1992, between Amgen Manufacturing, Inc. and Citicorp Financial Services Corporation. (13) |
| 10.25 | Guaranty, dated July 29, 1992, by the Company in favor of Merck Sharp & Dohme Quimica de Puerto Rico, Inc. (14) |
| 10.26 | 936 Promissory Note No. 01, dated December 11, 1991, issued by Amgen Manufacturing, Inc. (13) |
| 10.27 | 936 Promissory Note No. 02, dated December 11, 1991, issued by Amgen Manufacturing, Inc. (13) |
| 10.28 | 936 Promissory Note No. 001, dated July 29, 1992, issued by Amgen Manufacturing, Inc. (13) |
| 10.29 | 936 Promissory Note No. 002, dated July 29, 1992, issued by Amgen Manufacturing, Inc. (13) |
| 10.30 | Guaranty, dated November 21, 1991, by the Company in favor of Citicorp Financial Services Corporation. (13) |
| 10.31 | Partnership Purchase Agreement, dated March 12, 1993, between the Company, Amgen Clinical Partners, L.P., Amgen Development Corporation, the Class A limited partners and the Class B limited partner. (14) |
| 10.32* | Amgen Supplemental Retirement Plan dated June 1, 1993. (17) |
| 10.33 | Promissory Note of Mr. Kevin W. Sharer, dated June 4, 1993. (17) |
| 10.34 | Promissory Note of Mr. Larry A. May, dated February 24, 1993. (18) |
| 10.35* | First Amendment dated October 26, 1993 to the Company's Retirement and Savings Plan. (18) |
| 10.36* | Amgen Performance Based Management Incentive Plan. (18) |
| 10.37 | Agreement and Plan of Merger, dated as of November 17, 1994, among Amgen Inc., Amgen Acquisition Subsidiary, Inc. and Synergen, Inc. (19) |

| | |
|---|---|
| 10.38 | Third Amendment to Rights Agreement, dated as of February 21, 1995, between Amgen Inc. and American Stock Transfer Trust and Trust Company (20) |
| 10.39 | Credit Agreement, dated as of June 23, 1995, among Amgen Inc., the Borrowing Subsidiaries named therein, the Banks named therein, Swiss Bank Corporation and ABN AMRO Bank N.V., as Issuing Banks, and Swiss Bank Corporation, as Administrative Agent.(21) |
| 10.40* | Conforming Amendments to the Amgen Retirement and Savings Plan. |
| 10.41* | Second Amendment to the Amgen Retirement and Savings Plan. |
| 10.42* | Third Amendment to the Amgen Retirement and Savings Plan. |
| 10.43* | Fourth Amendment to the Amgen Retirement and Savings Plan. |
| 10.44 | Promissory Note of Mr. George A. Vandeman, dated December 15, 1995. |
| 10.45 | Promissory Note of Mr. George A. Vandeman, dated December 15, 1995. |
| 10.46 | Promissory Note of Mr. Stan Benson, dated March 19, 1996. |
| 11 | Computation of per share earnings. |
| 21 | Subsidiaries of the Company. |
| 23 | Consent of Ernst & Young LLP, independent auditors. The consent set forth on page 35 is incorporated herein by reference. |
| 24 | Power of Attorney. The Power of Attorney set forth on page 34 is incorporated herein by reference. |
| 27 | Financial Data Schedule. |

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* Management contract or compensatory plan or arrangement.

(1) Filed as an exhibit to the Annual Report on Form 10-K for the year ended March 31, 1984 on June 26, 1984 and incorporated herein by reference.

(2) Filed as an exhibit to Quarterly Report on Form 10-Q for the quarter ended September 30, 1985 on November 14, 1985 and incorporated herein by reference.

(3) Filed as an exhibit to Quarterly Report on Form 10-Q for the quarter ended December 31, 1985 on February 3, 1986 and incorporated herein by reference.

(4) 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.

(5) Filed as an exhibit to the Form 10-K Annual Report for the year ended March 31, 1987 on May 18, 1987 and incorporated herein by reference.

(6) 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.

(7) Filed as an exhibit to the Form 8-K Current Report dated January 24, 1989 and incorporated herein by reference.

(8) Filed as an exhibit to the Annual Report on Form 10-K for the year ended March 31, 1989 on June 28, 1989 and incorporated herein by reference.

(9) Filed as an exhibit to the Form 8-K Current Report dated January 22, 1991 and incorporated herein by reference.
(10) Filed as an exhibit to the Form 8-K Current Report dated April 12, 1991 and incorporated herein by reference.
(11) Filed as an exhibit to the Form 8-K Current Report dated July 24, 1991 and incorporated herein by reference.
(12) Filed as an exhibit to Form S-3 Registration Statement dated December 19, 1991 and incorporated herein by reference.
(13) Filed as an exhibit to the Annual Report on Form 10-K for the year ended December 31, 1992 on March 30, 1993 and incorporated herein by reference.
(14) Filed as an exhibit to the Form 8-A dated March 31, 1993 and incorporated herein by reference.
(15) Filed as an exhibit to the Form 10-Q for the quarter ended March 31, 1993 on May 17, 1993 and incorporated herein by reference.
(16) Filed as an exhibit to the Form 10-Q for the quarter ended June 30, 1993 on August 16, 1993 and incorporated herein by reference.
(17) Filed as an exhibit to the Form 10-Q for the quarter ended September 30, 1993 on November 12, 1993 and incorporated herein by reference.
(18) Filed as an exhibit to the Annual Report on Form 10-K for the year ended December 31, 1993 on March 25, 1994 and incorporated herein by reference.
(19) Filed as an exhibit to the Form 8-K Current Report dated November 18, 1994 on December 2, 1994 and incorporated herein by reference.
(20) Filed as an exhibit to the Form 8-K Current Report dated February 21, 1995 on March 7, 1995 and incorporated herein by reference.
(21) Filed as an exhibit to the Form 10-Q for the quarter ended June 30, 1995 on August 11, 1995 and incorporated herein by reference.
(22) Filed as an exhibit to the Form 10-Q for the quarter ended September 30, 1995 on November 13, 1995 and incorporated herein by reference.

(b) Reports on Form 8-K

No reports on Form 8-K were filed by the Company during the three months ended December 31, 1995.

SIGNATURES

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

Amgen Inc.

(Registrant)

Date: 3/27/96

By: /s/ ROBERT S. ATTIYEH
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Robert S. Attiyeh
Senior Vice President,
Finance and Corporate
Development, and
Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Robert S. Attiyeh and Larry A. May, or either of them, his attorney-in-fact, each with the power of substitution, for him 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 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:

/s/GORDON M. BINDER 3/27/96
Gordon M. Binder
Chairman of the Board
Chief Executive Officer and
Director
(Principal Executive
Officer)

/s/KEVIN W. SHARER 3/27/96
Kevin W. Sharer
President, Chief Operating
Officer and Director

/s/ROBERT S. ATTIYEH 3/27/96
Robert S. Attiyeh
Senior Vice President,
Finance and Corporate
Development, and
Chief Financial Officer

/s/LARRY A. MAY 3/27/96
Larry A. May
Vice President,
Corporate Controller and
Chief Accounting Officer

/s/RAYMOND F. BADDOUR 3/27/96
Raymond F. Baddour
Director

/s/WILLIAM K. BOWES, JR. 3/27/96
William K. Bowes, Jr.
Director

/s/FRANKLIN P. JOHNSON, JR. 3/27/96
Franklin P. Johnson, Jr.
Director

/s/STEVEN LAZARUS 3/27/96
Steven Lazarus
Director

/s/EDWARD J. LEDDER 3/27/96
Edward J. Ledder
Director

/s/GILBERT S. OMENN 3/27/96
Gilbert S. Omenn
Director

/s/JUDITH C. PELHAM 3/27/96
Judith C. Pelham
Director

/s/BERNARD H. SEMLER 3/27/96
Bernard H. Semler
Director

EXHIBIT 23

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-5111) pertaining to the 1984 Stock Option Plan, 1981 Incentive Stock Option Plan and Nonqualified Stock Option Plan of Amgen Inc., in the Registration Statement (Form S-8 No. 33-24013) pertaining to the Amended and Restated 1988 Stock Option Plan of Amgen Inc., in the Registration Statement (Form S-8 No. 33-39183) pertaining to the Amended and Restated Employee Stock Purchase Plan, in the Registration Statement (Form S-8 No. 33-39104) pertaining to the Amgen Retirement and Savings Plan, in the Registration Statement (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. and in the Registration Statements (Form S-3 No. 33-22544 and Form S-3 No. 33-44454) of Amgen Inc. and in the related Prospectuses of our report dated January 29, 1996 with respect to the consolidated financial statements and financial statement schedule of Amgen Inc. included in this Annual Report (Form 10-K) for the year ended December 31, 1995.

/s/ ERNST & YOUNG LLP

Los Angeles, California
March 22, 1996



REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

The Board of Directors and Stockholders of
Amgen Inc.

We have audited the accompanying consolidated balance sheets of Amgen Inc. as of December 31, 1995 and 1994, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1995. Our audits also included the financial statement schedule listed in the Index at Item 14(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amgen Inc. at December 31, 1995 and 1994, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1995, in conformity with 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.

/s/ ERNST & YOUNG LLP

Los Angeles, California
January 29, 1996

AMGEN INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended December 31, 1995, 1994 and 1993
(In millions, except per share data)

| | 1995 | 1994 | 1993 |
|---|---|---|---|
| Revenues: | | | |
| Product sales | $1,818.6 | $1,549.6 | $1,306.3 |
| Corporate partner revenues | 85.2 | 70.4 | 48.6 |
| Royalty income | 36.1 | 27.9 | 18.9 |
| Total revenues | 1,939.9 | 1,647.9 | 1,373.8 |
| Operating expenses: | | | |
| Cost of sales | 272.9 | 238.1 | 220.0 |
| Research and development | 451.7 | 323.6 | 255.3 |
| Write-off of in-process technology purchased | - | 116.4 | - |
| Marketing and selling | 272.9 | 236.9 | 214.1 |
| General and administrative | 145.5 | 122.9 | 114.3 |
| Loss of affiliates, net | 53.3 | 31.2 | 12.6 |
| Legal award | - | - | (13.9) |
| Total operating expenses | 1,196.3 | 1,069.1 | 802.4 |
| Operating income | 743.6 | 578.8 | 571.4 |
| Other income (expense): | | | |
| Interest and other income | 66.1 | 21.5 | 27.2 |
| Interest expense, net | (15.3) | (12.0) | (6.2) |
| Total other income (expense) | 50.8 | 9.5 | 21.0 |
| Income before income taxes and cumulative effect of a change in accounting principle | 794.4 | 588.3 | 592.4 |
| Provision for income taxes | 256.7 | 268.6 | 217.8 |
| Income before cumulative effect of a change in accounting principle | 537.7 | 319.7 | 374.6 |
| Cumulative effect of a change in accounting principle | - | - | 8.7 |
| Net income | $ 537.7 | $ 319.7 | $ 383.3 |

See accompanying notes.
(Continued on next page)

AMGEN INC.

CONSOLIDATED STATEMENTS OF OPERATIONS (Continued)

Years ended December 31, 1995, 1994 and 1993
(In millions, except per share data)

| | 1995 | 1994 | 1993 |
|---|---|---|---|
| Earnings per share: | | | |
| Primary: | | | |
| Income before cumulative effect of a change in accounting principle | $1.92 | $1.14 | $1.30 |
| Cumulative effect of a change in accounting principle | - | - | .03 |
| Net income | $1.92 | $1.14 | $1.33 |
| Fully diluted: | | | |
| Income before cumulative effect of a change in accounting principle | $1.88 | $1.13 | $1.30 |
| Cumulative effect of a change in accounting principle | - | - | .03 |
| Net income | $1.88 | $1.13 | $1.33 |
| Shares used in calculation of: | | | |
| Primary earnings per share | 280.7 | 279.6 | 287.2 |
| Fully diluted earnings per share | 285.3 | 282.2 | 288.6 |

See accompanying notes.

AMGEN INC.

CONSOLIDATED BALANCE SHEETS

December 31, 1995 and 1994
(In millions, except per share data)

| | 1995 | 1994 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 66.7 | $ 211.3 |
| Marketable securities | 983.6 | 485.4 |
| Trade receivables, net of allowance for doubtful accounts of $13.8 in 1995 and $13.3 in 1994 | 199.3 | 194.7 |
| Inventories | 88.8 | 98.0 |
| Deferred tax assets, net | 51.7 | 70.2 |
| Other current assets | 64.0 | 56.0 |
| Total current assets | 1,454.1 | 1,115.6 |
| Property, plant and equipment at cost, net | 743.8 | 665.3 |
| Investments in affiliated companies | 95.7 | 82.3 |
| Other assets | 139.2 | 130.9 |
| | $2,432.8 | $1,994.1 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| Current liabilities: | | |
| Accounts payable | $ 54.4 | $ 30.5 |
| Commercial paper | 69.7 | 99.7 |
| Accrued liabilities | 459.7 | 406.2 |
| Total current liabilities | 583.8 | 536.4 |
| Long-term debt | 177.2 | 183.4 |
| Contingencies | | |
| Stockholders' equity: | | |
| Common stock and additional paid-in capital; $.0001 par value; 750.0 shares authorized; outstanding - 265.7 shares in 1995 and 264.7 shares in 1994 | 864.8 | 719.3 |
| Retained earnings | 807.0 | 555.0 |
| Total stockholders' equity | 1,671.8 | 1,274.3 |
| | $2,432.8 | $1,994.1 |

See accompanying notes.

AMGEN INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years ended December 31, 1995, 1994 and 1993
(In millions)

| | Number of shares | Common stock and additional paid-in capital | Retained earnings |
|---|---|---|---|
| Balance at December 31, 1992..... | 272.6 | $573.8 | $359.9 |
| Issuance of common stock upon the exercise of stock options and in connection with an employee stock purchase plan..... | 4.6 | 21.7 | - |
| Issuance of common stock upon the exercise of warrants..... | 1.3 | 5.9 | - |
| Tax benefits related to stock options..... | - | 34.8 | - |
| Repurchases of common stock..... | (10.1) | - | (207.4) |
| Net income..... | - | - | 383.3 |
| Balance at December 31, 1993..... | 268.4 | 636.2 | 535.8 |
| Issuance of common stock upon the exercise of stock options and in connection with an employee stock purchase plan..... | 5.7 | 44.8 | - |
| Issuance of common stock upon the exercise of warrants..... | 3.5 | 15.3 | - |
| Tax benefits related to stock options..... | - | 23.0 | - |
| Repurchases of common stock..... | (12.9) | - | (300.5) |
| Net income..... | - | - | 319.7 |
| Balance at December 31, 1994..... | 264.7 | $719.3 | $555.0 |

See accompanying notes.
(Continued next page)

AMGEN INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Continued)

Years ended December 31, 1995, 1994 and 1993
(In millions)

| | Number of shares | Common stock and additional paid-in capital | Retained earnings |
|---|---|---|---|
| Balance at December 31, 1994..... | 264.7 | $719.3 | $555.0 |
| Issuance of common stock upon the exercise of stock options and in connection with an employee stock purchase plan..... | 8.3 | 102.7 | - |
| Tax benefits related to stock options..... | - | 42.8 | - |
| Repurchases of common stock..... | (7.3) | - | (285.7) |
| Net income..... | - | - | 537.7 |
| Balance at December 31, 1995..... | 265.7 | $864.8 | $807.0 |

See accompanying notes.

AMGEN INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 1995, 1994 and 1993
(In millions)

| | 1995 | 1994 | 1993 |
|---|---|---|---|
| Cash flows from operating activities: | | | |
| Net income | $ 537.7 | $ 319.7 | $ 383.3 |
| Write-off of in-process technology purchased | - | 116.4 | - |
| Depreciation and amortization | 84.2 | 74.5 | 50.7 |
| Other non-cash expenses | 0.1 | 2.8 | 7.9 |
| Deferred income taxes | 23.9 | 2.4 | 17.4 |
| Loss of affiliates, net | 53.3 | 31.2 | 12.6 |
| Cash provided by (used in): | | | |
| Trade receivables, net | (4.6) | (30.4) | (8.3) |
| Inventories | 9.2 | (23.3) | (17.9) |
| Other current assets | (8.0) | 1.8 | (4.8) |
| Accounts payable | 23.9 | 4.6 | (14.9) |
| Accrued liabilities | 53.5 | 32.2 | 7.0 |
| Net cash provided by operating activities | 773.2 | 531.9 | 433.0 |
| Cash flows from investing activities: | | | |
| Purchases of property, plant and equipment | (162.7) | (130.8) | (209.9) |
| Increase in marketable securities | - | - | (131.3) |
| Proceeds from maturities of marketable securities | 129.6 | 87.7 | - |
| Proceeds from sales of marketable securities | 1,018.8 | 1,505.8 | - |
| Purchases of marketable securities | (1,646.6) | (1,395.1) | - |
| Cost to acquire company, net of cash acquired | - | (240.8) | - |
| Increase in investments in affiliated companies | (19.5) | (21.8) | (21.7) |
| (Increase) decrease in other assets | (13.7) | 4.0 | (27.0) |
| Net cash used in investing activities | $ (694.1) | $ (191.0) | $ (389.9) |

See accompanying notes.
(Continued on next page)

AMGEN INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

Years ended December 31, 1995, 1994 and 1993
(In millions)

| | 1995 | 1994 | 1993 |
|---|---|---|---|
| Cash flows from financing activities: | | | |
| (Decrease) increase in commercial paper | $(30.0) | $(10.1) | $109.8 |
| Repayment of long-term debt | (6.2) | (12.0) | (2.0) |
| Proceeds from issuance of long-term debt | - | 12.5 | 53.0 |
| Net proceeds from issuance of common stock upon the exercise of stock options and in connection with an employee stock purchase plan | 102.6 | 44.5 | 21.5 |
| Tax benefit related to stock options | 42.8 | 23.0 | 34.8 |
| Net proceeds from issuance of common stock upon the exercise of warrants | - | 15.3 | 5.9 |
| Repurchases of common stock | (285.7) | (300.5) | (207.4) |
| Other | (47.2) | (30.8) | (22.2) |
| Net cash used in financing activities | (223.7) | (258.1) | (6.6) |
| (Decrease) increase in cash and cash equivalents | (144.6) | 82.8 | 36.5 |
| Cash and cash equivalents at beginning of period | 211.3 | 128.5 | 92.0 |
| Cash and cash equivalents at end of period | $ 66.7 | $211.3 | $128.5 |

See accompanying notes.

## 1. Summary of significant accounting policies

### Business

Amgen Inc. ("Amgen" or the "Company") is a global biotechnology company that develops, manufactures and markets human therapeutics based on advanced cellular and molecular biology.

### Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries as well as affiliated companies for which the Company has a controlling financial interest and exercises control over their operations ("majority controlled affiliates"). All material intercompany transactions and balances have been eliminated in consolidation. Investments in affiliated companies which are 50% or less owned and where the Company exercises significant influence over operations are accounted for using the equity method. All other equity investments are accounted for under the cost method. The caption "Loss of affiliates, net" includes Amgen's equity in the operating results of affiliated companies and the minority interest others hold in the operating results of Amgen's majority controlled affiliates.

### Cash equivalents and marketable securities

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

The Company considers its investment portfolio available-for-sale as defined in Statement of Financial Accounting Standards ("SFAS") No. 115. There were no material unrealized gains or losses nor any material differences between the estimated fair values and costs of securities in the investment portfolio at December 31, 1995 and 1994. For the year ended December 31, 1995, realized gains and losses totaled $8.0 million and $3.1 million, respectively. For the year ended December 31, 1994, realized gains and losses totaled $5.0 million and $21.1 million, respectively. The cost of securities sold is based on the specific identification method. The cost of the investment portfolio by type of security, contractual maturity and its classification in the balance sheet is as follows (in millions):

| | December 31, 1995 | 1994 |
|---|---|---|
| Type of security: | | |
| Corporate debt securities | $ 486.8 | $365.0 |
| U.S. Treasury securities and obligations of U.S. government agencies | 459.3 | 170.9 |
| Other interest bearing securities | 81.3 | 151.6 |
| | $1,027.4 | $687.5 |
| Contractual maturity: | | |
| Maturing in one year or less | $ 219.4 | $411.0 |
| Maturing after one year through three years | 569.4 | 132.8 |
| Maturing after three years | 238.6 | 143.7 |
| | $1,027.4 | $687.5 |
| Classification in balance sheet: | | |
| Cash and cash equivalents | $ 66.7 | $211.3 |
| Marketable securities | 983.6 | 485.4 |
| | 1,050.3 | 696.7 |
| Less cash | (22.9) | (9.2) |
| | $1,027.4 | $687.5 |

The Company invests its cash in accordance with a policy that seeks to maximize returns while ensuring both liquidity and minimal risk of principal loss. The policy limits investments to certain types of instruments issued by institutions with investment grade credit ratings, and places restrictions on maturities and concentration by type and issuer. The majority of the Company's portfolio is composed of fixed income investments which are subject to the risk of market interest rate fluctuations, and all the Company's investments are subject to risks associated with the ability of the issuers to perform their obligations under the instruments.

Inventories

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

| | December 31, | |
|---|---|---|
| | 1995 | 1994 |
| Raw materials | $11.8 | $11.0 |
| Work in process | 45.9 | 54.0 |
| Finished goods | 31.1 | 33.0 |
| | $88.8 | $98.0 |

Depreciation and amortization

Depreciation of buildings and equipment is provided over their estimated useful lives on a straight-line basis. Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives or lease terms, including periods covered by options which are expected to be exercised.

Product sales

Product sales consist of two products, EPOGEN(R) (Epoetin alfa) and NEUPOGEN(R) (Filgrastim).

Quarterly NEUPOGEN(R) sales volume in the United States is influenced by a number of factors including underlying demand, seasonal changes in cancer chemotherapy administration, and wholesaler inventory management practices. Wholesaler inventory reductions tend to reduce domestic NEUPOGEN(R) sales in the first quarter each year. In prior years, NEUPOGEN(R) sales in the European Union ("EU") have experienced a seasonal decline to varying degrees in the third quarter.

The Company has the exclusive right to sell Epoetin alfa for dialysis, diagnostics and all non-human uses in the United States. The Company sells Epoetin alfa under the brand name EPOGEN(R). Amgen has granted to Ortho Pharmaceutical Corporation, a subsidiary of Johnson & Johnson ("Johnson & Johnson"), a license relating to Epoetin alfa for sales in the United States for all human uses except dialysis and diagnostics. Pursuant to this license, Amgen does not recognize product sales it makes into the exclusive market of Johnson & Johnson and does recognize the product sales made by Johnson & Johnson into Amgen's exclusive market. These sales amounts, and adjustments thereto, are derived from third-party data on shipments to end users and their usage (see Note 5, "Contingencies - Johnson & Johnson arbitrations").

Research and development costs

Research and development costs are expensed as incurred. Payments related to the acquisition of technology rights, for which

development work is in-process, are expensed and considered a component of research and development costs (Note 2).

Foreign currency transactions

The Company has a program to manage foreign currency risk. As part of this program, it has purchased foreign currency option and forward contracts to hedge against possible reductions in values of anticipated foreign currency cash flows over the next 12 months, primarily resulting from its sales in Europe. At December 31, 1995, the Company had net option and forward contracts to exchange foreign currencies for U.S. dollars of $13.2 million and $16.2 million, respectively, all having maturities of one year or less. The option contracts are designated and effective as hedges of anticipated foreign currency transactions for financial reporting purposes, and accordingly, the net gains on such contracts are deferred and will be recognized in the same period as the hedged transactions. The forward contracts do not qualify as hedges for financial reporting purposes, and accordingly, are marked-to-market with changes in market values reflected directly in income.

The Company has additional foreign currency forward contracts to hedge certain exposures to foreign currency fluctuations of certain receivables and payables denominated in foreign currencies. At December 31, 1995, the Company had forward contracts to exchange foreign currencies, primarily Swiss francs, for U.S. dollars of $53.9 million, all having maturities of six months or less. These contracts are designated and effective as hedges, and accordingly, gains and losses on these forward contracts are recognized in the same period the offsetting gains and losses of hedged assets and liabilities are realized and recognized.

Interest rate swaps

The Company has two interest rate swap agreements that change the nature of the fixed rate interest paid on $50.0 million of its medium term debt securities ("Medium Term Notes") outstanding (Note 4). Under the first agreement, the Company pays a variable rate (LIBOR) of interest in exchange for the receipt of fixed rate interest payments of approximately 6.1%. Under the second agreement, the Company makes fixed rate interest payments of approximately 4.7% and receives variable rate (LIBOR) interest payments at the same time payments are exchanged under the first agreement. These agreements both have notional amounts of $50.0 million, terminate in 1997, and involve the same counterparty. The differential in the fixed rate interest payments is recognized as a reduction of interest expense related to the debt. The related amounts payable to and receivable from the counterparty are recorded in accrued liabilities. The fair values of the swap agreements are not recognized in the financial statements.

Interest

Interest costs are expensed as incurred except to the extent such interest is related to construction in progress, in which case interest is capitalized. Interest costs capitalized for the years ended December 31, 1995, 1994 and 1993, were $4.7 million, $3.7 million and $4.0 million, respectively.

Income taxes

Effective January 1, 1993, the Company adopted SFAS No. 109, "Accounting for Income Taxes," which supersedes SFAS No. 96. As permitted under this new accounting standard, prior years' financial statements have not been restated. Net income for the year ended December 31, 1993, was increased by $8.7 million, or $.03 per share on a primary and fully diluted basis, to reflect the cumulative effect of a change in accounting principle to adopt SFAS No. 109 (Note 6).

Stock option and purchase plans

The Company's stock options and purchase plans are accounted for under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (Note 8).

Earnings per share

Earnings per share are computed in accordance with the treasury stock method. Primary and fully diluted earnings per share are based upon the weighted average number of common shares and dilutive common stock equivalents during the period in which they were outstanding. Common stock equivalents include outstanding options under the Company's stock option plans and outstanding warrants to purchase shares of the Company's common stock.

Use of estimates

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

Reclassification

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

2. Business combination

In December 1994, the Company acquired the outstanding stock of Synergen, Inc. ("Synergen"), a publicly held biotechnology company engaged in the discovery and development of protein-based pharmaceuticals. Synergen was acquired for $254.5 million, including related acquisition costs. The assignment of the purchase price among identifiable tangible and intangible assets was based on an analysis of the fair values of those assets. Specifically, purchased in-process technology was evaluated through analysis of data concerning each of Synergen's product candidates. The fair values of the identifiable tangible and intangible assets acquired, net of liabilities assumed, exceeded the purchase price, and accordingly, the values of the noncurrent assets (including in-process technology)

were reduced pro rata. The value assigned to in-process technology of $116.4 million was expensed on the acquisition date.

This business combination has been accounted for using the purchase method. Therefore, the operating results of Synergen are included in the accompanying consolidated financial statements beginning in December 1994.

3. Related party transactions

The Company owns a 50% interest in Kirin-Amgen, Inc. ("Kirin-Amgen"), a corporation formed in 1984 for the development and commercialization of certain products based on advanced biotechnology. Pursuant to the terms of agreements entered into with Kirin-Amgen, the Company conducts certain research and development activities on behalf of Kirin-Amgen and is paid for such services at negotiated rates. Included in revenues from corporate partners for the years ended December 31, 1995, 1994 and 1993, are $72.6 million, $58.6 million and $41.2 million, respectively, related to these agreements.

In connection with its various agreements with Kirin-Amgen, the Company has been granted sole and exclusive licenses for the manufacture and sale of certain products in specified geographic areas of the world. In return for such licenses, the Company paid Kirin-Amgen stated amounts upon the receipt of the licenses and/or pays Kirin-Amgen royalties based on sales. During the years ended December 31, 1995, 1994 and 1993, Kirin-Amgen earned royalties from Amgen of $74.2 million, $67.5 million and $53.1 million, respectively, under such agreements, which are included in cost of sales in the accompanying consolidated statements of operations.

At December 31, 1995, Amgen's share of Kirin-Amgen's undistributed retained earnings was approximately $50.4 million.

4. Debt

The Company has a commercial paper program which provides for unsecured short-term borrowings up to an aggregate of $200 million. Commercial paper issued under this program is supported by the Company's credit facility (discussed below). At December 31, 1995, $69.7 million of commercial paper was outstanding at effective interest rates averaging 5.8% and maturities of less than three months. At December 31, 1994, $99.7 million of commercial paper was outstanding at effective interest rates averaging 6.0% and maturities of less than four months.

Long-term debt consisted of the following (in millions):

| | December 31, | |
|---|---|---|
| | 1995 | 1994 |
| Medium Term Notes | $109.0 | $113.0 |
| Promissory notes | 68.2 | 68.2 |
| Other long-term obligations | - | 2.2 |
| | $177.2 | $183.4 |

The Company has registered $200 million of unsecured Medium Term Notes of which $109.0 million were outstanding at December 31, 1995. These Medium Term Notes mature in approximately two to eight years and bear interest at fixed rates averaging 5.8%. The Company may offer and issue these securities from time to time with terms determined by market conditions. Under the terms of these securities, the Company is required to meet certain debt to tangible net worth ratios. In addition, these securities place limitations on liens and sale/leaseback transactions.

The Company's promissory notes, which mature in 1997, were issued to assist in financing the acquisition and related construction of a manufacturing facility in Puerto Rico. These notes bear interest, which is payable quarterly, at a floating rate equal to 81% of a Eurodollar base rate, not to exceed 12%. At December 31, 1995, the effective interest rate on these notes was approximately 4.7%.

In June 1995, the Company replaced its existing unsecured credit facility with a new unsecured credit facility (the ``credit facility''). The credit facility includes a commitment expiring on June 23, 2000 for up to $150 million of borrowings under a revolving line of credit (the "revolving line commitment") and a commitment expiring on December 5, 1997 for up to an additional $73 million of letters of credit. As of December 31, 1995, $150 million was available under the revolving line commitment for borrowing and to support the Company's commercial paper program. Also, as of December 31, 1995, letters of credit totaling $72.4 million were issued and outstanding to secure the Company's promissory notes and accrued interest thereon. Borrowings under the revolving line commitment bear interest at various rates which are a function of, at the Company's option, either the prime rate of a major bank, the federal funds rate or a Eurodollar base rate. Under the terms of the credit facility, the Company is required to meet a minimum interest coverage ratio and maintain a minimum level of tangible net worth. In addition, the credit facility contains limitations on investments, liens and sale/leaseback transactions.

The aggregate stated maturities of all long-term obligations due subsequent to December 31, 1995, are as follows: none - 1996; $118.2 million - 1997; $30.0 million - 1998; $6.0 million - 1999; none - 2000 and $23.0 million thereafter.

5. Contingencies

Johnson & Johnson arbitrations

In September 1985, the Company granted Johnson & Johnson a license relating to certain patented technology and know-how of the Company to sell a genetically engineered form of recombinant human erythropoietin, called Epoetin alfa, throughout the United States for all human uses except dialysis and diagnostics. Johnson & Johnson sells Epoetin alfa under the brand name PROCRIT(R).

A number of disputes have arisen between Amgen and Johnson &

Johnson as to their respective rights and obligations under the various agreements between them, including the agreement granting the license (the "License Agreement"). These disputes have been the subject of arbitration proceedings before Judicial Arbitration and Mediation Services, Inc. in Chicago, Illinois commencing in January 1989. A dispute that has not yet been resolved and is the subject of the current arbitration proceeding relates to the audit methodology currently employed by the Company for Epoetin alfa sales. The Company and Johnson & Johnson are required to compensate each other for Epoetin alfa sales which either party makes into the other party's exclusive market. The Company has established and is employing an audit methodology to assign the proceeds of sales of EPOGEN(R) and PROCRIT(R) in Amgen's and Johnson & Johnson's respective exclusive markets. Based upon this audit methodology, the Company is seeking payment of approximately $10 million from Johnson & Johnson for the period 1989 through 1994. Johnson & Johnson has disputed this methodology and is proposing an alternative methodology for adoption by the arbitrator pursuant to which it is seeking payment of approximately $419 million for the period 1989 through 1994. If, as a result of the arbitration proceeding, a methodology different from that currently employed by the Company is instituted to assign the proceeds of sales between the parties, it may yield results that are different from the results of the audit methodology currently employed by the Company. As a result of the arbitration, it is possible that the Company would recognize a different level of EPOGEN(R) sales than are currently being recognized. As a result of the arbitration, the Company may be required to pay additional compensation to Johnson & Johnson for sales during prior periods, or Johnson & Johnson may be required to pay compensation to the Company for such prior period sales. While it is impossible to predict accurately or determine the outcome of these proceedings, based primarily upon the merits of its claims and based upon certain liabilities established due to the inherent uncertainty of any arbitrated result, the Company believes that the outcome of these proceedings will not have a material adverse effect on its financial statements.

The trial is scheduled to commence in March 1996 regarding the audit methodologies and compensation for sales by Johnson & Johnson into Amgen's exclusive market and sales by Amgen into Johnson & Johnson's exclusive market. Discovery as to these issues is in progress.

The Company has filed a demand in the arbitration to terminate Johnson & Johnson's rights under the License Agreement and to recover damages for breach of the License Agreement. A hearing on this demand will be scheduled following the adjudication of the audit methodologies for Epoetin alfa sales. On October 27, 1995, the Company filed a complaint in the Circuit Court of Cook County, Illinois, which is now pending in the United States District Court for the Northern District of Illinois, seeking an order compelling Johnson & Johnson to arbitrate the Company's claim for termination before the arbitrator. The Company is unable to predict at this time the outcome of the demand for termination or when it will be resolved.

On October 2, 1995, Johnson & Johnson filed a demand for a separate arbitration proceeding against the Company before the

American Arbitration Association ("AAA") in Chicago, Illinois. Johnson & Johnson alleges in this demand that the Company has breached the License Agreement. The demand also includes allegations of various antitrust violations. In this demand, Johnson & Johnson seeks an injunction, declaratory relief, unspecified compensatory damages, punitive damages and costs. The Company has filed a motion to stay the arbitration pending the outcome of the existing arbitration proceedings before Judicial Arbitration and Mediation Services, Inc. discussed above. The Company has also filed an answer and counterclaim denying that AAA has jurisdiction to hear or decide the claims stated in the demand, denying the allegations in the demand and counterclaiming for certain unpaid invoices.

Synergen ANTRIL(TM) litigation

Several lawsuits have been filed against the Company's wholly owned subsidiary, Amgen Boulder Inc. (formerly Synergen, Inc.), alleging misrepresentations in connection with Synergen's research and development of ANTRIL(TM) for the treatment of sepsis. One suit brought by three Synergen stockholders alleges violations of state securities laws, fraud and misrepresentation and seeks an unspecified amount of compensatory damages and punitive damages. Another suit, proposed as a class action, filed by a limited partner of a partnership with which Synergen is affiliated, seeks rescission of certain payments made to one of the defendants (or unspecified damages not less than $50 million) and treble damages based on a variety of allegations. Broker-dealers who acted as market makers in Synergen options have also filed a suit claiming in excess of $3.2 million in trading losses.

While it is not possible to predict accurately or determine the eventual outcome of the Johnson & Johnson arbitration proceedings, the Synergen litigation or various other legal proceedings (including patent disputes) involving Amgen, the Company believes that the outcome of these proceedings will not have a material adverse effect on its financial statements.

6. Income taxes

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

| | Years ended December 31, | | |
|---|---|---|---|
| | 1995 | 1994 | 1993 |
| Current provision: | | | |
| Federal (including U.S. possessions) | $211.5 | $231.3 | $165.8 |
| State | 21.3 | 34.9 | 25.9 |
| Total current provision | 232.8 | 266.2 | 191.7 |
| Deferred provision (benefit): | | | |
| Federal (including U.S. possessions) | 25.1 | 0.5 | 19.7 |
| State | (1.2) | 1.9 | 6.4 |
| Total deferred provision | 23.9 | 2.4 | 26.1 |
| | $256.7 | $268.6 | $217.8 |

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

| | December 31, | |
|---|---|---|
| | 1995 | 1994 |
| Deferred tax assets: | | |
| Net operating loss carryforwards | $ 81.1 | $ 89.5 |
| Expense accruals | 61.0 | 78.5 |
| Fixed assets | 23.2 | 17.0 |
| Research collaboration expenses | 17.4 | 8.0 |
| Royalty obligation buyouts | 11.2 | 11.8 |
| Other | 12.4 | 16.7 |
| Total deferred tax assets | 206.3 | 221.5 |
| Valuation allowance | (86.2) | (79.5) |
| Net deferred tax assets | 120.1 | 142.0 |
| Deferred tax liabilities: | | |
| Purchase of technology rights | (29.7) | (25.7) |
| Other | (3.7) | (5.7) |
| Total deferred tax liabilities | (33.4) | (31.4) |
| | $86.7 | $110.6 |

The net change in the valuation allowance for deferred tax assets during the year ended December 31, 1995 was $6.7 million.

At December 31, 1995, the Company had operating loss carryforwards available to reduce future federal taxable income which expire as follows (in millions):

| | |
|---|---|
| 1997 - 2002..... | $ 0.9 |
| 2003 - 2006..... | 19.9 |
| 2007..... | 26.7 |
| 2008..... | 81.2 |
| 2009..... | 81.9 |
| | $210.6 |

These operating loss carryforwards relate to the acquisition of Synergen (Note 2). Utilization of these operating loss carryforwards is limited to approximately $16.0 million per year.

The provision for income taxes varies from income taxes provided based on the federal statutory rate of 35% as follows (in millions):

| | Years ended December 31, | | |
|---|---|---|---|
| | 1995 | 1994 | 1993 |
| Statutory rate applied to income before income taxes..... | $278.0 | $205.9 | $207.3 |
| State income taxes, net of federal income tax benefit..... | 13.1 | 23.9 | 21.0 |
| Benefit of Puerto Rico operations, net of Puerto Rico income taxes.. | (27.8) | - | - |
| Write-off of purchased in-process technology not deductible..... | - | 40.7 | - |
| Retroactive effects of enacted tax law changes..... | - | - | (9.6) |
| Other, net..... | (6.6) | (1.9) | (.9) |
| | $256.7 | $268.6 | $217.8 |

The tax provision for the year ended December 31, 1993 was reduced by $9.6 million due to changes in federal tax laws enacted in August 1993. This amount principally relates to the retroactive reinstatement of research and experimentation and orphan drug tax credits to July 1, 1992.

Income taxes paid during the years ended December 31, 1995, 1994 and 1993, totaled $100.8 million, $234.2 million and $146.3 million, respectively.

7. Stockholders' equity

On January 24, 1989, the Company's Board of Directors declared a dividend of one common share purchase right ("Right") for each outstanding share of common stock. The Rights will become exercisable 10 days after a person acquires 10% or more of the common stock, or 10 days after a person announces a tender offer which would result in such person acquiring 10% or more of the common stock. Subject to certain conditions, the Rights may be redeemed by the Board of Directors. The current redemption price is $.0008 per Right, subject to adjustment. The Rights will expire on January 24, 1999.

Under certain circumstances, if an acquirer purchases 10% or more of the Company's outstanding common stock, each Rightholder (other than the acquirer) is entitled for a specified period to buy shares of common stock of the Company at 50% of the then current market price. The number of shares which a holder may purchase upon exercise will be determined by a formula which includes a current exercise price of $80 per share, subject to adjustment. If an acquirer purchases at least 10% of the Company's common stock, but has not achieved a 50% stake, the Board may exchange the Rights (other than the acquirer's Rights) for one share of common stock per Right. In addition, under certain circumstances, if the Company is involved in a merger or other business combination where it is not the surviving corporation, a Rightholder may buy shares of common stock of the acquiring company at 50% of the then current market value.

In connection with the sale of limited partnership interests in Amgen Clinical Partners, L.P. (the "Limited Partnership"), Amgen issued warrants to the limited partners to purchase 36.3 million shares of its common stock in exchange for the options to purchase the limited partners' interests in the Limited Partnership. Substantially all warrants were exercised prior to their expiration on June 30, 1994.

In addition to common stock, the Company's authorized capital also includes 5.0 million shares of preferred stock, $.0001 par value. At December 31, 1995, no shares of preferred stock were issued or outstanding.

At December 31, 1995, the Company had reserved 394.4 million shares of its common stock which may be issued through its stock option and stock purchase plans and in connection with the stockholder Rights agreement.

The Company has a stock repurchase program to offset the dilutive effect of its employee benefit stock option and stock purchase plans. Stock repurchased under the program is retired. As of December 31, 1995, the Company was authorized to repurchase up to $450 million of its stock during 1996.

In July 1995, the Board of Directors approved a two-for-one split of the Company's common stock effected in the form of a 100 percent stock dividend. The dividend was distributed on August 15, 1995, to stockholders of record on August 1, 1995. Accordingly, all share information in the accompanying consolidated

financial statements and notes thereto have been retroactively adjusted to give recognition to this stock split.

8. Stock option and purchase plans

The Company's stock option plans provide for option grants designated as either nonqualified or incentive stock options. The options generally vest over a three to five year period and generally expire seven years from the date of grant. In general, stock option grants are set at the closing price of the Company's common stock on the date of grant. As of December 31, 1995, the Company had 26.3 million shares of common stock available for future grant under its stock option plans.

Most U.S. employees and certain employees outside the U.S. are eligible to receive a grant of stock options periodically with the number of shares generally determined by the employee's salary grade, performance level and the stock price. In addition, certain management and professional level employees normally receive a stock option grant upon hire. Non-employee directors of the Company receive a grant of stock options annually.

Stock option information with respect to all of the Company's stock option plans follows (in millions, except price information):

| | | Exercise Price | | |
|---|---|---|---|---|
| | Shares | Low | High | Weighted Average |
| Balance December 31, 1992, unexercised | 30.2 | $ 1.76 | $38.88 | $11.09 |
| Granted | 8.0 | $16.06 | $35.31 | $18.93 |
| Exercised | (4.5) | $ 1.76 | $30.50 | $ 4.62 |
| Cancelled | (0.6) | $ 2.25 | $38.38 | $15.21 |
| Balance December 31, 1993, unexercised | 33.1 | $ 1.76 | $38.88 | $13.72 |
| Granted | 8.5 | $17.68 | $29.50 | $22.07 |
| Exercised | (5.6) | $ 1.93 | $28.00 | $ 6.95 |
| Cancelled | (1.0) | $ 3.69 | $37.38 | $21.92 |
| Balance December 31, 1994, unexercised | 35.0 | $ 1.76 | $38.88 | $16.58 |
| Granted | 7.1 | $28.94 | $58.88 | $39.62 |
| Exercised | (8.1) | $ 1.93 | $38.88 | $12.87 |
| Cancelled | (1.0) | $ 2.25 | $39.88 | $19.86 |
| Balance December 31, 1995, unexercised | 33.0 | $ 1.76 | $58.88 | $22.35 |

At December 31, 1995, stock options to purchase 15.7 million shares were exercisable.

The Company has an employee stock purchase plan whereby, in accordance with Section 423 of the Internal Revenue Code, eligible employees may authorize payroll deductions of up to 10% of their salary to purchase shares of the Company's common stock at the lower of 85% of the fair market value of common stock on the first or last day of the offering period. During each of the years ended December 31, 1995, 1994 and 1993, approximately 0.2 million shares were purchased by employees at prices of approximately $24.76, $20.88 and $21.04 per share, respectively. At December 31, 1995, the Company had 5.1 million shares available for future issuance under this plan.

9. Balance sheet accounts

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

| | December 31, 1995 | 1994 |
|---|---|---|
| Land | $ 59.1 | $ 58.4 |
| Buildings | 404.5 | 330.2 |
| Manufacturing equipment | 59.2 | 53.2 |
| Laboratory equipment | 148.9 | 123.6 |
| Furniture and office equipment | 200.4 | 137.6 |
| Leasehold improvements | 55.7 | 53.7 |
| Construction in progress | 105.6 | 116.7 |
| | 1,033.4 | 873.4 |
| Less accumulated depreciation and amortization | (289.6) | (208.1) |
| | $ 743.8 | $665.3 |

Other accrued liabilities consist of the following (in millions):

| | December 31, 1995 | 1994 |
|---|---|---|
| Income taxes | $124.4 | $ 35.0 |
| Employee compensation and benefits | 70.8 | 63.4 |
| Sales incentives, royalties and allowances | 65.5 | 60.0 |
| Due to affiliated companies and corporate partners | 54.9 | 51.8 |
| Legal costs | 33.4 | 60.7 |
| Clinical costs | 18.3 | 29.9 |
| Other | 92.4 | 105.4 |
| | $459.7 | $406.2 |

10. Fair values of financial instruments

The following is information concerning the fair values of each class of financial instruments at December 31, 1995:

Cash, cash equivalents and marketable securities

The carrying amounts of cash, cash equivalents and marketable securities approximate their fair values. Fair values of cash equivalents and marketable securities are based on quoted market prices.

Debt

The carrying value of commercial paper approximates its fair value due to the short maturity of these liabilities. The fair value of Medium Term Notes was approximately $110 million. This amount was estimated based on quoted market rates for instruments with similar terms and remaining maturities. The carrying value of the promissory notes approximates its fair value since the interest rate on the notes is reset quarterly.

Interest rate swap agreements

The fair values of interest rate swap agreements were not significant based on estimated amounts that the counterparty would receive or pay to terminate the swap agreements taking into account current interest rates.

Foreign currency contracts

The fair values of the foreign currency forward contracts and purchased foreign currency option contracts were not significant based on quoted market rates.

11. Major customers

Amgen has chosen to use major wholesale distributors of pharmaceutical products as the principal means of distributing the Company's products to clinics, hospitals and pharmacies. The Company performs periodic credit evaluations of its large customers' financial condition and generally requires no collateral. For the years ended December 31, 1995, 1994 and 1993, sales to two large wholesale distributors as a percentage of total revenues were 21% and 15%, 22% and 16%, and 23% and 10%, respectively.

12. Geographic information

Information about the Company's operations in the United States and its possessions, Europe, and other international markets, which include Canada, Australia and Japan is as follows (in millions):

| | Years ended December 31, 1995 | 1994 | 1993 |
|---|---|---|---|
| Sales to unaffiliated customers: | | | |
| United States and possessions... | $1,546.1 | $1,333.8 | $1,130.0 |
| Europe..... | 254.7 | 193.0 | 165.7 |
| Other..... | 17.8 | 22.8 | 10.6 |
| Transfers between geographic areas: | | | |
| United States and possessions... | 12.6 | 15.7 | 5.4 |
| Other revenue..... | 121.3 | 98.3 | 67.5 |
| Adjustments and eliminations.... | (12.6) | (15.7) | (5.4) |
| | $1,939.9 | $1,647.9 | $1,373.8 |

| | Years ended December 31, 1995 | 1994 | 1993 |
|---|---|---|---|
| Operating profit (loss): | | | |
| United States and possessions... | $801.7 | $624.0 | $592.9 |
| Europe..... | 75.7 | 50.3 | 35.8 |
| Other..... | (33.1) | (25.6) | (14.9) |
| Adjustments and eliminations..... | (1.7) | (2.8) | 1.0 |
| Total operating profit..... | 842.6 | 645.9 | 614.8 |
| Interest and other income..... | 50.8 | 9.5 | 21.0 |
| Loss of affiliates, net..... | (53.3) | (31.2) | (12.6) |
| General corporate expenses..... | (45.7) | (35.9) | (30.8) |
| Income before income taxes and cumulative effect of a change in accounting principle..... | $794.4 | $588.3 | $592.4 |

Operating profit (loss) represents revenue less operating expenses directly related to each geographic area. Operating profit (loss) excludes interest and other income, loss of affiliates, net and other expenses attributable to general corporate operations.

Included in the operating profit for the United States and its possessions is a write-off of in-process technology purchased of $116.4 million for the year ended December 31, 1994 and a legal award of $13.9 million for the year ended December 31, 1993. Loss of affiliates, net includes the minority interest in earnings of majority controlled European affiliates of $50.7 million, $30.9 million and $22.2 million for the years ended December 31, 1995, 1994 and 1993, respectively.

Information about the Company's identifiable assets in each geographic area is as follows (in millions):

| | December 31, 1995 | 1994 |
|---|---|---|
| Identifiable assets: | | |
| United States and possessions | $ 964.0 | $ 906.4 |
| Europe | 70.5 | 50.7 |
| Other | 16.3 | 22.3 |
| Adjustments and eliminations | 1.7 | (2.8) |
| Total identifiable assets | 1,052.5 | 976.6 |
| Corporate assets including equity method investments | 1,380.3 | 1,017.5 |
| Total assets | $2,432.8 | $1,994.1 |

Identifiable assets are those assets of the Company that are identified with the operations in each geographic area. Europe's identifiable assets include accounts receivable of approximately $54.7 million and $34.4 million as of December 31, 1995 and 1994, respectively, denominated in foreign currencies. Corporate assets, which are excluded from identifiable assets, are principally comprised of cash, cash equivalents and marketable securities. At December 31, 1995 and 1994, total international assets approximated $124.6 million and $93.8 million, respectively, and total international liabilities approximated $22.2 million and $16.6 million, respectively.

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

| 1995 Quarter Ended | Dec. 31 | Sept. 30 | June 30 | Mar. 31 |
|---|---|---|---|---|
| Product sales | $484.2 | $460.6 | $462.6 | $411.2 |
| Gross margin from product sales | 418.4 | 396.5 | 386.2 | 344.6 |
| Net income | 145.6 | 145.8 | 137.7 | 108.6 |
| Earnings per share: | | | | |
| Primary | .52 | .52 | .49 | .39 |
| Fully diluted | .51 | .51 | .49 | .39 |

| 1994 Quarter Ended | Dec. 31 | Sept. 30 | June 30 | Mar. 31 |
|---|---|---|---|---|
| Product sales | $413.6 | $401.7 | $388.6 | $345.7 |
| Gross margin from product sales | 352.3 | 342.6 | 324.2 | 292.4 |
| Net income | 4.8 (1) | 114.0 | 107.4 | 93.5 |
| Earnings per share: | | | | |
| Primary | .02 | .41 | .38 | .33 |
| Fully diluted | .02 | .41 | .38 | .33 |

(1) During the fourth quarter of 1994, net income was reduced by $116.4 million due to the write-off of in-process technology purchased in connection with the acquisition of Synergen (Note 2).

SCHEDULE II

AMGEN INC.

VALUATION ACCOUNTS

Years ended December 31, 1995, 1994 and 1993
(In millions)

| | Balance at Beginning of Period | Additions Charged to Costs and Expenses | Deductions | Balance at End of Period |
|---|---|---|---|---|
| Allowance for doubtful accounts | $13.3 | $5.4 | $4.9 | $13.8 |
| Allowance for doubtful accounts | $12.2 | $1.5 | $0.4 | $13.3 |
| Allowance for doubtful accounts | $11.8 | $0.9 | $0.5 | $12.2 |

EXHIBIT 11

AMGEN INC.

COMPUTATION OF PER SHARE EARNINGS
PRIMARY COMPUTATION

Years ended December 31, 1995, 1994 and 1993
(In millions, except per share data)

| | 1995 | 1994 | 1993 |
|---|---|---|---|
| Income before cumulative effect of a change in accounting principle | $537.7 | $319.7 | $374.6 |
| Cumulative effect of a change in accounting principle | - | - | 8.7 |
| Net income | $537.7 | $319.7 | $383.3 |
| Applicable common and common stock equivalent shares: | | | |
| Weighted average shares of common stock outstanding during the period | 265.0 | 266.3 | 270.5 |
| Incremental number of shares outstanding during the period resulting from the assumed exercises of stock options and warrants | 15.7 | 13.3 | 16.7 |
| Weighted average shares of common stock and common stock equivalents outstanding during the period | 280.7 | 279.6 | 287.2 |
| Earnings per common share primary: | | | |
| Income before cumulative effect of a change in accounting principle | $ 1.92 | $ 1.14 | $ 1.30 |
| Cumulative effect of a change in accounting principle | - | - | .03 |
| Net income | $ 1.92 | $ 1.14 | $ 1.33 |

EXHIBIT 11

AMGEN INC.

COMPUTATION OF PER SHARE EARNINGS
FULLY DILUTED COMPUTATION

Years ended December 31, 1995, 1994 and 1993
(In millions, except per share data)

| | 1995 | 1994 | 1993 |
|---|---|---|---|
| Income before cumulative effect of a change in accounting principle | $537.7 | $319.7 | $374.6 |
| Cumulative effect of a change in accounting principle | - | - | 8.7 |
| Net income | $537.7 | $319.7 | $383.3 |
| Applicable common and common stock equivalent shares: | | | |
| Weighted average shares of common stock outstanding during the period | 265.0 | 266.3 | 270.5 |
| Incremental number of shares | | | |

| | | | |
|---|---|---|---|
| outstanding during the period resulting from the assumed exercises of stock options and warrants | 20.3 | 15.9 | 18.1 |
| Weighted average shares of common stock and common stock equivalents outstanding during the period | 285.3 | 282.2 | 288.6 |
| Earnings per common share primary: | | | |
| Income before cumulative effect of a change in accounting principle | $ 1.88 | $ 1.13 | $ 1.30 |
| Cumulative effect of a change in accounting principle | - | - | .03 |
| Net income | $ 1.88 | $ 1.13 | $ 1.33 |

AMGEN INC.

Exhibit 21

| SUBSIDIARY (Name under which subsidiary does business) | STATE OF INCORPORATION OR ORGANIZATION |
|---|---|
| Amgen Australia Pty Limited | Australia |
| Amgen AB | Sweden |
| Amgen-Biofarmaceutica, Lda. | Portugal |
| Amgen Boulder Development Corporation | Colorado |
| Amgen Boulder Inc. | Delaware |
| Amgen Boulder Production Corporation | Colorado |
| Amgen B.V. | The Netherlands |
| Amgen Canada Inc. | Canada |
| Amgen Development Corporation | Delaware |
| Amgen (Europe) AG | Switzerland |
| Amgen GmbH | Austria |
| Amgen GmbH | Germany |
| Amgen Greater China, Ltd. | Hong Kong |
| Amgen Holding, Inc. | California |
| Amgen International Inc. | Delaware |
| Amgen Kabushiki Kaisha | Japan |
| Amgen Limited | United Kingdom |
| Amgen Puerto Rico, Inc. | Delaware |
| Amgen N.V. | Belgium |
| Amgen Sales Corporation | Barbados |
| Amgen S.A. | France |

| SUBSIDIARY (Name under which subsidiary does business) | STATE OF INCORPORATION OR ORGANIZATION |
|---|---|
| Amgen S.A. | Spain |
| Amgen S.p.A. | Italy |
| Kirin-Amgen, Inc. | Delaware |
| Synergen B.V. | The Netherlands |
| Synergen Europe, Inc. | Colorado |

EXHIBIT

AMGEN INC.

AMENDED AND RESTATED EMPLOYEE STOCK PURCHASE PLAN

1. PURPOSE.

(a) The purpose of the Amgen Inc. Employee Stock Purchase Plan (the "Plan") is to provide a means by which employees of Amgen Inc., a Delaware corporation (the "Company"), and its Affiliates, as defined in subparagraph 1(b), which are designated as provided in subparagraph 2(b), may be given an opportunity to purchase stock of the Company.

(b) The word "Affiliate" as used in the Plan means any parent corporation or subsidiary corporation of the Company, as those terms are defined in Sections 424(e) and (f), respectively, of the Internal Revenue Code of 1986, as amended (the "Code").

(c) The Company, by means of the Plan, seeks to retain the services of its employees, to secure and retain the services of new employees, and to provide incentives for such persons to exert maximum efforts for the success of the Company.

(d) The Company intends that the rights to purchase stock of the Company granted under the Plan be considered options issued under an "employee stock purchase plan" as that term is defined in Section 423(b) of the Code.

2. ADMINISTRATION.

(a) The Plan shall be administered by the Board of Directors (the "Board") of the Company unless and until the Board delegates administration to a Committee, as provided in subparagraph 2(c). Whether or not the Board has delegated administration, the Board shall have the final power to determine all questions of policy and expediency that may arise in the administration of the Plan.

(b) The Board shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine when and how rights to purchase stock of the Company shall be granted and the provisions of each offering of such rights (which need not be identical).

(ii) To designate from time to time which Affiliates

of the Company shall be eligible to participate in the Plan.

(iii) To construe and interpret the Plan and rights granted under it, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(iv) To amend the Plan as provided in paragraph 13.

(v) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company.

(c) The Board may delegate administration of the Plan to a Committee composed of not fewer than three (3) members of the Board (the "Committee"). If administration is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board, subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Board may abolish the Committee at any time and revest in the Board the administration of the Plan.

3. SHARES SUBJECT TO THE PLAN.

(a) Subject to the provisions of paragraph 12 relating to adjustments upon changes in stock, the stock that may be sold pursuant to rights granted under the Plan shall not exceed in the aggregate six million (6,000,000)(1) shares of the Company's $.0001 par value common stock (the "Common Stock"). If any right granted under the Plan shall for any reason terminate without having been exercised, the Common Stock not purchased under such right shall again become available for the Plan.

(b) The stock subject to the Plan may be unissued shares or reacquired shares, bought on the market or otherwise.

4. GRANT OF RIGHTS; OFFERING.

The Board or the Committee may from time to time grant or provide for the grant of rights to

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(1) As adjusted for the two-for-one split of the Company's Common Stock effected in the form of a 100% stock dividend, payable on August 15, 1995 to stockholders of record on August 1, 1995.

purchase Common Stock of the Company under the Plan to eligible employees (an "Offering") on a date or dates (the "Offering Date(s)") selected by the Board or the Committee. Each Offering shall be in such form and shall contain such terms and conditions as the Board or the Committee shall deem appropriate. If an employee has more than one right outstanding under the Plan, unless he or she otherwise indicates in agreements or notices delivered hereunder: (1) each agreement or notice delivered by that employee will be deemed to apply to all of his or her rights under the Plan, and (2) a right with a lower exercise price (or an earlier-granted right, if two rights have identical exercise prices), will be exercised to the fullest possible extent before a right with a higher exercise price (or a later-granted right, if two rights have identical exercise prices) will be exercised. The provisions of separate Offerings need not be identical, but each Offering shall include (through incorporation of the provisions of this Plan by reference in the Offering or otherwise) the substance of the provisions contained in paragraphs 5 through 8, inclusive.

5. ELIGIBILITY.

(a) Rights may be granted only to employees of the Company or, as the Board or the Committee may designate as provided in subparagraph 2(b), to employees of any Affiliate of the Company. Except as provided in subparagraph 5(b), an employee of the Company or any Affiliate shall not be eligible to be granted rights under the Plan, unless, on the Offering Date, such employee has been in the employ of the Company or any Affiliate for such continuous period preceding such grant as the Board or the Committee may require, but in no event shall the required period of continuous employment be equal to or greater than two (2) years. In addition, unless otherwise determined by the Board or the Committee and set forth in the terms of the applicable Offering, no employee of the Company or any Affiliate shall be eligible to be granted rights under the Plan, unless, on the Offering Date, such employee's customary employment with the Company or such Affiliate is at least twenty (20) hours per week and at least five (5) months per calendar year.

(b) The Board or the Committee may provide that, each person who, during the course of an Offering, first becomes an eligible employee of the Company or designated Affiliate will, on a date or dates specified in the Offering which coincides with the day on which such person becomes an eligible employee or occurs thereafter, receive a right under that Offering, which right shall thereafter be deemed to be a part of that Offering. Such right shall have the same characteristics as any rights originally granted under that Offering, as described herein, except that:

(i) the date on which such right is granted shall be the "Offering Date" of such right for all purposes, including determination of the exercise price of such right, provided, however, that if the fair market value of the Common Stock on the date on which such right is granted is less than the fair market value of the Common Stock on the first day of the Offering, then, solely for the purpose of determining the exercise price of such right, the first day of the Offering shall be the "Offering Date" for such right;

(ii) the Purchase Period (as defined below) for such right shall begin on its Offering Date and end coincident with the end of such Offering; and

(iii) the Board or the Committee may provide that if such person first becomes an eligible employee within a specified period of time before the end of the Purchase Period (as defined below) for such Offering, he or she will not receive any right under that Offering.

(c) No employee shall be eligible for the grant of any rights under the Plan if, immediately after any such rights are granted, such employee owns stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or of any Affiliate. For purposes of this subparagraph 5(c), the rules of Section 424(d) of the Code shall apply in determining the stock ownership of any employee, and stock which such employee may purchase under all outstanding rights and options shall be treated as stock owned by such employee.

(d) An eligible employee may be granted rights under the Plan only if such rights, together with any other rights granted under "employee stock purchase plans" of the Company and any Affiliates, as specified by Section 423(b)(8) of the Code, do not permit such employee's rights to purchase stock of the Company or

any Affiliate to accrue at a rate which exceeds twenty-five thousand dollars ($25,000) of fair market value of such stock (determined at the time such rights are granted) for each calendar year in which such rights are outstanding at any time.

(e) Officers of the Company shall be eligible to participate in Offerings under the Plan, provided, however, that the Board may provide in an Offering that certain employees who are highly compensated employees within the meaning of Section 423(b)(4)(D) of the Code shall not be eligible to participate.

6. RIGHTS; PURCHASE PRICE.

(a) On each Offering Date, each eligible employee, pursuant to an Offering made under the Plan, shall be granted the right to purchase up to the number of shares of Common Stock of the Company purchasable with a percentage designated by the Board or the Committee not exceeding fifteen percent (15%) of such employee's Earnings (as defined in Section 7(a)) during the period which begins on the Offering Date (or such later date as the Board or the Committee determines for a particular Offering) and ends on the date stated in the Offering, which date shall be no more than twenty-seven (27) months after the Offering Date (the "Purchase

Period"). In connection with each Offering made under this Plan, the Board or the Committee shall specify a maximum number of shares which may be purchased by any employee as well as a maximum aggregate number of shares which may be purchased by all eligible employees pursuant to such Offering. In addition, in connection with each Offering which contains more than one Exercise Date (as defined in the Offering), the Board or the Committee may specify a maximum aggregate number of shares which may be purchased by all eligible employees on any given Exercise Date under the Offering. If the aggregate purchase of shares upon exercise of rights granted under the Offering would exceed any such maximum aggregate number, the Board or the Committee shall make a pro rata allocation of the shares available in as nearly a uniform manner as shall be practicable and as it shall deem to be equitable.

(b) The purchase price of stock acquired pursuant to rights granted under the Plan shall be not less than the lesser of:

(i) an amount equal to eighty-five percent (85%) of the fair market value of the stock on the Offering Date; or

(ii) an amount equal to eighty-five percent (85%) of the fair market value of the stock on the Exercise Date.

(c) Each eligible employee shall have the same rights and privileges under the Plan, except as allowed under Section 423(b)(5) of the Code.

7. PARTICIPATION; WITHDRAWAL; TERMINATION.

(a) An eligible employee may become a participant in an Offering by delivering a participation agreement to the Company within the time specified in the Offering, in such form as the Company provides. Each such agreement shall authorize payroll deductions of up to the maximum percentage specified by the Board or the Committee of such employee's Earnings during the Purchase Period. "Earnings" is defined as the total compensation paid to an employee, including all salary, wages (including amounts elected to be deferred by the employee, that would otherwise have been paid, under any cash or deferred arrangement established by the Company), overtime pay, commissions, bonuses, and other remuneration paid directly to the employee, but excluding profit sharing, the cost of employee benefits paid for by the Company, education or tuition reimbursements, imputed income arising under any Company

group insurance or benefit program, traveling expenses, business and moving expense reimbursements, income received in connection with stock options, contributions made by the Company under any employee benefit plan, and similar items of compensation. The payroll deductions made for each participant shall be credited to an account for such participant under the Plan and shall be deposited with the general funds of the Company. A participant may reduce (including to zero), increase or begin such payroll deductions after the beginning of any Purchase Period only as provided for in the Offering. A participant may make additional payments into his or her account only if specifically provided for in the Offering and only if the participant has not had the maximum amount withheld during the Purchase Period.

(b) At any time during a Purchase Period a participant may terminate his or her payroll deductions under the Plan and withdraw from the Offering by delivering to the Company a notice of withdrawal in such form as the Company provides. Such withdrawal may be elected at any time prior to the end of the Purchase Period except as provided by the Board or the Committee in the Offering. Upon such withdrawal from the Offering by a participant, the Company shall distribute to such participant all of his or her accumulated payroll

deductions (reduced to the extent, if any, such deductions have been used to acquire stock for the participant) under the Offering, without interest, and such participant's interest in that Offering shall be automatically terminated. A participant's withdrawal from an Offering will have no effect upon such participant's eligibility to participate in any other Offerings under the Plan but such participant will be required to deliver a new participation agreement in order to participate in subsequent Offerings under the Plan.

(c) Rights granted pursuant to any Offering under the Plan shall terminate immediately upon cessation of any participating employee's employment with the Company or an Affiliate, for any reason, and the Company shall distribute to such terminated employee all of his or her accumulated payroll deductions (reduced to the extent, if any, such deductions have been used to acquire stock for the terminated employee), under the Offering, without interest.

(d) Rights granted under the Plan shall not be transferable, and shall be exercisable only by the person to whom such rights are granted.

8. EXERCISE.

(a) On each exercise date, as defined in the relevant Offering (an "Exercise Date"), each participant's accumulated payroll deductions and other additional payments specifically provided for in the Offering (without any increase for interest) will be applied to the purchase of whole shares of stock of the Company, up to the maximum number of shares permitted pursuant to the terms of the Plan and the applicable Offering, at the purchase price specified in the Offering. No fractional shares shall be issued upon the exercise of rights granted under the Plan. The amount, if any, of accumulated payroll deductions remaining in each participant's account after the purchase of shares which is less than the amount required to purchase one share of stock on the final Exercise Date of an Offering shall be held in each such participant's account for the purchase of shares under the next Offering under the Plan, unless such participant withdraws from such next Offering, as provided in subparagraph 7(b), or is no longer eligible to be granted rights under the Plan, as provided in paragraph 5, in which case such amount shall be distributed to the participant after said final Exercise Date, without interest. The amount, if any, of accumulated payroll deductions remaining in any

participant's account after the purchase of shares which is equal to the amount required to purchase whole shares of stock on the final Exercise Date of an Offering shall be distributed in full to the participant after such Exercise Date, without interest.

(b) No rights granted under the Plan may be exercised to any extent unless the Plan (including rights granted thereunder) is covered by an effective registration statement pursuant to the Securities Act of 1933, as amended (the "Securities Act"). If on an Exercise Date of any Offering hereunder the Plan is not so registered, no rights granted under the Plan or any Offering shall be exercised on said Exercise Date and the Exercise Date shall be delayed until the Plan is subject to such an effective registration statement, except that the Exercise Date shall not be delayed more than two (2) months and the Exercise Date shall in no event be more than twenty-seven (27) months from the Offering Date. If on the Exercise Date of any Offering hereunder, as delayed to the maximum extent permissible, the Plan is not registered, no rights granted under the Plan or any Offering shall be exercised and all payroll deductions accumulated during the purchase period (reduced to the extent, if any, such deductions have been used to acquire stock) shall be distributed to the participants, without interest.

9. COVENANTS OF THE COMPANY.

(a) During the terms of the rights granted under the Plan, the Company shall keep available at all times the number of shares of stock required to satisfy such rights.

(b) The Company shall seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to issue and sell shares of stock upon exercise of the rights granted under the Plan. If, after reasonable efforts, the Company is unable to obtain from any such regulatory commission or agency the authority which counsel for the Company deems necessary for the lawful issuance and sale of stock under the Plan, the Company shall be relieved from any liability for failure to issue and sell stock upon exercise of such rights unless and until such authority is obtained.

10. USE OF PROCEEDS FROM STOCK.

Proceeds from the sale of stock pursuant to rights granted under the Plan shall constitute general funds of the Company.

11. RIGHTS AS A STOCKHOLDER.

A participant shall not be deemed to be the holder of, or have any of the rights of a holder with respect to, any shares subject to rights granted under the Plan unless and until certificates representing such shares have been issued or such shares have been credited to an account held by a bank, broker or other nominee of the participant.

12. ADJUSTMENTS UPON CHANGES IN STOCK.

(a) If any change is made in the stock subject to the Plan, or subject to any rights granted under the Plan (through merger, consolidation, reorganization, recapitalization, stock dividend, dividend in property other than cash, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or otherwise), the Plan and outstanding rights will be appropriately adjusted in the class(es) and maximum number of shares subject to the Plan and the class(es) and number of shares and price per share of stock subject to outstanding rights.

(b) In the event of: (1) a dissolution or liquidation of the Company; (2) a merger or consolidation in which the Company is not the surviving

corporation; (3) a reverse merger in which the Company is the surviving corporation but the shares of the Company's Common Stock outstanding immediately preceding the merger are converted by virtue of the merger into other property, whether in the form of securities, cash or otherwise; or (4) any other capital reorganization in which more than fifty percent (50%) of the shares of the Company entitled to vote are exchanged, then, as determined by the Board in its sole discretion (i) any surviving corporation may assume outstanding rights or substitute similar rights for those under the Plan, (ii) such rights may continue in full force and effect, or (iii) participants' accumulated payroll deductions may be used to purchase Common Stock immediately prior to the transaction described above and the participants' rights under the ongoing Offering terminated.

13. AMENDMENT OF THE PLAN.

(a) The Board at any time, and from time to time, may amend the Plan. However, except as provided in paragraph 12 relating to adjustments upon changes in stock, no amendment shall be effective unless approved by the stockholders of the Company within twelve (12) months before or after the adoption of the amendment, where the amendment will:

(i) Increase the number of shares reserved for rights under the Plan;

(ii) Modify the provisions as to eligibility for participation in the Plan (to the extent such modification requires stockholder approval in order for the Plan to obtain employee stock purchase plan treatment under Section 423 of the Code or to comply with the requirements of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 16b-3")); or

(iii) Modify the Plan in any other way if such modification requires stockholder approval in order for the Plan to obtain employee stock purchase plan treatment under Section 423 of the Code or to comply with the requirements of Rule 16b-3.

It is expressly contemplated that the Board may amend the Plan in any respect the Board deems necessary or advisable to provide eligible employees with the maximum benefits provided or to be provided under the provisions of the Code and the regulations promulgated thereunder relating to employee stock purchase plans and/or to bring the Plan and/or rights granted under it into compliance therewith.

(b) Rights and obligations under any rights granted before amendment of the Plan shall not be altered or impaired by any amendment of the Plan, except with the consent of the person to whom such rights were granted or except as necessary to comply with any laws or governmental regulation.

14. TERMINATION OR SUSPENSION OF THE PLAN.

(a) The Board may suspend or terminate the Plan at any time. Unless sooner terminated, the Plan shall terminate ten (10) years from the date the Plan is adopted by the Board or approved by the stockholders of the Company, whichever is earlier. No rights may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) Rights and obligations under any rights granted while the Plan is in effect shall not be altered or impaired by suspension or termination of the Plan, except with the consent of the person to whom such rights were granted or except as necessary to comply with any laws or governmental regulation.

15. EFFECTIVE DATE OF PLAN.

The Plan shall become effective as determined by the Board, but no rights granted under the Plan shall be exercised unless and until the Plan has been approved by the stockholders of the Company.

EXHIBIT

CONFORMING AMENDMENTS TO THE
AMGEN RETIREMENT AND SAVINGS PLAN

(Amended and Restated as of January 1, 1990)

The Amgen Retirement and Savings Plan (Amended and Restated as of January 1, 1990) ("1990 Plan") is hereby amended in the following respects effective January 1, 1990, except as otherwise specified:

1. Effective with respect to Plan Years after December 31, 1986, Section 2.2 of the Plan is hereby amended to read in its entirety as follows:

"2.2 'Actual Contribution Percentage' means the arithmetic average of the Contribution Rates (calculated separately for each Eligible Employee) of the Eligible Employees grouping all Eligible Employees who are Highly Compensated Employees and separately grouping all Eligible Employees who are Non-Highly Compensated Employees."

2. Effective with respect to Plan Years after December 31, 1986, Section 2.3 of the 1990 Plan is hereby amended to read in its entirely as follows:

"2.3 'Actual Deferral Percentage' means the arithmetic average of the Deferral Rates (calculated separately for each Eligible Employee) of the Eligible Employees grouping all Eligible Employees who are Highly Compensated Employees and separately grouping all Eligible Employees who are Non-Highly Compensated Employees."

3. Section 2.38 of the 1990 Plan is hereby amended by replacing the term "Employer" with the term "Employer or Affiliate" wherever it occurs and by adding to the end such Section the following new paragraph:

"The Company shall determine the number of Hours of Service, if any, to be credited to an Employee under the foregoing rules, and the computation period to which Hours of Service are to be credited, in a uniform and nondiscriminatory manner and in accordance with applicable federal laws and regulations, including, without

limitation, Department of Labor Regulations sections 2530.200b-2(b) and 2530.200b-2(c)."

4. Effective with respect to calendar years after December 31, 1988, Section 2.56 of the 1990 Plan shall be amended to read in its entirely as follows:

"2.56 'Required Beginning Date' means:

(a) In the case of a Participant who attained age 70 1/2 before January 1, 1988 and who is not a 'five percent owner' (within the meaning of section 416 of the Code) at any time during the five-Plan-Year period ending with the calendar year in which he attains age 70 1/2 or thereafter, April 1 of the calendar following the later of (i) the calendar year in which the Participant attains age 70 1/2 or (ii) the calendar year in which the Participant retires;

(b) In the case of a Participant who attained age 70 1/2 before January 1, 1988 and who is a 'five percent owner' (within the meaning of section 416 of the Code) at any time during the five-Plan-Year period ending with the calendar year in which the Participant attains age 70 1/2 or thereafter, April 1 of the calendar year following the later of (i) the calendar year in which the Participant attains age 70 1/2, whether or not he is still an Employee, or (ii) the calendar year following the year in which he became a 'five percent owner';

(c) In the case of a Participant who attains age 70 1/2 in 1988, who is not a 'five percent owner' (within the meaning of section 416 of the Code) during the five-Plan-Year period ending

with the calendar year in which he attains age 70 1/2, or thereafter, and who has not terminated employment before January 1, 1989, April 1, 1990; and

(d) Except as otherwise provided in Subsection (c), in the case of a Participant who attains age 70 1/2 on or after January 1, 1988, April 1 of the calendar year next following the calendar year in which he attains age 70 1/2."

5. Section 4.1(b) of the 1990 Plan is hereby deleted, Section 4.1(c) of the 1990 Plan is hereby renumbered Section 4.1(d) and the following new Sections 4.1(b) and 4.1(c) are added:

"(b) The total of the Participant Elected Contributions under this Plan and any other elective deferrals (as defined in section 402(g)(3) of the Code) under all other plans, contracts or arrangements of the Company or any Affiliate during any calendar year commencing after December 31, 1986 for any Participant shall not exceed $7,000 or such other amount in effect for such calendar year under section 402(g)(1) of the Code, as adjusted for increases in the cost of living. To the extent necessary to satisfy this limitation for the calendar year, Participant Elected Contributions may be prospectively restricted, and, after any prospective restriction, Excess Elective Deferrals (and allocable interest, but reduced by any amounts previously distributed as Excess Contributions for the Plan Year beginning with or within such calendar year) shall be paid to the Participant on or before the April 15 next following the calendar year in which such contributions were made."

(c) To the extent the total of the Participant Elected Contributions under this Plan and any other elective deferrals (as defined in section 402(g)(3) of the Code) under all other plans, contracts or arrangements of the Employer or any Affiliate and any other employers during any calendar year for any Participant exceed $7,000 or such other amount in effect for such calendar year under section 402(g)(1) of the Code, as adjusted for increases in the cost of living, the Participant may, not later than March 1st following the close of the Participant's taxable year, notify the Company, in writing, that he has accumulated an Excess Elective Deferral for such taxable year, and may allocate to the Plan all or a portion of such Excess Elective Deferral and may request that the Company distribute such amount to him. In such event, the Company shall distribute, no later than the following Aril 15th, such amount of the Excess Elective Deferral specified by the Participant as allocable to this Plan, plus any income and minus any loss allocable thereto, as determined in accordance with applicable regulations or rulings."

6. Section 4.9(b) is amended by adding the following language to the end thereof:

"(8) The amount of Excess Contributions to be distributed to a Participant for a Plan Year pursuant to Section 4.9(a) shall be reduced by the amount of any Excess Elective Deferrals previously

distributed to such Participant for the calendar year ending with or within such Plan Year."

7. Effective with respect to Plan Years beginning after December 31, 1986, Paragraph (2) of Section 4.9(c) of the 1990 Plan, through such Paragraph (2)'s Clause (1), is hereby amended to read as follows:

"(2) The least of (i) two hundred percent (200%) of the Actual Contribution Percentage for all other Eligible Employees, (ii) such percentage for all other Eligible Employees plus two (2) percentage points or (iii) such lesser amount as the Company determines is necessary to prevent the multiple use of this alternative limitation with respect to Highly Compensated Employees in the manner prescribed by the Secretary of the Treasury or the Commissioner of the Internal Revenue Service.

In the event that for any Plan Year the Actual Contribution Percentage for eligible Highly Compensated Employees otherwise would not meet either of the tests set forth above, as required by section 401(m)(2) of the Code, then the Company shall elect one of the following methods (or any combination thereof) of meeting one of those tests:

(1) Excess Aggregate Contributions for Participants who are Highly Compensated Employees (and any income allocable thereto) may be paid to affected Highly Compensated Employees within the first twelve (12) months after the close of the applicable Plan Year, but only to the extent the Highly Compensated Employee has a nonforfeitable interest in the Excess Aggregate Contributions."

8. Effective with respect to Plan Years beginning after December 31, 1986, such portion of Section 8.8 of the 1990 Plan as precedes Subsection (a) thereof is hereby amended to read as follows:

"8.8 Applicable Lifetime Annuities. This Section shall apply to any Participant who elects a Lifetime Annuity. The benefit of a Participant who elects to receive a Lifetime Annuity, as provided in Section 8.7(a)(5) above, shall be distributed to the Participant in the applicable form of annuity described in Subsection (1) below, unless, prior to the Annuity Starting Date (as defined in Subsection (d) below) with respect to such Lifetime Annuity distribution, the Participant elects to waive such

Lifetime Annuity, in which case he may elect any other form of distribution provided under Section 8.7. A married Participant may waive the Qualified Joint and Survivor Annuity once he elects a Lifetime Annuity only as provided in Subsection (b) below. If the Participant dies before his Annuity Starting Date the provisions of Section 8.9 shall apply."

9. Effective with respect to Plan Years beginning after December 31, 1986, the first sentence of Section 16.2(d)(i) of the 1990 Plan is hereby amended in its entirety to read as follows:

"An officer of the Employer having an annual Compensation greater than fifty percent (50%) of the amount in effect under Section 415(b)(1)(A) of the Code for any such Plan Year."

10. Effective with respect to Plan Years after December 31, 1986, Sections 16.4 and 16.5 of the 1990 Plan are hereby renumbered Sections 16.5 and 16.6, respectively, and the following new Sections 16.3 and 16.4 are inserted to replace the current Section 16.3:

"16.3 Top-Heavy Accrual Rules. For any Plan Year during which the Plan is a Top-Heavy Plan, the Profit Sharing Contributions and Qualified Nonelective Contributions allocated to each Eligible Employee who is a Non-Key Employee and who is an Employee on the last day of such Plan Year (regardless of whether such Non-Key Employee has less than 1,000 Hours of Service or declined to make any contribution to the Plan for such Plan Year) shall not be less than the lesser of (i) three percent of his Compensation or (ii) the greatest allocation, expressed as a percentage of Compensation, made to any Eligible Employee who is a Key Employee. The determination in clause (ii) shall be made taking into account Participant Elected Contributions, Profit Sharing Contributions, Matching Contributions, Qualified Nonelective Contributions and Qualified Matching Contributions allocated to such Key Employee. In no event, however, shall any Non-Key Employee receive an allocation under this Plan or a benefit under the aggregate plans of the Employer and all Affiliates that is greater than the minimum required to be credited under all such plans and this Plan pursuant to section 416 of the Code.

16.4 Top-Heavy Vesting Rules.

(a) The vested interest in the Profit Sharing Account of each Participant with one or more Hours of Service in a Plan Year in which the Plan is a Top-Heavy Plan shall be determined in accordance with the following schedule except to the extent Section 7.3 provides more rapid vesting:

| Year of Service | Vested Percentage |
|---|---|
| Less than 2 | 0% |
| 2 but less than 3 | 20% |
| 3 but less than 4 | 40% |
| 4 but less than 5 | 60% |
| 5 but less than 6 | 80% |
| 6 or more | 100% |

(b) If the Plan ceases to be a Top-Heavy Plan, the vesting rules described in Section 7.3 shall again apply to all Years of Service with respect to the Participant's Profit Sharing Account; however, any Participant described in Subsection (a) who has at least three (3) Years of Service to his credit at the time the Plan ceases to be a Top-Heavy Plan shall continue to have his vested percentage computed under the Plan in accordance with Subsection (a)."

To record this Conforming Amendment to the 1990 Plan as set forth herein, the Company has caused its authorized officer to execute this document this 29th day of April, 1994.

AMGEN INC.

By:/s/ William F. Puchlevic

Title: Vice President, Human Resources

EXHIBIT

SECOND AMENDMENT TO THE
AMGEN RETIREMENT AND SAVING PLAN

(Amended and Restated as of January 1, 1993)

The Amgen Retirement and Savings Plan (Amended and Restated as of January 1, 1993) (the "Plan") is hereby amended in the following respects effective as of the dates specified:

1. Effective with respect to Plan Years after December 31, 1993, Section 2.13(d) of the Plan is hereby amended to read in its entirety as follows:

"(d) Effective January 1, 1994, with respect to any Plan Year, and for any purpose under the Plan other than determining Highly Compensated Employees and determinations under section 16.2(d), only the first $150,000 (as adjusted by the Commissioner of Internal Revenue for increases in the cost of living in accordance with section 401(a) (17) (B) of the Code) shall be treated as compensation for the Plan Year. This $150,000 limit shall be reduced for a short Plan Year to the product of the actual dollar amount of the annual limit times the number of months in the short Plan Year, divided by 12. In determining Compensation for purposes of this limitation, the rules of section 414(q) (6) of the Code shall apply, except that "family members" shall include only the spouse of the Employee and any lineal descendants who have not attained age 19 before the close of the Plan Year."

2. Effective as of January 1, 1995, Section 2.18 of the Plan is hereby amended to read in its entirety as follows:

"2.18 'Disability' means that the Participant is determined, under Title II or XVI of the Social Security Act, to have been disabled at the time of his or her termination of employment. In order for a Participant's Accounts to become fully vested on account of Disability pursuant to Sections 7.2 and 7.3 of

the Plan, the Participant must submit evidence of the Social Security Administration's determination of disability to the Company prior to the distribution (or deemed distribution) of the Participant's Accounts."

3. Effective as of January 1, 1995, Section 2.60 of the Plan is hereby amended to read in its entirety as follows:

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

4. Effective as of January 1, 1995, Article 6 of the Plan is hereby amended to read in its entirety as follows:

"6.1 Investment Funds. All contributions to the Plan made pursuant to Article 4 shall be paid to the Fund established under the Plan. All such contributions shall be invested as provided under the terms of the Funding Agreement, which may include provision for the separation of assets into separate Investment Funds.

"6.2 Investment of Contributions. Contributions shall be apportioned among one or more of the Investment Funds as the Participant may specify according to the procedures prescribed by the Company. In the event that a Participant fails to make an investment election, contributions allocated to his Account shall be invested in accordance with procedures prescribed by the Company. A Participant may elect to change the investment instructions with respect to future contributions according to the procedures prescribed by the Company.

"6.3 Limitation on Investment in Company Stock Fund. A Participant may direct the investment of his Accounts in the Company Stock Fund only to the extent of Plan contributions made to his Accounts on and after April 1, 1991, and only to a

maximum of fifty percent (50%) of contributions directed to all of such Participant's Accounts thereafter.

"6.4 Transfers Among Investment Accounts. A Participant may elect to reapportion the values of his Accounts allocated among the various Investment Funds by properly following procedures prescribed by the Company; provided, however, that a Participant may not transfer amounts to the Company Stock fund and that a Participant who wishes to transfer any amount from the Company Stock fund to one or more other Investment Fund(s) must transfer 100 percent (100%) of the amount in his Company Stock fund to such other Investment Fund(s). For purposes of carrying out Investment Fund transfers, the value of the Participant's Accounts and amounts invested in each Investment Fund shall be determined immediately preceding the effectuation of the Participant's transfer election."

To record this Second Amendment to the Amgen Retirement and Savings Plan as set forth herein, the Company has caused its authorized officer to execute this document this 27th day of October, 1994.

AMGEN INC.

By: /s/ Thomas E. Workman, Jr.
_____

Title: Vice President, Secretary
and General Counsel
_____

EXHIBIT

THIRD AMENDMENT TO THE
AMGEN RETIREMENT AND SAVINGS PLAN

(Amended and Restated as of January 1, 1993)

The Amgen Retirement and Savings Plan (Amended and Restated as of January 1, 1993) (the "Plan") is hereby amended in the following respects:

1. Section 2.9 of the Plan is hereby amended to read in its entirety as follows:

"2. 'Break in Service' means any Plan Year during which the Participant completes less than 501 Hours of Service. In addition to Hours of Service as credited under Section 2.38, but solely for the purpose of determining whether a Break in Service has occurred, an Employee who is absent from work by virtue of (a) the Employee's pregnancy, (b) the birth of the Employee's child, (c) the placement of a child with the employee by adoption, (d) the caring for any such child for a period of up to one year immediately following such birth or placement, (e) Disability or (f) service in the armed forces of the United States during a period (including a post-discharge period) that entitles the Employee to reemployment rights guaranteed by law, shall be credited with up to 501 additional Hours of Service. Such additional Hours of Service in such period of absence shall be based on his or her regular work schedule immediately prior to such period; provided, however, that such additional Hours of Service shall be credited during the Plan Year in which the absence from work begins only if they would prevent a Break in Service from occurring for that year. In all other cases, the additional Hours of Service shall be credited during the immediately following Plan Year."

2. Effective with respect to Plan Years after December 31, 1993, Section 2.13(d) of the Plan is hereby amended to read in its entirety as follows:

"(d) Effective January 1, 1994, with respect to any Plan Year, and for any purpose under the Plan other than determining Highly Compensated Employees and determinations under section 16.2(d),

only $150,000 (as adjusted by the Commissioner of Internal Revenue for increases in the cost of living in accordance with section 401(a)(17)(B) of the Code) shall be treated as compensation for the Plan Year. This limit shall be reduced for a short Plan Year to the product of the actual dollar amount of the annual limit times the number of months in the short Plan Year, divided by 12. In determining Compensation for purposes of this limitation, the rules of section 414(q)(6) of the Code shall apply, except that "family members" shall include only the spouse of the Employee and any lineal descendants who have not attained age 19 before the close of the Plan Year."

3. Section 2.38 of the Plan is hereby amended to read in its entirety as follows:

"2.38 'Hour of Service' means:

(a) Each hour for which an Employee is directly or indirectly paid, or entitled to payment, by an Employer or Affiliate for the performance of services,

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

(c) Each hour for which an Employee is directly or indirectly paid, or entitled to payment of an amount as back pay

(without regard to mitigation of damages) either awarded or agreed to by an Employer or Affiliate.

The foregoing notwithstanding:

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

(2) An hour for which an Employee is directly or indirectly paid or entitled to payment by an Employer or an Affiliate on

account of a period during which no services are performed shall not constitute an Hour of Service hereunder if such payment is made or due under a plan maintained solely for the purpose of complying with applicable workers' compensation, unemployment compensation or disability insurance laws.

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

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

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

For the purposes of applying the foregoing rules, salaried Employees are paid or entitled to payment for eight-hour workdays. The Company shall determine the number of Hours of Service, if any, to be credited to an Employee under the foregoing rules in a uniform and nondiscriminatory manner and in accordance with applicable federal laws and regulations, including, without limitation, Department of Labor Regulations section 2530.200-2(b), (c) and (d)."

4. Section 2.61 of the Plan is hereby amended to read in its entirety as follows:

"2.61 'Year of Service' means:

(a) For purposes of vesting, (1) prior to the Effective Date, each calendar year during which an Employee is credited with 1,000 Hours of Service and (2) on and after the Effective Date, each Plan Year or portion thereof during which an Employee is credited with at least 1,000 Hours of Service; provided, however, that an Employee shall be credited with a Year of Service for the Plan Year from April 1, 1988 through December 31, 1988 if he or she is credited with at least 1,000 Hours of Service during the 12-consecutive-month period from

April 1, 1988 through March 31, 1989 and also shall be credited with a Year of Service for the Plan Year beginning January 1, 1989 if he or she is credited with at least 1,000 Hours of Service during such Plan Year.

(b) For purposes of determining eligibility, the first 'computation' in which the Employee completes of at least 1,000 Hours of Service. A computation period is the 12-consecutive-month period following the Employee's Employment Commencement Date (or Reemployment Commencement Date) and each 12-consecutive-month period following the anniversary of such Employment Commencement Date (or Reemployment Commencement Date.)"

To record this Third Amendment to the Amgen Retirement and Savings Plan as set forth herein, the Company has caused its authorized officer to execute this document this 13th day of December 1994.

AMGEN INC.

By: Thomas E. Workman, Jr.
_____

Title: Vice President, Secretary and General Counsel
_____

EXHIBIT

FOURTH AMENDMENT TO THE
AMGEN RETIREMENT AND SAVINGS PLAN

(Amended and Restated as of January 1, 1993)

The Amgen Retirement and Savings Plan (Amended and Restated as of January 1, 1993) (the "Plan") is hereby amended, effective as of January 1, 1994, in the following respects:

1. Sections 3.1 and 3.2 of the Plan are amended to read in their entirety as follows:

"3.1 Eligible Employee. The term "Eligible Employee" means any Employee who is described in (a) or (b) and is not excluded under (c). An individual's status as an Eligible Employee shall be determined by the Company and such determination shall be conclusive and binding on all persons.

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

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

(c) Excluded Employees. An Employee shall not be an Eligible Employee if he is:

(i) Covered by a collective bargaining agreement to which an Employer is a party, if such agreement does not provide for the Employee's participation in the Plan;

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

(iii) A leased employee, as defined in section 414(n) or section 414(o) of the Code.

(d) Eligibility After Break in Service. An Eligible Employee shall continue as an Eligible Employee so long as he remains employed by an Employer as a "regular employee" and has not had a

Break in Service. If an Eligible Employee has a Break in Service, he shall again become an Eligible Employee upon satisfaction of the eligibility conditions described in this Section."

2. Section 3.2 is amended to read in its entirety as follows:

"3.2 Plan Entry. Each Employee who satisfies the requirements of Section 3.1 shall be entitled to become a Participant effective as of his date of employment as an Eligible Employee or on any subsequent Entry Date."

3. Section 4.8 is amended to read in its entirety as follows:

"4.8 Rollover Contributions. With the Company's prior approval, an Eligible Employee may make one or more Rollover Contributions to the Plan. A Rollover Contribution shall be permitted only if it meets both of the following conditions:

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

(b) The Eligible Employee must demonstrate to the Company's satisfaction that the contribution qualifies as a timely rollover contribution under section 402(c)(4), 403(a)(4) or 408(d)(3) or a similar provision of the Code.

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

rules as may be established by the Company; provided, however, that the Participant may not direct the investment of any portion of his Rollover Account in the Company Stock Fund."

4. Paragraphs (4) and (5) of Section 8.7(a) shall be amended to read in their entirety as follows:

"(4) Cash installments paid at least annually over a period certain not exceeding the life expectancy of the Participant or the joint life expectancy of the Participant and his designated Beneficiary. All life expectancies shall be determined not later than the date when payments commence and shall not be redetermined thereafter.

The amount of each installment payment shall be determined by dividing the remaining years in the period certain by the value of the Participant's Account.

(5) Subject to the provisions of Section 8.8, a nontransferable annuity contract that provides for annuity payments at least annually over the lifetime of the Participant or the joint lifetimes of the Participant and his designated Beneficiary, and that may provide for a "period certain" feature (a "Lifetime Annuity")."

5. The Plan is amended by the addition at the end thereof of Supplement A in substantially the form attached hereto.

To record this Fourth Amendment to the Amgen Retirement and Savings Plan as set forth herein, the Company has caused its authorized officer to execute this document this 30th day of December, 1994.

AMGEN INC.

By: /s/ Thomas E. Workman, Jr.
_____

Title: Vice President, Secretary
and General Counsel
_____

# SUPPLEMENT A
# TO THE AMGEN INC. RETIREMENT AND SAVINGS PLAN

## ARTICLE 1: PURPOSE

Supplement A was established effective January 1, 1995, to provide for special eligibility, vesting and plan merger provisions applicable to Synergen Transferees. Supplement A is part of the Plan and shall be administered in accordance with the provisions thereof, except as expressly provide herein. Capitalized terms used in this Supplement A (other than those terms specifically defined herein) shall have the same meanings given to such terms in the Plan.

## ARTICLE 2: PARTICIPATION

For purposes of Article 3 of the Plan, any Synergen Transferee (a) who was participating or eligible to participate in the Synergen 401(k) Plan as of December 31, 1994, or (b) who was in the waiting period for participation under the Synergen 401(k) Plan and is classified by Synergen, Inc. as a regular full-time employee as of December 31, 1994, shall be eligible to become a Participant as of January 1, 1995, provided that he or she then is an Eligible Employee. Any other Synergen Transferee shall become a Participant in accordance with Article 3 of the Plan, taking into account the past-service credit provisions of this Supplement A.

## ARTICLE 3: PAST SERVICE CREDIT

For purposes of determining eligibility and vesting service credit under Section 2.61 of the Plan, the Years of Service of a Synergen Transferee shall include the periods counted for such purposes under the terms of the Synergen 401(k) Plan, which measured service according to the elapsed-time method. In order to convert such past-service periods to equivalent Hours of Service, as is required by Treasury regulations section 1.410(a)-7(f)(2), each such Synergen Transferee will be credited with 190 Hours of Service for each month in which such Synergen Transferee would be required to be credited with one Hour of Service.

## ARTICLE 4: MERGER OF SYNERGEN 401(k) PLAN

As soon as reasonably feasible after January 1, 1995, and the effectuation of the transfer of Plan investments to Fidelity investments, the Synergen 401(k) Plan shall be merged with the Plan and, following

the merger, the terms of the Plan shall apply to the merged accounts. The foregoing notwithstanding, matching contribution accounts transferred from the Synergen 401(k) Plan on account of the merger shall continue to be 100% vested and shall be maintained as separate accounts from a Synergen Transferee's Matching Contributions Account to the extent deemed necessary or appropriate by the Plan Administrator.

ARTICLE 5: ROLLOVERS FROM SYNERGEN PROFIT SHARING PLAN

Following the termination of the Synergen Profit Sharing Plan, a participant in such plan who is then an Eligible Employee may elect, in accordance with
Section 4.8 of the Plan, to make a Rollover Contribution to the Plan of all or a portion of his distribution from the Synergen Profit Sharing Plan.

ARTICLE 6: DEFINITIONS

"Synergen Transferee" means an individual who is an employee of Synergen, Inc. on December 21, 1994 and who, on December 22, 1994, first becomes an Employee of the corporation (also known as Synergen, Inc.) formed as a consequence of the tender of the stock of Synergen, Inc. to Amgen Acquisition Subsidiary, Inc. and the merger of those two corporations.

"Synergen 401(k) Plan" means the Synergen, Inc. Deferred Savings Plan, as in effect on and after December 31, 1994.

"Synergen Profit Sharing Plan" means the Profit Sharing Plan of Synergen, Inc. (formerly the
Synergen, Inc. Employee Stock Ownership Plan), as in effect on and after December 31, 1994.

EXHIBIT

PROMISSORY NOTE

$1,000,000.00

1. Promise to Pay.

For value received, I, George A. Vandeman ("Staff Member"), a married man, and I, Winifred M. Vandeman, wife of Staff Member, promise to pay to the order of Amgen Inc., a Delaware corporation ("Payee"), at its office at Amgen Center, Thousand Oaks, CA 91320-1789, the sum of One Million Dollars ($1,000,000.00) (the "Principal"), payable in full on the earlier of five (5) years from date of execution of this Note or thirty (30) days from the date on which Staff Member ceases to be an employee of Payee, whichever first occurs, together with interest on the Principal from the date of this Note until such date as the Note is paid in full.

Interest shall be payable annually commencing December 31, 1996; and each successive year thereafter until the Principal is repaid. Interest on this Note shall be computed as set forth below. The interest rate for the period from the date of this Note through December 31, 1995 (the "initial rate") is 4.9% per annum on the unpaid Principal. After December 31, 1995 the interest rate on this Note shall change as set forth below.

2. Adjustable Interest Rate.

The interest rate shall be adjusted annually on January 1 of each year (the "Change Date") so as to equal the average interest rate designated as the "Introduction Rates" on adjustable rate loans as publicly offered by the 32 largest banks and savings and loans in California as published by the Los Angeles Times in its Saturday edition. The rate shall be set using the rates published in the Los Angeles Times on the Saturday immediately preceding the Change Date. In the event that the "Introduction Rates" list is not published in the Los Angeles Times for any reason, then, in such event, the Payee shall establish the interest rate based on a survey by it of the introductory interest rates on adjustable loans offered by no fewer than five banking institutions located in Southern California that the Payee, in its sole discretion, deems representative of banking institutions in the Ventura and Los Angeles County areas. Payee shall

give Staff Member notice if the interest rate shall be determined using this alternative method.

Notwithstanding the foregoing, the interest rate shall never be increased or decreased on any single Change Date by more than one percentage point from the interest rate for the preceding 12 months. At no time during the term of this Note shall the annual interest rate exceed 7.9% per annum.

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

3. Option to Convert.

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

4. Prepayment.

Staff Member may prepay without penalty this Note in whole or in part at any time. Any and all payments or prepayments under this Note may be made by Staff Member to Payee at the following

address (or such other address as it designates in writing to Staff Member):

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

Attention: Accounting Manager

5. Attorneys' Fees.

Staff Member agrees to pay all costs and expenses, including, without limitation, collection agency fees and expenses, reasonable attorneys' fees, costs of suit and costs of appeal, which Payee may incur

in the exercise, preservation or enforcement of its right, powers and remedies hereunder, or under any documents or instruments securing this Note, or under law.

6. Modification of Terms.

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

7. Security Interest.

The purpose of this loan is to purchase a personal residence. Staff Member shall secure this loan by executing and causing to be filed, immediately upon close of escrow, a trust deed on this residence, commonly known as 28943 Old North Shore Road, Lake Arrowhead, California 92352 whose property description is as follows:

Book 8668, Page 740, Official Records of San Bernardino County, California, and describing land therein as: Parcel No. 2 of Parcel Map 1374, as per plat recorded in Book 11, page 52, records of Parcel Maps.

8. Acceleration.

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

(1) the entire unpaid balance of this Note shall, at the option of the Payee hereof, immediately become due and payable in full and unpaid Principal thereafter shall bear interest at the lesser of the maximum rate permitted by law or at the rate of 7.9% per annum; and

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

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

9. Waiver of Rights by Staff Member.

Staff Member waives (1) presentment, demand, protest, notice of dishonor and/or protest and notice of non-payment; (2) the right, if any, to the benefit of, or to direct the application of, any security hypothecated to Payee until all indebtedness of Staff Member to Payee, however arising, has been paid; and (3) the right to require the Payee to proceed against any party to this Note, or to pursue any other remedy in Payee's power. Payee may proceed against Staff Member directly and independently of any other party to this Note, and the cessation of the liability of any other party for any reason other than full payment, or any revision, renewal, extension, forbearance, change of rate of interest, or acceptance, release or substitution of security, or any impairment or suspension of Payee's remedies or rights against any other party, shall not in any way affect the liability of Staff Member.

10. Obligations of Persons Under this Note.

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

11. Governing Law.

This Note and the obligations under this Note of Staff Member or any other signatory to this Note shall be governed by and interpreted and determined in accordance with the laws of the State of California as applied to contracts between

California residents entered into and to be performed entirely within said State.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Note as of the 15th day of December, 1995.

/s/ George A. Vandeman
_____
GEORGE A. VANDEMAN

/s/ Winifred M. Vandeman
_____
WINIFRED M. VANDEMAN

EXHIBIT

PROMISSORY NOTE

$700,000.00

1. Promise to Pay.

For value received, I, George A. Vandeman ("Staff Member"), a married man, and I, Winifred M. Vandeman, wife of Staff Member, promise to pay to the order of Amgen Inc., a Delaware corporation ("Payee"), at its office at Amgen Center, Thousand Oaks, CA 91320-1789, the sum of Seven Hundred Thousand Dollars ($700,000.00) (the "Principal"), payable in full on the earlier of five (5) years from date of execution of this Note or thirty (30) days from the date on which Staff Member ceases to be an employee of Payee, whichever first occurs, together with interest on the Principal from the date of this Note until such date as the Note is paid in full.

Interest shall be payable annually commencing December 31, 1996; and each successive year thereafter until the Principal is repaid. Interest on this Note shall be computed as set forth below. The interest rate for the period from the date of this Note through December 31, 1995 (the "initial rate") is 4.9% per annum on the unpaid Principal. After December 31, 1995 the interest rate on this Note shall change as set forth below.

2. Adjustable Interest Rate.

The interest rate shall be adjusted annually on January 1 of each year (the "Change Date") so as to equal the average interest rate designated as the "Introduction Rates" on adjustable rate loans as publicly offered by the 32 largest banks and savings and loans in California as published by the Los Angeles Times in its Saturday edition. The rate shall be set using the rates published in the Los Angeles Times on the Saturday immediately preceding the Change Date. In the event that the "Introduction Rates" list is not published in the Los Angeles Times for any reason, then, in such event, the Payee shall establish the interest rate based on a survey by it of the introductory interest rates on adjustable loans offered by no fewer than five banking institutions located in Southern California that the Payee, in its sole discretion, deems representative of banking institutions in the

Ventura and Los Angeles County areas. Payee shall give Staff Member notice if the interest rate shall be determined using this alternative method. Notwithstanding the foregoing, the interest rate shall never be increased or decreased on any single Change Date by more than one percentage point from the interest rate for the preceding 12 months. At no time during the term of this Note shall the annual interest rate exceed 7.9% per annum.

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

3. Option to Convert.

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

4. Prepayment.

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

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

Attention: Accounting Manager

5. Attorneys' Fees.

Staff Member agrees to pay all costs and expenses, including, without limitation, collection agency fees and expenses, reasonable attorneys' fees, costs of suit and costs of appeal, which Payee may incur

in the exercise, preservation or enforcement of its right, powers and remedies hereunder, or under any documents or instruments securing this Note, or under law.

6. Modification of Terms.

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

7. Security Interest.

The purpose of this loan is to purchase a personal residence. Staff Member shall secure this loan by executing and causing to be filed, immediately upon close of escrow, a trust deed on this residence, commonly known as 1652 Aldercreek Place, Westlake Village, California 91361 whose property description is as follows:

Lot 20 of Tract No. 3917, in the City of Thousand Oaks, County of Ventura, State of California, as per Map recorded in Book 102, Pages 54 to 59, inclusive, of Maps, in the office of the County Recorder of said County.

8. Acceleration.

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

(1) the entire unpaid balance of this Note shall, at the option of the Payee hereof, immediately become due and payable in full and unpaid Principal thereafter shall bear interest at the lesser of the maximum rate permitted by law or at the rate of 7.9% per annum; and

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

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

9. Waiver of Rights by Staff Member.

Staff Member waives (1) presentment, demand, protest, notice of dishonor and/or protest and notice of non-payment; (2) the right, if any, to the benefit of, or to direct the application of, any security hypothecated to Payee until all indebtedness of Staff Member to Payee, however arising, has been paid; and (3) the right to require the Payee to proceed against any party to this Note, or to pursue any other remedy in Payee's power. Payee may proceed against Staff Member directly and independently of any other party to this Note, and the cessation of the liability of any other party for any reason other than full payment, or any revision, renewal, extension, forbearance, change of rate of interest, or acceptance, release or substitution of security, or any impairment or suspension of Payee's remedies or rights against any other party, shall not in any way affect the liability of Staff Member.

10. Obligations of Persons Under this Note.

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

11. Governing Law.

This Note and the obligations under this Note of Staff Member or any other signatory to this Note shall be governed by and interpreted and determined in accordance with the laws of the State of California as applied to contracts between

California residents entered into and to be performed entirely within said State.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Note as of the 15th day of December, 1995.

/s/ George A. Vandeman
_____
GEORGE A. VANDEMAN

/s/ Winifred M. Vandeman
_____
WINIFRED M. VANDEMAN

EXHIBIT

PROMISSORY NOTE

$400,000.00

1. Promise to Pay.

For value received, I, Stan Benson ("Staff Member"), a married man, and I, Joann M. Benson, wife of Staff Member, promise to pay to the order of Amgen Inc., a Delaware corporation ("Payee"), at its office at Amgen Center, Thousand Oaks, CA 91320-1789, the sum of Four Hundred Thousand Dollars ($400,000.00) (the "Principal"), payable in full on the earlier of five (5) years from date of execution of this Note or thirty (30) days from the date on which Staff Member ceases to be an employee of Payee, whichever first occurs, together with interest on the Principal from the date of this Note until such date as the Note is paid in full. Interest on this Note shall be computed as set forth below. The interest rate for the period from the date of this Note through December 31, 1996 (the "initial rate") is 4.1% per annum on the unpaid Principal. After December 31, 1996 the interest rate on this Note shall change as set forth below.

2. Adjustable Interest Rate.

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

percentage point from the interest rate for the preceding 12 months. At no time during the term of this Note shall the annual interest rate exceed 7.1% per annum.

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

3. Salary Deduction.

The interest on this Note shall be payable by semi-monthly deductions from Staff Member's salary. The amount of such deductions shall initially be Six Hundred Eighty-Three and 33/100 Dollars ($683.33) per installment; provided, however, that the manner of payment of this Note shall not be limited to deductions from Staff Member's salary. The amount of such deductions shall be adjusted annually concurrently with any adjustment in the interest rate on this Note to ensure that interest to be incurred during the ensuing calendar year shall be paid in twenty-four (24) equal payments. The first such installment shall be on March 31, 1996; the second installment shall be on April 15, 1996; and each successive installment shall be on the fifteenth and last days of each successive month until the Principal is repaid. Payee shall give Staff Member at least seven (7) days advance notice of any adjustment in the amount of said payroll deductions. Staff Member acknowledges and agrees that by executing this Note, Staff Member agrees to the payroll deductions described in this Note.

4. Option to Convert.

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

5. Prepayment.

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

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

Attention: Accounting Manager

6. Attorneys' Fees.

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

7. Modification of Terms.

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

8. Security Interest.

The purpose of this loan is to purchase a personal residence. Staff Member shall secure this loan by executing and causing to be filed, immediately upon close of escrow, a trust deed on this residence, commonly known as 5603 Greyfeather Court, Westlake Village, California 91362 whose property description is as follows:

Lot 293 of Tract No. 3507-4, in the City of Thousand Oaks, as per map recorded in Book 97, Page 18 of Maps, in the office of the County Recorder of Ventura County, California.

9. Acceleration.

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

(1) the entire unpaid balance of this Note shall, at the option of the Payee hereof, immediately become due and payable in full and unpaid Principal thereafter shall bear interest at the lesser of the maximum rate permitted by law or at the rate of 7.1% per annum; and

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

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

10. Waiver of Rights by Staff Member.

Staff Member waives (1) presentment, demand, protest, notice of dishonor and/or protest and notice of non-payment; (2) the right, if any, to the benefit of, or to direct the application of, any security hypothecated to Payee until all indebtedness of Staff Member to Payee, however arising, has been paid; and (3) the right to require the Payee to proceed against any party to this Note, or to pursue any other remedy in Payee's power. Payee may proceed against Staff Member directly and independently of any other party to this Note, and the cessation of the liability of any other party for any reason other than full payment, or any revision, renewal, extension, forbearance, change of rate of interest, or acceptance, release or substitution of security, or any impairment or suspension of Payee's remedies or rights against any other party, shall not in any way affect the liability of Staff Member.

11. Obligations of Persons Under this Note.

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety, or endorser of this Note is also obligated to do these things. Any person who takes

over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. Payee may enforce its rights under this Note against each person individually or against all of the signatories to this Note. This means that any one of the signatories to this Note may be required to pay all of the amounts owed under this Note.

12. Governing Law.

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

IN WITNESS WHEREOF, the undersigned have executed and delivered this Note as of the 19th day of March, 1996.

/s/ Stan Benson
_____
STAN BENSON

/s/ Joann M. Benson
_____
JOANN M. BENSON

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