



## Fighting Serious Illness

Amgen 2005 Annual Report





In early 2005, Dimitra, a 48-year-old mother of three, found a suspicious lump in her right breast during a routine self-examination. A week later, she was diagnosed with stage 2 breast cancer. Dimitra opted for a lumpectomy and aggressive chemotherapy and radiation treatments. A busy mom with a full-time job, she was concerned about the side effects of her cancer treatment, especially fatigue. People who undergo chemotherapy are at risk of developing

anemia, a condition that can cause severe fatigue and weakness. Alex Black, M.D., Dimitra's oncologist, prescribed Aranesp® (darbepoetin alfa) to treat Dimitra's chemotherapy-induced anemia. "I am so grateful that I was able to work and keep up with my family's schedule while I was undergoing treatment for breast cancer," Dimitra says. "Continuing to do the things that I love has made all the difference for me during this difficult period."

**At Amgen, our capabilities in biotechnology enable us to fight serious illness and fulfill our mission to serve patients.**

### **Discover**

Discovery research is the first stage in the long process of bringing innovative medicines to patients. Our research scientists build on advances in modern biology to attack serious disease.

### **Develop**

The development process includes everything we do to move product candidates through the pipeline. We work to design the right studies, enroll the appropriate patients, obtain the highest quality data and make informed decisions based on careful analysis of scientific evidence.

### **Deliver**

We have a track record of delivering vital medicines to millions of patients: from research and development, to manufacturing, to market. Through our philanthropy, we deliver even further on our mission to serve patients.

# Pipeline

The candidates we bring into human trials are those we believe hold the greatest potential to help people who are fighting serious illnesses. We are building on our core expertise in biotechnology, developing new protein therapeutics while continuing to grow our capabilities in chemistry, or small molecule medicines. We have a robust pipeline with approximately 50 programs in development, a number that has doubled since 2001.

## Therapeutic Areas

**General Medicine<sup>(1)</sup>**

**Inflammation**

**Metabolic Disorders**

**Neuroscience**

**Oncology**

## Discover

### Research and Preclinical

**AMG 714<sup>(2)</sup>** / Psoriasis

*Note: Amgen has significantly increased its programs in research and preclinical development. For competitive reasons, the company generally does not release detailed information about research and preclinical programs. For more information on Amgen's research efforts, see pages 4–7.*

## Develop

### Phase 1

**AMG 317** / Asthma

**AMG 623** / Systemic lupus erythematosus

**AMG 076** / Obesity

**AMG 221<sup>(3)</sup>** / Type 2 diabetes

**AMG 403** / Pain

**AMG 517** / Pain

**AMG 102** / Cancer

**AMG 386** / Cancer

**AMG 479** / Cancer

**AMG 623** / B-cell chronic lymphocytic leukemia

**AMG 655** / Cancer

**AMG 951** / Cancer

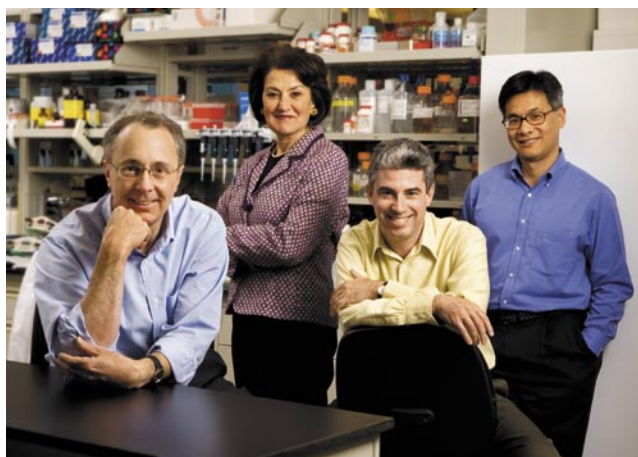
<sup>(1)</sup> Includes hematology.

<sup>(2)</sup> Amgen anticipates entering phase 1 studies in 2006 with a new formulation in a more commercially productive cell line.

<sup>(3)</sup> Program formerly identified as 11B-HSD1.

<sup>(4)</sup> Program formerly identified as AMG 162.

**“We have made a commitment as a company to focus on pioneering approaches to human therapeutics, and our pipeline reflects that commitment,”** says Roger M. Perlmutter, executive vice president, Research and Development. Perlmutter (far left) is shown here with (from left to right) Nahed Ahmed, vice president, Research and Development Project Management; Sean Harper, vice president, Global Regulatory Affairs and Safety; and Will Dere, senior vice president, Global Development, and chief medical officer.



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

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

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

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

APPROVED therapies are available for prescribed uses to patients in countries that have granted regulatory clearance. Amgen continues to develop many of its approved therapies for potential new indications.

## Phase 2

**Aranesp® (darbepoetin alfa)** / Anemia in heart failure

**AMG 108** / Rheumatoid arthritis

**Denosumab<sup>(4)</sup>** / Rheumatoid arthritis

**Sensipar® (cinacalcet HCl)** / Primary hyperparathyroidism

**Denosumab<sup>(4)</sup>** / Bone metastases (cancer spread to bone) in breast cancer

## Registrational and Phase 3

**Aranesp®** / Cardiovascular disease in patients with chronic kidney disease and type 2 diabetes

**Denosumab<sup>(4)</sup>** / Postmenopausal osteoporosis

**Sensipar®** / Secondary hyperparathyroidism in chronic renal insufficiency

**AMG 531** / Immune thrombocytopenic purpura (an autoimmune bleeding disorder)

**AMG 706** / Cancer

**Aranesp®** / Anemia of cancer in patients not receiving chemotherapy

**Denosumab<sup>(4)</sup>** / Bone loss induced by hormone ablation therapy for breast cancer or prostate cancer

**Denosumab<sup>(4)</sup>** / Prolonging bone metastases-free survival

**Kepivance™ (palifermin)** / Oral mucositis associated with radiation therapy and chemotherapy for solid tumors

**Panitumumab** / Colorectal cancer

## Deliver

## Approved

**Aranesp®** / Anemia of chronic renal disease

**EPOGEN® (Epoetin alfa)** / Anemia of end-stage renal disease

**Enbrel® (etanercept)** / Moderate-to-severe rheumatoid arthritis

**ENBREL** / Moderate-to-severe juvenile rheumatoid arthritis

**ENBREL** / Ankylosing spondylitis (arthritis of the spine)

**ENBREL** / Psoriatic arthritis

**ENBREL** / Moderate-to-severe plaque psoriasis

**Kineret® (anakinra)** / Moderate-to-severe rheumatoid arthritis

**Sensipar®** / Secondary hyperparathyroidism in end-stage renal disease

**Sensipar®** / Hypercalcemia of parathyroid carcinoma

**Aranesp®** / Chemotherapy-induced anemia

**Kepivance™** / Severe oral mucositis in patients with hematologic cancers undergoing bone marrow transplant

**Neulasta® (pegfilgrastim)** / Chemotherapy-induced neutropenia

**NEUPOGEN® (Filgrastim)** / Neutropenia (multiple indications)

For more information on our pipeline, please visit [www.amgen.com](http://www.amgen.com). For important safety information about Amgen medicines, please visit [www.amgen.com](http://www.amgen.com) for links to the product websites.

This table is as of January 26, 2006, and shows the status and certain next-expected milestones of selected clinical and preclinical programs and molecules in Amgen's product pipeline. Amgen's product pipeline will change over time as programs and molecules move through the drug development process, including progressing to market or failing in clinical trials, due to the nature of the development process. This table and the Annual Report that follows contain forward-looking statements that involve significant risks and uncertainties, including those discussed here and others that can be found in Amgen's most recent Form 10-K and in Amgen's periodic reports on Form 10-Q and Form 8-K, and actual results may vary materially. Amgen is providing this information as of the date above and does not undertake any obligation to update any forward-looking statements contained in this table or this Annual Report as a result of new information, future events or otherwise.

A scientist in a high-throughput screening laboratory in Amgen's Thousand Oaks, California, headquarters.

# Discover

## Attacking disease at the source

At Amgen, fighting serious illness begins with understanding how diseases attack the human body. Based on that understanding, our researchers identify and validate biological targets for drug discovery, finding new ways to interfere with—or even prevent—disease progression.

## Research: Where Innovation Begins

“Innovation” is an often-used word in biotechnology, but Amgen has a specific definition. “A very high percentage of the molecules in our pipeline are innovative, meaning that they work by a mechanism or hit a target that no existing drug addresses,” explains Joe Miletich, Amgen senior vice president of Research and Preclinical Development.

### ADVANCING SCIENCE TO HELP PATIENTS

Amgen research scientists focus on inflammation, oncology and hematology, neuroscience and metabolic disorders. They share a common vision: delivering therapies that can make a meaningful difference in patients’ lives.

One thing that sets research at Amgen apart is a “modality-independent” approach to drug discovery. Scientists choose the best target to block a specific disease process before considering the type of drug that may be required. Molecules being studied include not only proteins—Amgen’s original area of expertise—but also monoclonal antibodies, peptibodies and small molecules.

### GREATER PRODUCTIVITY

In recent years, Amgen has seen unprecedented research productivity, fueled in part by successful integrations of research projects from the acquisitions of Immunex Corporation in 2002 and Tularik Inc. in 2004. In 2005, Amgen announced plans to acquire Abgenix, Inc., a San Francisco Bay Area biotechnology firm. The acquisition is expected to close by April 2006.

Portfolio options are burgeoning. Research has introduced a streamlining process in which certain programs with clearer paths forward receive more resources. Already, by industry standards, Amgen has “a relatively low attrition rate” for programs, according to Miletich. Priority is given to programs that represent true scientific innovations. “Holding ourselves to this standard makes things much more challenging for us,” Miletich says, “but our willingness to take the risk demonstrates our commitment to moving the practice of medicine forward.”

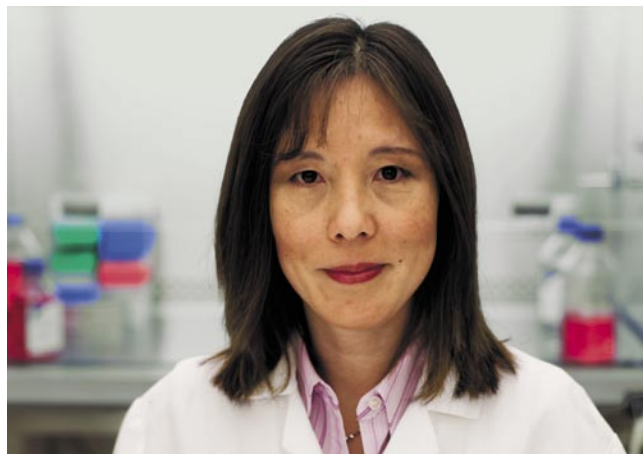


The head of Amgen’s research site in Regensburg, Germany, meets with an associate director of research at the company’s Thousand Oaks facility.

# Cutting-Edge Science, Straight from the Bench

Ask Amgen scientists what is special about working at the company, and the resounding answer is a true spirit of collaboration, across sites and disciplines. The company has major research hubs in South San Francisco and Thousand Oaks, California; Seattle, Washington; and Cambridge, Massachusetts; as well as a smaller research center in Regensburg, Germany. Researchers at one site typically work in cross-functional teams with scientists at one or more of the other locations; the idea is that innovation springs from broader thinking.

The collaborative environment is one reason Amgen ranks highly as an employer of choice for scientists in industry, according to lists published by *Science* and *The Scientist* in 2005. Another is the value placed on innovation. Most important is the simple fact that scientific research is growing and thriving at Amgen.



**JIANGCHUN / PRINCIPAL SCIENTIST, ONCOLOGY**  
SEATTLE, WASHINGTON

Jiangchun conducts research on potential treatments for myeloma, lymphoma and leukemia. She highly values Amgen's intense commitment to serving patients and unrelenting focus on advancing science. "Our dream is to develop the best therapeutics to benefit patients, while at the same time gaining a deeper understanding of the underlying biology. It's critical to understand how cancer works if we are to better target this devastating disease."

The company plans to further expand its research capabilities. Additional research capacity is being added at the Seattle campus. The Cambridge, Massachusetts, facility will add staff in oncology, hematology and neuroscience research. As for Amgen South San Francisco, "Our vision is to make the South San Francisco site a fully enabled R&D site," says Kevin Stark, senior director, Research and Development Strategic Operations. "The Bay Area is the birthplace of biotechnology. We want to grow there by building on the base we established with the integration of Tularik," a research-focused company Amgen acquired in 2004.

So what's it like to work at the lab bench at Amgen? Staff members from each U.S. research site share their perspectives below.



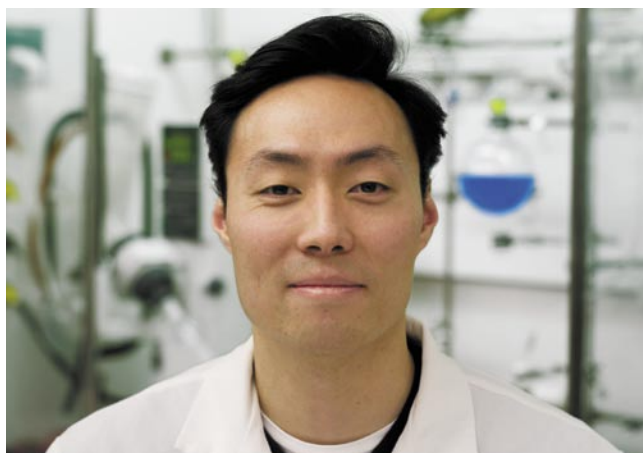
**JAY / SENIOR PRINCIPAL SCIENTIST, CHEMISTRY**  
SOUTH SAN FRANCISCO, CALIFORNIA

Jay is optimistic about the progress his team is making towards finding novel treatments for diabetes, in partnership with researchers in Thousand Oaks and at a Stockholm-based biotech company, Biovitrum. One candidate from this group effort, AMG 221, is currently in human trials. "Even though my focus is chemistry, I'm also very involved in biology, pharmacokinetics and safety assessment. We have multi-disciplinary teams in California and Sweden working together toward a common goal—to revolutionize the treatment of diabetes and metabolic syndrome."



## Growing our research base

We plan to increase research activity substantially over the next several years. Even as we grow, we will maintain an environment where innovation and pioneering science happen through creativity and collaboration, and where the best scientists want to work.



**DAN / SCIENTIST, MEDICINAL CHEMISTRY**  
CAMBRIDGE, MASSACHUSETTS

For Dan, researching neurodegenerative conditions is more than just a job; it's a "chance to have a major impact on the landscape of therapy." Dan is part of an interdisciplinary group of scientists who are working together to tackle one of the world's most critical unmet medical needs—Alzheimer's disease. "This project is incredibly exciting scientifically, and there are currently no therapies that directly and effectively address Alzheimer's disease. Everything available only treats the symptoms."



**JOSETTE / PRINCIPAL SCIENTIST, CANCER BIOLOGY**  
THOUSAND OAKS, CALIFORNIA

Josette is a cancer biologist who originally came to Amgen nearly 15 years ago to help establish the company's neuroscience department. An expert on neurotrophic factors—proteins that help neurons grow and survive—Josette now applies her expertise to working on small molecule inhibitors to combat skin cancer. "Targeted therapies offer such promise. We're finding ways to stop the mechanisms by which tumors grow."

At Amgen, product strategy teams (PSTs) are created to lead the progress of molecules that enter development. Each PST includes global team leaders representing Development, Commercial Operations, Project Management, Regulatory and Operations (process development, quality and manufacturing), along with many other “subteam” members.

A group of professionals in business attire are gathered outdoors, reviewing documents. In the foreground, a man in a blue shirt and glasses is pointing at a document held by a man in a green shirt. Another man in a dark shirt is partially visible on the left, gesturing with his hand. In the background, a man in a blue shirt and a woman in a white top are also visible. The scene is set against a backdrop of green foliage and a bright sky.

# Develop

## Expanding our clinical trials worldwide

Our global clinical development activities grew to unprecedented levels in 2005. In 2006 and beyond, as our pipeline progresses, we plan to increase the number and scale of our clinical trials even further.

## Pipeline Progress

In the last four years, Amgen's development pipeline has doubled in size. It has also grown much more diverse, reflecting the company's ability to pursue treatments in various modalities.

Amgen has been adding staff and resources in every area related to clinical development. The number of studies, study locations and scope and size of individual studies have all substantially increased. Today, tens of thousands of patients in 36 countries are enrolled in clinical trials of Amgen therapies.

### GLOBAL DEVELOPMENT

The company's international sites have long played a key part in clinical development, but now their role is even greater. Approximately 10 percent of patients enrolled in all Amgen global trials are in Australia, and about 27 percent are in Europe, including eastern Europe. To accommodate future growth in clinical development in Europe, Amgen plans to open a new development office in Uxbridge, United Kingdom, (a suburb of London) in 2006. Canada also has been

making important contributions. For example, 2005 marked the first year that an Amgen phase 1 study was enrolled and operated entirely by the company's Canadian subsidiary.

In addition, Japan has become a significant contributor to Amgen's clinical development efforts. Studies are under way in Japan for palifermin, panitumumab, AMG 706, denosumab and AMG 531. Within the next decade, Amgen expects to develop a substantive commercial presence in Japan.

### MORE ACTIVITY AHEAD

In 2005, eight new molecules were cleared to enter development, and more are expected to move forward in 2006. "Our late stage programs are progressing well, and our early stage programs have great promise," says Will Dere, senior vice president, Global Development and chief medical officer. Accordingly, Amgen anticipates further growth in clinical development in 2006, including the initiation of 11 studies that will each span more than 200 sites.



Staff members who work in Amgen's Development group in Cambridge, United Kingdom, are instrumental in conducting the company's clinical research activities across Europe.

## A broad spectrum of potential utility

To millions of people suffering from osteoporosis and other bone diseases, denosumab could offer a completely new approach to ending the bone loss process. It is being studied in postmenopausal osteoporosis, bone metastases and other serious conditions.

## Fighting Bone Loss

Denosumab (formerly known as AMG 162) is an investigational therapy that Amgen believes shows great promise to help arrest the bone loss process across a wide range of diseases.

### **OSTEOPOROSIS: A LIFE-THREATENING CONDITION**

Osteoporosis—a disease in which bones, especially those in the hip, spine and wrist, deteriorate and often break—is a far more serious condition than many people know. An elderly person who falls and breaks a hip has a 20 to 25 percent chance of dying within 12 months of the accident. This mortality rate is comparable to that of many major cancers. Of those who live longer, most suffer significant physical impairment as well as depression.

Osteoporosis is very common; it is estimated to afflict at least 75 million people worldwide. More than half of all Americans over 50 are at risk. However, many cases go undiagnosed. Of the people who do receive diagnosis and treatment, about 70 percent discontinue medication within the first year.\* Some people find current treatments too difficult to take as directed. Others find it hard to tolerate the side effects, especially gastrointestinal problems, that are associated with current medications.

### **OTHER BONE LOSS CONDITIONS**

Denosumab is being studied for its potential in a broad range of bone loss conditions including multiple myeloma, rheumatoid arthritis and bone loss induced by

hormone-ablative therapy administered in the treatment of breast or prostate cancers. Denosumab is also being studied as a potential therapy for treatment and prevention of cancer metastases in bone (see page 13).

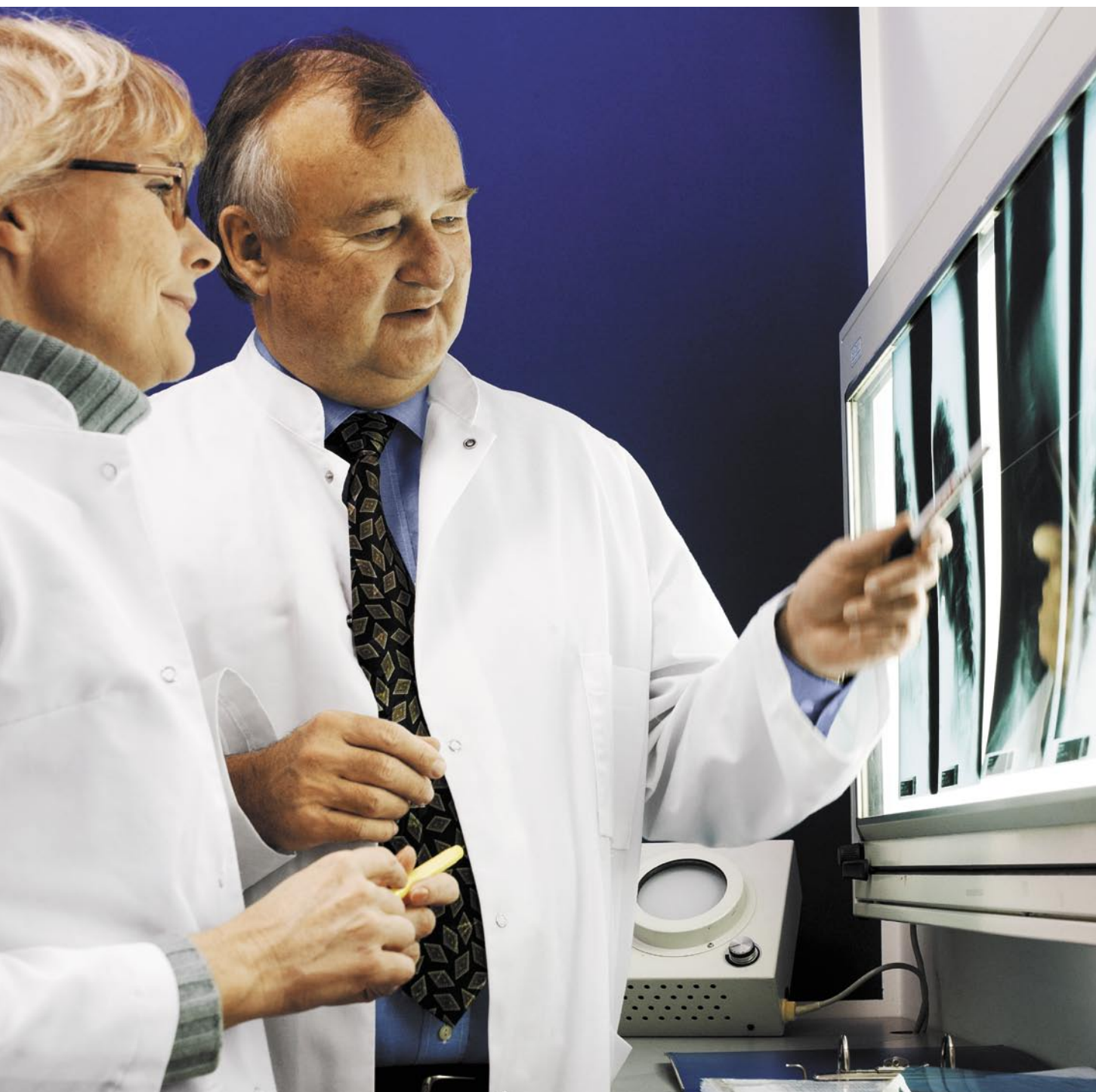
### **THE SCIENCE**

Denosumab comes from groundbreaking discoveries in bone biology made by Amgen scientists. Denosumab blocks RANK Ligand, a protein that plays a key role in bone breakdown. In a healthy skeleton, continuous processes that break down and build up bone are in balance. In diseases of bone loss, an imbalance leads to either too much RANK Ligand or too little of another protein, osteoprotegerin (OPG), that counteracts RANK Ligand. Denosumab mimics the bone-protecting actions of OPG.

It will take a number of years to complete the studies necessary to support regulatory filings in osteoporosis, bone metastases and other indications. However, the data so far have been encouraging. Two-year data from an ongoing phase 2 trial showed increased bone mineral density in women with postmenopausal bone loss.

“Denosumab works in a way that is completely different from any other therapy for bone loss or bone metastases,” says Roger M. Perlmutter, executive vice president, Research and Development, “and we believe it has the potential to transform how these conditions are treated.”

\* Source: Amgen market research.



The denosumab program, with more than 10,000 patients currently enrolled worldwide, is Amgen's largest development program to date. Doctors Claus Christiansen and Bente Riis, through the Center for Clinical and Basic Research (CCBR) in Denmark, one of the biggest clinical trial centers in the world, enrolled more than 2,500 patients in denosumab phase 3 clinical trials for osteoporosis in 2005. The enrollees came

from 10 different countries, including Denmark, Poland, Hungary, Mexico and Brazil. "Osteoporosis is a serious medical condition for which patients have few options for long-term treatment," Christiansen says. "We are thrilled to participate in a clinical trial that could potentially lead to another therapeutic choice for this debilitating condition."



When customers enter the Nantucket Sandwich Shop in Alpharetta, Georgia, Kris, the owner, greets them by name. She always has a cheerful word, even if she's feeling tired or unwell. Many of those customers are friends and neighbors that take their own turns at the counter on days when Kris is receiving chemotherapy. "It's amazing, the support I have in the community," she says.

Six years ago, Kris was diagnosed with a colorectal tumor, which was surgically removed. It was a shock when, last year, she was told the cancer had recurred and metastasized

to her liver. Kris enrolled in a trial designed to assess whether an Amgen investigational therapy, panitumumab, given with chemotherapy and bevacizumab improves progression-free survival compared to chemotherapy and bevacizumab alone.

Kris says that one reason she enrolled in the trial was a desire to help advance science in the fight against cancer. "I am participating to help others. I think about my children. What if it happened to them? If something I did helps someone else, it's worth it."

## Taking cancer care to the next level

In addition to continuing to develop supportive care therapies to improve the health and lives of people with cancer, we are developing innovative ways to attack cancer itself.

## Fighting Cancer

Amgen has long been a leader in providing medicines that address serious side effects of cancer treatment, such as anemia, neutropenia and oral mucositis. The company is seeking to build upon its leadership in oncology by entering the cancer care arena. A number of promising product candidates in Amgen's pipeline employ novel approaches to fighting the spread of one of the world's most dreaded diseases.

### PANITUMUMAB

Panitumumab, in development for the treatment of various types of solid tumor cancers, is a fully human monoclonal antibody directed against the epidermal growth factor receptor, which mediates an important pathway in normal and tumor cell growth.

In November 2005, a pivotal panitumumab study showed significant improvement in progression-free survival in patients with metastatic colorectal cancer who had failed multiple prior chemotherapy regimens. Panitumumab received fast-track designation from the U.S. Food and Drug Administration (FDA) in July 2005. A rolling Biologics License Application for panitumumab in colorectal cancer patients who have failed prior standard chemotherapy was submitted to the FDA in December 2005. Also in December, Amgen announced that it would acquire Abgenix, Inc., its development partner on the program, giving Amgen full ownership of panitumumab as well as the means of manufacturing it. "Our agreement to acquire Abgenix is a sign of our confidence in the potential of panitumumab to deliver significant benefits to patients," says David Chang, senior director of Global Clinical Development, Oncology.

### AMG 706

AMG 706 is an oral therapy that inhibits the growth of blood vessels that feed tumors and directly inhibits growth of tumor cells. AMG 706 selectively acts on multiple targets involved in tumor growth. Because cancer is a multifactorial and complex cellular process, the ability of AMG 706 to inhibit multiple receptors may prove helpful in attacking various cancers.

Early clinical data for AMG 706 show signs of tumor regression with promising preliminary safety data. A registrational phase 2 clinical study is evaluating AMG 706 as a monotherapy in gastrointestinal stromal tumors that have proved resistant to treatment with imatinib. AMG 706 is also being studied in combination with other therapies in several other tumor types, including lung and colorectal cancer.

### A BROAD PIPELINE OF CANCER TREATMENTS

Amgen has many other innovative potential treatments for cancer in the pipeline. In addition to bone loss indications (see page 10), denosumab is being studied as a possible weapon against bone metastases. Phase 2 studies are in progress to determine whether denosumab may work to arrest or even prevent the growth of tumors in bone.

Promising therapies in early development include AMG 102, a fully human monoclonal antibody that inhibits the action of a growth factor that plays an important role in many types of cancers; AMG 386, a protein that may prevent blood vessels from forming to feed tumors through a different mechanism of action than AMG 706; AMG 951, a protein involved in the regulation of apoptosis, the natural process by which cells are instructed to die that often gets "turned off" in cancerous cells; AMG 623, a peptibody that targets B-cell survival factor; and AMG 479 and AMG 655, two novel molecules that entered phase 1 studies in 2005.



**The Aranesp® (darbepoetin alfa) New Indications Product Strategy Team is pursuing development of Aranesp® to treat anemia in heart failure patients to improve mortality and decrease morbidity. A phase 3 study to assess the impact on mortality and hospitalization is planned to begin in 2006.**



## Pioneering science for serious illness

For more than 25 years, our scientists have applied innovative research and development to advance important new therapies for serious illnesses. Our focus on major medical problems continues today, as we work to bring better treatment options to patients who urgently need them.

## Answering Unmet Medical Needs

Amgen scientists focus on producing therapies for conditions where patients have limited or inadequate treatment options. In addition to cancer and bone loss, there are many other serious medical conditions for which Amgen is working to deliver more effective treatments.

### **IMMUNE THROMBOCYTOPENIC PURPURA (ITP)**

ITP is a disease in which the body's immune system attacks and destroys its own blood platelets. It causes bleeding, bruising and in the most severe cases, hemorrhage and even death. Current treatment options are associated with serious side effects.

AMG 531 is an investigative first-in-class molecule. A type of protein called a peptibody, it works similarly to thrombopoietin, the body's own hormone that regulates platelet numbers. Because AMG 531 increases platelet production, it is being investigated in the treatment of both ITP and chemotherapy-induced thrombocytopenia, another condition marked by dangerously low platelet counts. AMG 531 is in phase 3 clinical trials for ITP and has been granted fast-track status for that indication by the U.S. Food and Drug Administration.

### **SYSTEMIC LUPUS ERYTHEMATOSUS (SLE)**

SLE or "lupus" is a chronic inflammatory autoimmune disease that can affect various parts of the body, especially the skin, joints, blood and kidneys. For most people, lupus is a mild disease affecting only a few organs, but for others, it may cause serious and even life-threatening problems.

AMG 623 is a potential treatment for lupus that targets B cells that produce damaging autoantibodies in people with lupus. AMG 623 is in early clinical trials for the treatment of lupus. It is also being studied as a potential treatment for lymphoid cancers.

### **RHEUMATOID ARTHRITIS (RA)**

Rheumatoid arthritis is a common form of inflammatory arthritis. It tends to persist for many years, typically affects many different joints throughout the body, and can cause pain, restricted mobility and severe damage to the cartilage, bone, tendons and ligaments of the joints.

The successful targeting of TNF, one of the chemical messengers in the body that helps regulate the inflammatory process, with Enbrel® (etanercept), Amgen's treatment for moderate-to-severe RA and other inflammatory diseases, represents an important step forward in the understanding and treatment of a range of inflammation disorders. However, much research remains to be done to fully understand the role of other factors in inflammatory disease.

The inhibition of inflammation by targeting other inflammatory messengers, such as interleukin-15 (IL-15), is a key area of focus at Amgen. Blocking the IL-15-mediated inflammation process has potential utility in a wide variety of inflammatory diseases, such as RA, psoriasis, inflammatory bowel disease and multiple sclerosis. AMG 714 is a fully human monoclonal antibody directed against IL-15 that is being developed by Amgen under an agreement with Genmab A/S. Amgen is also developing AMG 108, a monoclonal antibody that inhibits the activity of interleukin-1, another inflammatory messenger.

In addition, Amgen is exploring the use of denosumab for inhibition of focal bone damage around joints and systemic bone loss caused by RA. RA causes erosion of bone around joints that may lead to deformity and disability as well as generalized bone loss.

### **OTHER SERIOUS ILLNESSES**

In addition to the programs described above, Amgen has molecules in early stage human trials for the treatment of diabetes, pain and asthma.

Mike takes Enbrel® (etanercept) to alleviate the symptoms of severe psoriasis and psoriatic arthritis. His daughter Colleen has also been prescribed ENBREL for severe psoriasis.



# Deliver

## Doing the right things, in the right ways

From our manufacturing capabilities to our endeavors to ensure patient access, we have a long track record of delivering vital medicines and dramatically improving people's lives. Our efforts to deliver on our mission and values also extend to our philanthropy.

## Delivering Through Integrated Capabilities

When it comes to meeting the needs of patients, the ability to execute is critical. Amgen's integrated capabilities help ensure that the products of research and development can reach the patients who need them.

### WORLD-CLASS MANUFACTURING

Manufacturing protein-based medicines requires scientific expertise and precision that few companies have mastered. More than two decades ago, Amgen was one of the first companies to succeed in scaling up protein manufacturing from the small quantities used for research to the larger quantities needed for clinical trials and patient use. Today, Amgen continues to lead the biotechnology industry with world-class capabilities in process development and bulk protein production.

### VITAL MEDICINES

After a therapy reaches patients, Amgen continues to study it. The company also seeks to partner with

caregivers, payers and policymakers to ensure that patients who may benefit most from the company's medicines have access to them. In every instance, Amgen works to collect the right information to help all parties make the appropriate and informed choices that are in the best interest of patients.

### PHILANTHROPY

Amgen's efforts to deliver for patients go beyond our work to research, develop, make and bring to market new medicines. The company believes that it has a responsibility to improve lives and health in the communities in which Amgen staff live and work, as well as in other areas where there is urgent need. Giving to nonprofit organizations is an important way in which Amgen strives to deliver. The company's grants support science and medical education, local community services and efforts to improve quality of care and access for patients.



**Jim, an Oncology senior professional sales representative, meets with a doctor at Northwest Medical Specialties in Tacoma, Washington.**



**Amgen Rhode Island manufacturing staff members stand in front of 20,000-liter cell culture bioreactors at the company's new plant in West Greenwich, Rhode Island. The bioreactors, used to manufacture Enbrel® (etanercept), are among the largest in the world.**

## Building capacity to meet growing demand

In 2005, we opened two major new plants in Rhode Island and Puerto Rico, announced plans to acquire Abgenix, including its California manufacturing plant, and continued to seek opportunities to expand our global manufacturing capabilities.

## Manufacturing for “Every Patient, Every Time”

Amgen has been making significant investments in operations to support clinical development and growing commercial demand for its medicines. The company expects to continue to invest in increasing capacity in the years ahead.

### NEW PLANTS

In 2005, the U.S. Food and Drug Administration (FDA) approved two new manufacturing facilities: one in West Greenwich, Rhode Island, for the production of Enbrel® (etanercept), and one in Juncos, Puerto Rico, for bulk production of Neulasta® (pegfilgrastim) and NEUPOGEN® (Filgrastim). Also, Amgen announced its planned acquisition of Abgenix, Inc., including a 100,000-square-foot facility equipped to manufacture panitumumab, a new cancer therapy currently being reviewed by the FDA (see page 13).

The new ENBREL plant is a significant addition to the Rhode Island campus, now one of the largest biotechnology manufacturing facilities in the world. “Every patient, every time” is Amgen manufacturing’s motto, and with the new plant and resources in place, Rhode Island staff are well-positioned to continue to live up to that promise even as demand for ENBREL continues to increase.

Amgen is in the midst of a major planned expansion in Juncos that includes a newly built facility for the manufacture of EPOGEN® (Epoetin alfa) and Aranesp® (darbepoetin alfa). The company also intends to add a new formulation, fill and finish facility and additional bulk protein manufacturing capacity in Puerto Rico.

In January 2006, Amgen announced its intention to invest more than \$1 billion to build a new manufacturing facility in Cork, Ireland. The facility in Cork, which the company expects to begin operating in 2009, will help Amgen ensure supplies of medicines for patients in Europe and other parts of the world.

### PLANNING FOR THE PIPELINE

The plant that is expected to come to Amgen with the acquisition of Abgenix will produce panitumumab, one of many pipeline molecules for which Amgen is taking important steps to ensure patient supply. Denosumab is another priority. Already, significant quantities of denosumab are needed for clinical trials. In 2005, Amgen’s manufacturing facility in Thousand Oaks, California, scaled up production of denosumab to supply the largest clinical trials in Amgen history. In 2006, Amgen’s plant in Boulder, Colorado, will produce clinical supplies of denosumab, as well as AMG 531, another important pipeline therapy.

Across the board, Amgen’s Process Development, Operations and Quality teams are stepping up to support a growing pipeline. “Process Development and Clinical Operations have gotten faster and more flexible,” says Dennis Fenton, executive vice president, Operations. “The Process Development organization does an outstanding job of partnering with Research to bring the promise of our pipeline to patients.”

## The value of vital medicines

Since we began in 1980, we have delivered medicines that have helped millions of people fight serious illnesses. In addition to working to deliver the next wave of pipeline therapies, we continue to study our approved therapies to determine how they may best help meet evolving medical needs.

## Bringing Important Benefits to More Patients

### **ARANESP® (DARBEPOETIN ALFA)**

Anemia is a serious condition that can be associated with chemotherapy and chronic kidney disease. Aranesp®, a protein that stimulates the production of red blood cells, relieves anemia symptoms and reduces the need for transfusions.

An ongoing trial is studying whether treating anemia with Aranesp® may improve outcomes for patients with chronic kidney disease and type 2 diabetes. In 2006, a large clinical trial is planned to study whether treating anemia with Aranesp® may improve outcomes for heart failure patients.

### **ENBREL® (ETANERCEPT)**

ENBREL, the leading medicine in its class, is prescribed for autoimmune disorders including moderate-to-severe rheumatoid arthritis, juvenile rheumatoid arthritis and plaque psoriasis, as well as ankylosing spondylitis and psoriatic arthritis. In 2005, the FDA approved ENBREL as the first and only treatment to improve physical function in patients with psoriatic arthritis.

### **EPOGEN® (EPOETIN ALFA)**

Amgen's first product, EPOGEN®, is an important and widely used treatment option for dialysis patients who are battling anemia.

### **KEPIVANCE™ (PALIFERMIN)**

Severe oral mucositis (mouth sores), a debilitating side effect of cancer treatment, can make activities such as eating, drinking, swallowing and talking difficult or impossible. Kepivance™ is the first and only therapy approved to decrease the incidence and duration of severe oral mucositis in patients with hematologic (blood) cancers undergoing high-dose chemotherapy, with or without radiation, followed by bone marrow transplant. The safety and efficacy of Kepivance™ has not been

established in patients with non-hematologic malignancies.

In 2005, Kepivance™ was approved for use in Europe, Australia and Canada. Additional studies are under way in a broader range of cancer types.

### **NEULASTA® (PEGFILGRASTIM) AND NEUPOGEN® (FILGRASTIM)**

Many cancer patients receiving chemotherapy are at risk of developing infections associated with chemotherapy-induced neutropenia. Neulasta® and NEUPOGEN® are Amgen medicines approved for reducing the risk of those chemotherapy-related infections.

Because Neulasta® can be dosed once per chemotherapy cycle, many doctors have converted from using NEUPOGEN® to Neulasta®.

In 2005, a phase 3 study showed that administering Neulasta® beginning in the first chemotherapy cycle reduced the incidence of febrile neutropenia by 94 percent in patients receiving moderately myelosuppressive chemotherapy. In September 2005, the FDA approved an update to the Neulasta® prescribing information to include data from this study. With this approval, physicians can help protect a wider range of patients before their white blood cell counts become dangerously low.

### **SENSIPAR®/MIMPARA® (CINACALCET HCL)**

Patients with kidney disease who produce too much parathyroid hormone (PTH) have a condition known as secondary hyperparathyroidism. Sensipar® (marketed in Europe as Mimpara®), Amgen's first small-molecule medicine, is the only available therapy that allows physicians to reduce PTH while simultaneously lowering calcium and phosphorus, in accordance with clinical practice guidelines\* for secondary hyperparathyroidism.

In 2006, a study is planned to examine whether treatment with Sensipar® combined with other approaches to management of secondary hyperparathyroidism may reduce morbidity and mortality in dialysis patients.

\* The National Kidney Foundation's Kidney Disease Outcomes Quality Initiative (K/DOQI) clinical practice guidelines.



**“It was probably the most profound year of my life,” Karen says of the year she spent fighting breast cancer. “I realized the preciousness of life, of family.” At the time she was diagnosed, in 2003, Karen’s children were four and two. She says that family (including her mother, pictured above with Karen and Karen’s daughter), friends and co-workers helped her by performing countless “miracles,” from hot meals to an anonymous surprise gift of a Christmas tree.**

**Karen received chemotherapy regularly for six months. With each round she received Neulasta® (pegfilgrastim) to help prevent infection due to a chemotherapy-induced low white blood cell count. “It was critical that my chemotherapy not be delayed, so I was thankful to have Neulasta®,” she says. The chemotherapy was followed by radiation and several surgeries. Today, Karen is in full remission and back at a job she loves, in accounting. She says, “When you make it through what I made it through, you thank God and know that every day is a good day.”**



In the devastating aftermath of Hurricane Katrina, Sue Preuett Cary, a nephrology nurse with the Ochsner Clinic in Baton Rouge, Louisiana, knew kidney disease patients would be facing a life-threatening need for care. She walked through shelters calling out for anyone who needed dialysis. “I saw tears of relief when I told people we could get them to a dialysis center,” Cary said. “These survivors had strength and courage beyond what anyone could imagine.”

David was one such survivor. Displaced from his New Orleans home with his family, David, an amputee recently diagnosed with kidney disease, was grateful to Cary for her help.

Cary’s rescue work exemplifies how members of the American Nephrology Nurses’ Association (ANNA) mobilized to help patients affected by Katrina. With the help of a \$100,000 Amgen grant, ANNA enlisted nurses from across the country to care for kidney disease patients and relieve nurses in the Gulf Coast.



## **Giving that reflects our mission and values**

Through donations, grants and volunteer hours, we support programs and causes that closely align with our values and our mission to serve patients. Our aim is to make a difference for patients and for the communities in which we live and work.

## **Philanthropy That Delivers**

Amgen and its philanthropic arm, the Amgen Foundation, take a targeted and strategic approach to giving. Grants and donations are made to organizations that advance the company's mission to serve patients and commitment to science.

In 2005, grants made through the Amgen Foundation, Amgen's corporate giving and product donations totaled more than a quarter of a billion dollars.

### **THE AMGEN FOUNDATION**

The Amgen Foundation, established in 1991, focuses its giving on three strategic objectives: improving quality of care and access for patients, advancing science education and supporting resources in communities where Amgen staff live and work. The Foundation also matches individual staff donations to eligible charities and community organizations.

### **CORPORATE GIVING**

Amgen partners with organizations that advocate for patients' health and offer vital resources and support to patients and caregivers. One important vehicle for this effort is the Amgen Healthcare Institute, which offers grants to hospitals, universities and patient groups. Amgen also operates patient assistance programs, through which qualified patients who cannot afford medicines are provided them free of charge.

To advance science education, Amgen sponsors the Amgen Award for Science Teaching Excellence to recognize and reward outstanding teachers in Amgen communities in the United States and Puerto Rico who are inspiring the scientists of tomorrow.

### **DISASTER RELIEF**

The Amgen Disaster Relief Program was created to provide urgent medical and basic aid in the aftermath of natural disasters such as the 2004 tsunami in Southern Asia; Hurricane Katrina, which devastated New Orleans and much of the Gulf Coast; and the massive earthquake in Pakistan. Amgen, the Foundation and Amgen staff gave \$6.2 million for disaster relief in 2005.

### **EXPANDING GLOBAL GIVING**

In 2006, the Amgen Foundation plans to launch giving programs in Europe, and the company will continue to broaden its philanthropic efforts. "Amgen's increasing global reach provides a unique opportunity for the company to strengthen its philanthropic impact worldwide," says Amgen Foundation president Jean Lim. "We will continue to apply a strategic approach to giving, respond quickly to world events and increase our giving in years ahead. As a result, our efforts will align even further with Amgen's mission and core values."



**KEVIN SHARER**

Chairman and Chief Executive Officer  
Amgen Inc.

## Dear Stockholders:

We celebrated Amgen's 25th anniversary in 2005, and it's fitting that during the year we saw many of the hopes of our founders come to fruition. We delivered for patients, stockholders and staff. Amgen has now provided vital medicines to treat grievous illness for over nine million patients, and we continue to invest heavily in our pipeline with the goal of helping millions more. In 2005, we introduced innovative new product candidates into the clinic and advanced many already in human testing towards regulatory approval. We are particularly pleased with the positive late stage clinical trial results for panitumumab, our investigational colorectal cancer medicine, and remain optimistic about the prospects for denosumab to make real strides in treating a variety of bone-related disorders, including osteoporosis. The consistent and strong financial performance of the company resulted in a 23 percent appreciation in the stock price—capping a five-year period in which Amgen outperformed the NASDAQ and S&P 500 indices. Nearly 3,000

new staff around the world joined Amgen and, by all indications, the company remains a highly attractive place to work and is able to attract, develop and retain very talented and committed people.

Amgen has a history of strong performance and the future looks promising. Yet there are dangers common to all successful enterprises, and we must be mindful of them. Not long ago, Amgen was a small, highly entrepreneurial biotechnology company, fighting for survival in a difficult environment dominated by well-established, vast and powerful global pharmaceutical enterprises. We now find ourselves nearly comparable to those enterprises in financial characteristics, stock market valuation and geographic reach. So, what is there to worry about, and, more importantly, what can we do and are we doing about the potential dangers inherent in our success?

Time and again, we have all seen successful enterprises, which experienced rapid, positive and significant change in fortune, size and complexity turn away from

what made them successful. The risk-taking, entrepreneurial, “best ideas win,” open and aggressive environment begins to change. It is replaced by an overly cautious, arrogant and bureaucratic environment where executives look to short-term goals, outside opportunity and recognition and ignore operational excellence and commitment to discovery. Fully open, free-flowing and action-biased discussions are replaced with carefully condensed conversations, often ending in “offline” or committee-creating outcomes. Consistently delivering results as a basis for career success is replaced by a political culture where having powerful patrons is the key to advancement. Ultimately, the enterprise is unable to recognize risk or opportunity, becomes lethargic and inwardly focused, and stumbles badly or at worst, fails. Amgen is not immune to these tendencies, but we strongly believe that there are steps to prevent their taking root. There are no silver bullets. A coordinated set of actions is the best antidote we know. Here is what we are focusing on to help ensure that Amgen fulfills its promise and remains entrepreneurial, aggressive and patient-focused:

1. Amgen must remain committed to advancing the frontiers of science and medicine to serve grievously ill patients.
2. We have created and must sustain a unifying social architecture that is real, focused and widely embraced. Our social architecture is comprised of our mission, aspiration, values, expected leadership behaviors and culture.
3. Top management must be role models in behavior and action and live the Amgen values. Leaders must be actively and deeply involved in the day-to-day operations of the company and remain in touch with the forces shaping our markets and driving technological change.

4. Management must be accountable to the staff they lead, the Board of Directors, regulatory authorities and stockholders in a rigorous, transparent and comprehensive way. Our environment needs to be a diverse and open one where no one style dominates and candid discussions are the norm.
5. Staff members need to feel empowered, able to make a difference, fairly rewarded and passionately committed to the company’s success.
6. The company must be hungry and not rest on its past success. Our goals must be aspirational, difficult to achieve and require constant renewal.
7. Threats to our business must be actively identified and aggressively confronted.
8. We must focus on both the short and long term given the long-cycle nature of our business. In so doing, management spends maximum time on activities that create real value.

The promise of our company is great. We have a strong values-based culture, with ways of thinking and behaving that set us apart and have served us well in the past. We also have capabilities that are unmatched in biotechnology. We are absolutely determined to avoid the pitfalls of growth and success and remain hungry, nimble and focused on serving patients. Our best is yet to come.



**KEVIN W. SHARER**  
Chairman and Chief Executive Officer

March 3, 2006

## 2005 Highlights

Amgen and Abgenix, Inc., a San Francisco Bay Area biotechnology firm, signed a definitive merger agreement under which Amgen agreed to acquire Abgenix for approximately \$2.2 billion plus the assumption of debt. The acquisition will provide Amgen with full ownership of one of its most important advanced pipeline products, panitumumab, and eliminates a tiered royalty payment on denosumab, another important pipeline candidate. The transaction includes a 100,000-square-foot manufacturing plant that will produce panitumumab and add to Amgen's protein manufacturing capabilities. Abgenix also brings scientific knowledge and assets, such as the proprietary fully human monoclonal antibody technology, XenoMouse®.

Amgen was again named by *Fortune* as one of the "100 Best Companies to Work For" and by *Science* and *The Scientist* as a top employer for scientists in industry.

Amgen, the Amgen Foundation and staff made major contributions to disaster relief efforts following Hurricane Katrina and the earthquake in South Asia. Of the \$6.2 million in total disaster relief giving, \$4 million was for the Hurricane Katrina relief effort. Most of the funds went to groups who were working to ensure that victims had access to vital medicines and health care centers.

The U.S. Food and Drug Administration (FDA) approved an expanded indication for Enbrel® (etanercept) to improve physical function in patients with psoriatic arthritis. ENBREL is the first and only treatment in its class to receive this expanded indication.

Amgen and Abgenix initiated a rolling Biologics License Application (BLA) submission to the FDA for panitumumab in treatment of metastatic colorectal cancer in patients who have failed prior standard chemotherapy.

Amgen submitted a supplemental BLA for Aranesp® (darbepoetin alfa) extended dosing. The application was based on phase 3 data that Amgen believes will demonstrate Aranesp® administered every three weeks is safe and effective in the treatment of chemotherapy-induced anemia in patients with non-myeloid malignancies.

The FDA expanded the Neulasta® (pegfilgrastim) label to extend first-cycle protection from infection to cancer patients receiving moderately myelosuppressive chemotherapy.

The FDA granted licensure of two new manufacturing facilities in West Greenwich, Rhode Island, and Juncos, Puerto Rico. The Rhode Island facility received FDA approval for the production of ENBREL and the Puerto Rico facility was licensed for commercial bulk manufacturing of Neulasta® and NEUPOGEN® (Filgrastim).

Regulators in Europe, Canada and Australia approved Kepivance™ (palifermin) for oral mucositis (mouth sores) in patients with hematologic cancer undergoing blood and bone marrow transplant.

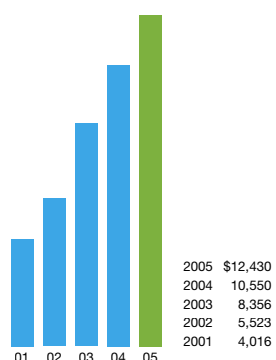
Amgen completed enrollment of key phase 2 and 3 trials for denosumab (formerly AMG 162) in postmenopausal osteoporosis and bone loss induced by certain cancer treatment regimens.



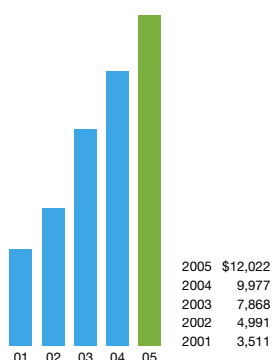
Amgen is committed to helping cancer patients by providing support as well as medicines. In 2005, Amgen announced that it would sponsor the Amgen Tour of California, a world-class professional cycling race that took place for the first time in February 2006. Amgen is sponsoring the event to underscore the value of a healthy lifestyle, promote medical breakthroughs made possible through biotechnology and emphasize the proper use of the company's medicines. To complement the Tour sponsorship, Amgen has launched an

initiative called Breakaway from Cancer™, in which the company is working with The Wellness Community® and George Hincapie, a Discovery Channel® professional cycling team member and 10-time Tour de France veteran, to raise awareness and funds to support services and programs that help cancer patients and caregivers. Shown here, George Hincapie meets with an Amgen staff member, a Wellness Community® representative and a cancer survivor at a Breakaway from Cancer™ event in Indianapolis.

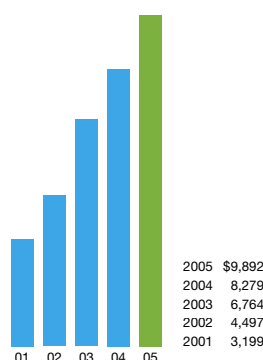
# Selected Financial Information



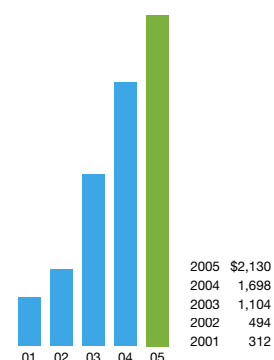
**Total revenues**  
(\$ in millions)



**Total product sales**  
(\$ in millions)



**Domestic product sales**  
(\$ in millions)



**International product sales**  
(\$ in millions)

## Consolidated Statement of Operations Data

(In millions, except per share data)

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

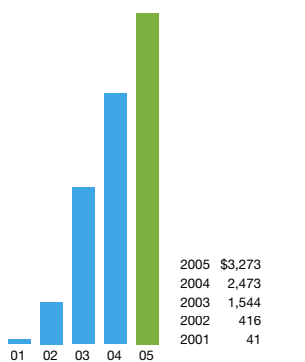
## Consolidated Balance Sheet Data

(In millions)

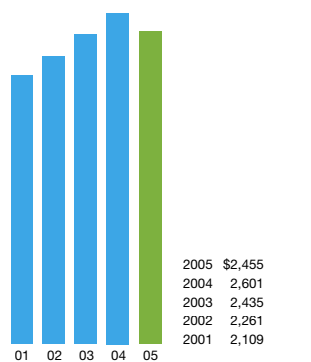
At December 31,	2005	2004	2003	2002	2001
Cash and marketable securities	\$ 5,255	\$ 5,808	\$ 5,123	\$ 4,664	\$ 2,662
<b>Total assets</b>	<b>29,297</b>	29,221	26,113	24,456	6,443
Long-term debt	3,957	3,937	3,080	3,048	223
<b>Stockholders' equity</b>	<b>20,451</b>	19,705	19,389	18,286	5,217
<b>Common stock outstanding</b>	<b>1,224</b>	1,260	1,284	1,289	1,046

Note: The above selected financial information is only a summary and should be read in conjunction with, and is qualified by reference to, our consolidated financial statements and related notes in our Annual Reports on Form 10-K filed with the Securities and Exchange Commission for the years presented.

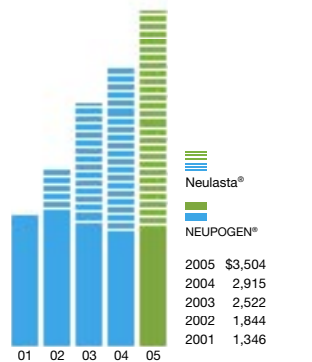
# Financial Review



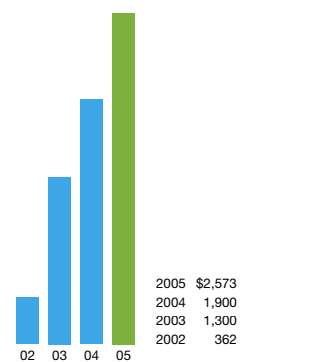
**Aranesp® product sales**  
(\$ in millions)



**EPOGEN® product sales**  
(\$ in millions)



**Neulasta®/NEUPOGEN® product sales**  
(\$ in millions)



**ENBREL product sales\***  
(\$ in millions)

## REVENUE GROWTH

2005 was another strong year for us. We continued to demonstrate our ability to deliver strong revenue and earnings growth while maintaining our focus on advancing the pipeline and increasing our manufacturing capacity. In 2005, total revenues climbed to \$12.4 billion, another record-breaking level for us, and an 18 percent increase over the prior year.

Total 2005 product sales grew 20 percent over the prior year, to \$12.0 billion, as we continued to expand in the areas of inflammation, nephrology and supportive cancer care. Total product sales growth in 2005 was driven by demand for Aranesp® (darbepoetin alfa), Enbrel® (etanercept) and Neulasta® (pegfilgrastim), which have benefited from share gains and/or market growth.

Total U.S. product sales grew 19 percent to \$9.9 billion, representing 82 percent of our total product sales in 2005. Our international product sales, primarily concentrated in Europe, grew 25 percent to \$2.1 billion in 2005, benefiting only slightly from overall foreign currency exchange rate changes during the year. Our international growth was driven primarily by Aranesp® and Neulasta® reflecting continued penetration in Europe.

Worldwide sales of Aranesp® grew 32 percent in 2005 to \$3.3 billion, driven by market growth and share gains. U.S. sales growth was slightly impacted by higher sales incentives earned by customers attaining higher sales volumes and growth under performance-based contracts. Aranesp® usage in U.S. hospital dialysis clinics increased in 2005 reflecting a conversion from EPOGEN® (Epoetin alfa).

Total sales of EPOGEN® decreased 6 percent to \$2.5 billion primarily due to lower demand, unfavorable

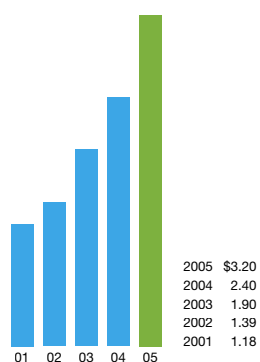
changes in wholesaler inventory levels and an unfavorable revised estimate of dialysis demand, primarily spillover, for prior quarters. Demand was affected by conversion to Aranesp® in the U.S. hospital dialysis clinics and reflects higher sales incentives. This conversion to Aranesp® is expected to stabilize by mid-2006. Demand for EPOGEN® in the freestanding dialysis clinics remains consistent with patient population growth of 3 to 4 percent. Spillover is a result of Amgen's contractual relationship with Johnson & Johnson. (Please refer to Amgen's 2005 Form 10-K for a more detailed discussion of this relationship and a description of spillover).

Total combined worldwide sales of Neulasta® and NEUPOGEN® (Filgrastim) grew 20 percent in 2005 to \$3.5 billion. Combined U.S. sales growth for Neulasta® and NEUPOGEN® was primarily driven by demand growth for Neulasta®, which benefited from a label extension based on new clinical data demonstrating the value of first-cycle use in moderate risk chemotherapy regimens. U.S. sales growth for Neulasta® was slightly impacted by higher sales incentives earned by customers attaining higher sales volumes and growth under performance-based contracts.

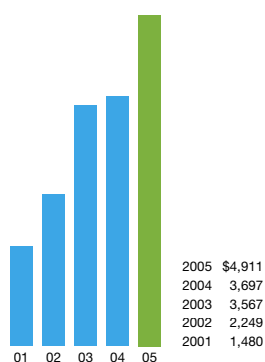
ENBREL sales in 2005 grew 35 percent to \$2.6 billion. Sales growth for ENBREL was driven by demand reflecting strong growth in both rheumatology and dermatology. ENBREL sales growth has benefited from its competitive profile and significant growth of biologics in both the rheumatology and dermatology settings.

\* We began recording ENBREL sales subsequent to our acquisition of Immunex Corporation on July 15, 2002.

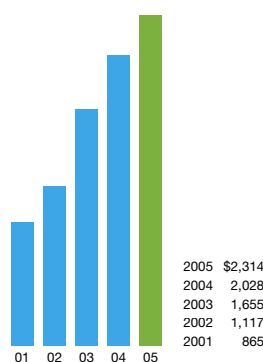
# Financial Review



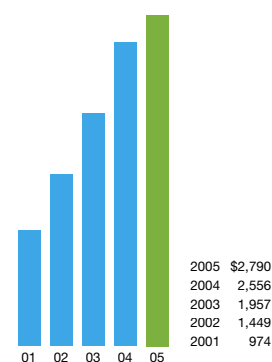
**“Adjusted” earnings per share\***  
(Unaudited)



**Cash flow from operations**  
(\$ in millions)



**Research and development expenses**  
(\$ in millions)



**Selling, general and administrative expenses**  
(\$ in millions)

## FINANCIAL PERFORMANCE

Our adjusted earnings per share grew 33 percent in 2005 to \$3.20 from \$2.40 in 2004. Under generally accepted accounting principles in the United States (GAAP), our earnings per share increased 62 percent in 2005 to \$2.93 versus \$1.81 in 2004. GAAP results for 2004 were impacted by the acquisition of Tularik Inc. in 2004, which included a \$554 million charge related to acquired in-process research and development. Adjusted earnings per share for 2005 and 2004 have been adjusted to exclude certain expenses related to the acquisitions of Immunex Corporation in 2002 and Tularik and other items. These expenses and other items are itemized on the reconciliation table that follows this section.

Our cash flow from operations totaled \$4.9 billion in 2005. As of December 31, 2005, our cash and short-term marketable securities totaled \$5.3 billion. We believe that existing funds, cash generated from operations and existing sources of and access to financing are adequate to satisfy our working capital, capital expenditure and debt service requirements for the foreseeable future. Additionally, we believe that our liquidity and access to financing are adequate to support our stock repurchase program and other business initiatives, including acquisitions and licensing activities. However, in order to provide for greater financial flexibility and liquidity, we may raise additional capital from time to time by accessing both public and private markets (see **LOOKING AHEAD**, page 31).

## INVESTING IN OUR BUSINESS

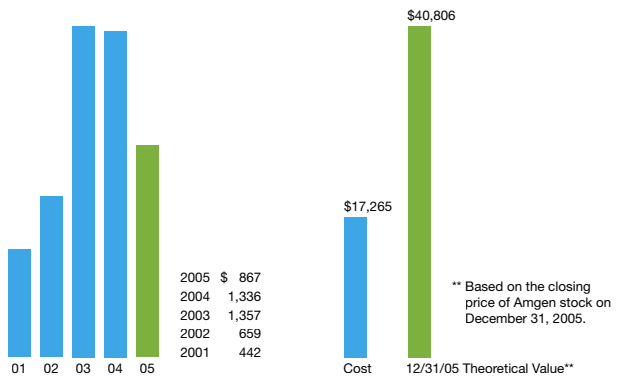
We continue to invest in research and development (R&D) at industry-leading levels. Our 2005 R&D expenses increased 14 percent to \$2.3 billion and were 19 percent of the year’s total product sales. The increase in R&D expenses was primarily driven by the build-up of our R&D organization to support the growth in our pipeline and higher staff-related costs, which included the full year integration of the Tularik operations. The 2005 growth also reflects higher costs relating to key clinical trials and clinical manufacturing, including the continued ramp-up of large-scale phase 3 trials for denosumab (formerly known as AMG 162), our investigational therapy for bone loss. In 2005, selling, general and administrative (SG&A) expenses increased 9 percent and reflect leveraging of our 2004 SG&A spending.

In December 2005, we signed a definitive merger agreement to acquire our co-development partner for panitumumab, Abgenix, Inc., a company specializing in the discovery, development and manufacture of human therapeutic antibodies. We will pay Abgenix shareholders \$22.50 in cash per common share for a total value of approximately \$2.2 billion and will assume Abgenix outstanding debt. The Federal Trade Commission approved the merger in January 2006 and we expect to close the merger by April 2006.

In 2005, we invested \$867 million in capital projects. The investment related primarily to the Puerto Rico site expansion which included a new manufacturing plant for the commercial production of Neulasta® and NEUPOGEN® approved by the Food and Drug Administration (FDA) in September 2005, the Thousand Oaks, California,

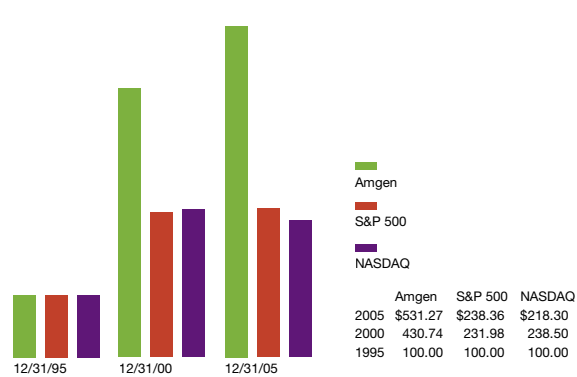
\* Non-GAAP financial measure. See the reconciliation of GAAP earnings (loss) per share to “Adjusted” earnings per share on the table that follows this section.





**Capital expenditures**  
(\$ in millions)

**Stock repurchases since inception of stock repurchase program in 1992**  
(\$ in millions)



**\$100 invested in Amgen vs. S&P 500 Index and NASDAQ Composite Index**  
(Five-year and ten-year comparison)

site expansion, Colorado site improvements and the new ENBREL manufacturing plant in Rhode Island also approved by the FDA in September 2005.

**STOCKHOLDER VALUE**

We seek to build long-term value for our stockholders by preserving an appropriate balance between near-term earnings growth and ongoing investment in basic research, pipeline development, manufacturing capacity and support of marketed products.

We have a stock repurchase program which reflects, in part, our confidence in the long-term value of Amgen common stock. Additionally, we believe that it is an effective way of returning cash to our stockholders. The manner of purchases, amount we spend and the number of shares purchased will vary based on a variety of factors including the stock price and blackout periods in which we are restricted from repurchasing shares, and may include private block purchases as well as market transactions. In 2005, we repurchased \$4.4 billion of common stock, representing approximately 63.2 million shares. In December 2005, our Board of Directors authorized the repurchase of up to an additional \$5.0 billion of common stock. As of December 31, 2005, we had approximately \$6.5 billion remaining under the program. Since inception of the stock repurchase program in 1992, Amgen has purchased 517 million shares at a cost of \$17.3 billion. These shares theoretically were worth \$40.8 billion based on the closing price of our common stock on December 31, 2005.

At year-end 2005, the closing price for Amgen common stock was \$78.86 per share, an increase of 23 percent for the year. The S&P 500 Index showed an

increase of 5 percent for the year and the NASDAQ Composite Index showed an increase of 2 percent. Over five-year and ten-year periods beginning December 31, 1995, an investment in our common stock would have increased by 331 percent and 431 percent, respectively. A similar investment in the S&P 500 Index would have increased by 132 percent and 138 percent, respectively, and a similar investment in the NASDAQ Composite Index would have increased 139 percent and 118 percent, respectively, over the same timeframes.

**LOOKING AHEAD**

Aranesp®, ENBREL and Neulasta® are expected to continue to drive year over year sales growth in the near term. Although we compete in an increasingly intense environment, as always, we are committed to our mission to serve patients. As such, we plan to stay focused on growing and penetrating the therapeutic areas in which our products are used and anticipate committing substantial resources to delivering on the pipeline. In the near term, we intend to balance short-term financial performance with significant R&D investment to drive long-term growth.

We expect R&D expenses to grow 30 to 40 percent in 2006 primarily due to expected significant increases in clinical studies in 2006. We initiated several large, late-stage clinical trials in 2005 that will continue in 2006, and will initiate additional large trials that will begin enrollment in 2006. These include trials in denosumab in osteoporosis and metastatic bone disease, panitumumab, AMG 706, Aranesp®, Sensipar® and ENBREL. SG&A expense growth for 2006 is expected to be comparable to 2005 growth to allow greater

# Financial Review

investment in the pipeline. In 2006 and beyond, we plan to continue to take steps to expand our production capacity ensuring that our commercial and clinical manufacturing is reliable and not subject to a single-point failure. This includes increasing the number of our third-party contract manufacturers and building additional manufacturing capacity. The most significant of these efforts to increase capacity and to reduce concentration are the planned construction of a new plant in Ireland, and new and expanded construction of our manufacturing operations in Puerto Rico.

In February 2006, we raised \$5.0 billion of cash proceeds by issuing convertible notes at par in a private placement. The notes are convertible into cash, and under certain terms and conditions, shares of our common stock. Of the \$5.0 billion convertible notes, \$2.5 billion pay interest at 0.125 percent and are due in 2011 and \$2.5 billion pay interest at 0.375 percent and are due in 2013. A total of approximately \$3.0 billion of the net proceeds from these debt issuances were used to repurchase common stock under our stock repurchase program. Concurrent with the issuance of the convertible notes, we purchased convertible note hedges at a cost of approximately \$1.5 billion. Also in February 2006, we sold 62.8 million warrants to acquire shares of our common stock for proceeds of \$774 million, 31.3 million of which may be settled in May 2011 and 31.5 million of which may be settled in May 2013. These transactions generally had the effect of increasing the conversion price of the notes to a 50 percent premium based on the last reported bid price of our common stock on February 14, 2006. (Please refer to our 2005 Form 10-K for a more detailed discussion of these transactions.)

## FORWARD LOOKING STATEMENTS

This report and other documents we file with the Securities and Exchange Commission (SEC) contain forward looking statements that are based on current expectations, estimates, forecasts and projections about us, our future performance, our business or others on our behalf, our beliefs and our management's assumptions. Words such as "expect," "anticipate," "outlook," "could," "target," "project," "intend," "plan," "believe," "seek," "estimate," "should," "may," "assume," "continue," variations of such words and similar expressions are intended to identify such forward looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. We describe our respective risks, uncertainties and assumptions that could affect the outcome or results of operations in our 2005 Annual Report on Form 10-K and the subsequent quarterly reports on Form 10-Q. We have based our forward looking statements on our management's beliefs and assumptions based on information available to our management at the time the statements are made. We caution you that actual outcomes and results may differ materially from what is expressed, implied or forecast by our forward looking statements. Except as required under the federal securities laws and the rules and regulations of the SEC, we do not have any intention or obligation to update publicly any forward looking statements after the distribution of this report, whether as a result of new information, future events, changes in assumptions or otherwise.

## Reconciliation of GAAP Earnings (Loss) Per Share to “Adjusted” Earnings Per Share (Unaudited)

Results for the years ended December 31,	2005	2004	2003	2002	2001
GAAP earnings (loss) per share	\$ 2.93	\$ 1.81	\$ 1.69	\$ (1.21)	\$ 1.03
Adjustments to GAAP earnings (loss) per share:					
Amortization of acquired intangible assets	0.17 <sup>(1)</sup>	0.16 <sup>(1)</sup>	0.17 <sup>(1)</sup>	0.12 <sup>(1)</sup>	—
Write-off of manufacturing asset	0.04 <sup>(2)</sup>	—	—	—	—
Tax liability related to repatriation of certain foreign earnings	0.03 <sup>(3)</sup>	—	—	—	—
Legal settlements, awards and cost recoveries	0.02 <sup>(4)</sup>	(0.01)	(0.02)	(0.12)	—
Other merger-related expenses	0.01 <sup>(5)</sup>	0.02 <sup>(1)(5)</sup>	0.04 <sup>(1)</sup>	0.06 <sup>(1)</sup>	—
Write-off of acquired in-process research and development	—	0.42 <sup>(5)</sup>	—	2.53 <sup>(1)</sup>	—
Termination of collaboration agreements	—	—	—	(0.03)	0.12
Amgen Foundation contribution	—	—	0.02	0.03	—
Other	— <sup>(6)(7)</sup>	—	—	—	0.03
	<b>3.20</b>	<b>2.40</b>	<b>1.90</b>	<b>1.38</b>	<b>1.18</b>
Adjustment for interest expense on convertible notes	—	—	—	0.01 <sup>(8)</sup>	—
“Adjusted” earnings per share	<b>\$ 3.20</b>	<b>\$ 2.40</b>	<b>\$ 1.90</b>	<b>\$ 1.39<sup>(9)</sup></b>	<b>\$ 1.18</b>

<sup>(1)</sup> Incurred in connection with the Immunex Corporation acquisition in July 2002.

<sup>(2)</sup> Write-off of the cost of a semi-completed manufacturing asset that will not be used due to a change in manufacturing strategy.

<sup>(3)</sup> Incurred in connection with the repatriation of certain foreign earnings under the American Jobs Creation Act of 2004.

<sup>(4)</sup> Incurred in connection with settling a patent legal proceeding.

<sup>(5)</sup> Incurred in connection with the Tularik Inc. acquisition in August 2004.

<sup>(6)</sup> Impact of \$0.01 from pro rata portion of the debt issuance costs that were immediately charged to interest expense, as a result of certain holders of the convertible notes exercising their March 1, 2005 put option and the related convertible notes being repaid in cash.

<sup>(7)</sup> Net gain realized of \$0.01, with the termination of a manufacturing agreement with Genentech, Inc. for the production of ENBREL at Genentech’s manufacturing facility.

<sup>(8)</sup> Pursuant to the if-converted method of calculating EPS, the numerator for “Adjusted” EPS in 2002 reflects the avoidance of interest expense incurred, net of tax, related to the assumed conversion of the convertible notes. The conversion of such debt and the avoidance of interest expense is not assumed for calculating the GAAP EPS because its impact is anti-dilutive due to the GAAP net loss in 2002.

<sup>(9)</sup> Due to the GAAP net loss in 2002, shares used in calculating the GAAP loss per share exclude the impact of stock options and convertible notes because their impact was anti-dilutive. Shares used in calculating the “Adjusted” earnings per share for 2002 include the impact of dilutive stock options (27 million shares) and convertible notes (29 million shares) under the treasury stock and “if-converted” methods, respectively.

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## Board of Directors

**David Baltimore**

President,  
California Institute of Technology

**Frank J. Biondi, Jr.**

Senior Managing Director,  
WaterView Advisors LLC

**Jerry D. Choate**

Retired Chairman and  
Chief Executive Officer,  
The Allstate Corporation

**Frederick W. Gluck**

Former Managing Director,  
McKinsey & Company, Inc.

**Frank C. Herringer**

Chairman of the Board,  
Transamerica Corporation

**Franklin P. Johnson, Jr.**

General Partner,  
Asset Management Partners

**Gilbert S. Omenn**

Professor of Internal Medicine,  
Human Genetics and Public Health,  
University of Michigan, and  
Former Chief Executive Officer,  
University of Michigan Health System

**Judith C. Pelham**

President Emeritus,  
Trinity Health

**Adm. J. Paul Reason,  
USN (retired)**

Vice Chairman and Director,  
Metro Machine Corporation

**Donald B. Rice**

Chairman of the Board,  
President and Chief  
Executive Officer,  
Agensys, Inc.

**Leonard D. Schaeffer**

Founding Chairman  
and Chief Executive Officer,  
WellPoint

**Kevin W. Sharer**

Chairman of the Board,  
Chief Executive Officer  
and President,  
Amgen Inc.

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## Senior Management

**David Beier**

Senior Vice President,  
Global Government Affairs

**Fabrizio Bonanni**

Senior Vice President,  
Manufacturing

**Jim Daly**

Senior Vice President,  
North America Commercial Operations

**Hassan A. Dayem**

Senior Vice President and  
Chief Information Officer

**Willard Dere**

Senior Vice President,  
Global Development and  
Chief Medical Officer

**Dennis M. Fenton**

Executive Vice President,  
Operations

**Rolf K. Hoffmann**

Senior Vice President,  
Amgen International  
Commercial Operations

**Brian M. McNamee**

Senior Vice President,  
Human Resources

**Joseph P. Miletich**

Senior Vice President,  
Research and Preclinical Development

**George J. Morrow**

Executive Vice President,  
Global Commercial Operations

**Richard D. Nanula**

Executive Vice President and  
Chief Financial Officer

**Roger M. Perlmutter**

Executive Vice President,  
Research and Development

**David J. Scott**

Senior Vice President,  
General Counsel and Secretary

**Kevin W. Sharer**

Chairman of the Board,  
Chief Executive Officer  
and President

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## Stockholder Information

**Amgen Inc. Corporate Office**

One Amgen Center Drive  
Thousand Oaks, California 91320-1799  
(805) 447-1000

**Amgen 2005 Annual Report Summary and Availability of SEC Form 10-K**

This information is a summary and does not provide complete information; it should be considered along with the Company's Annual Report on Form 10-K for the year ended December 31, 2005. A copy of the Company's Form 10-K for the year ended December 31, 2005, filed with the Securities and Exchange Commission, is available without charge, upon written request to Investor Relations, Amgen, One Amgen Center Drive, Thousand Oaks, California 91320-1799, by calling (800) 84-AMGEN, or by accessing the Company's website at [www.amgen.com](http://www.amgen.com).

**Transfer Agent and Registrar**

American Stock Transfer & Trust Company  
59 Maiden Lane  
New York, New York 10038

**Stockholder Inquiries**

Inquiries related to stock transfers or lost certificates should be directed to American Stock Transfer & Trust Company, (800) 937-5449 or (212) 936-5100 ([www.amstock.com](http://www.amstock.com)). General information regarding the Company and recent news releases can be obtained by contacting Amgen's automated stockholder information line at (800) 84-AMGEN or by accessing the Company's website at [www.amgen.com](http://www.amgen.com).

**Independent Auditors**

Ernst & Young LLP, Los Angeles, California

**Annual Meeting**

The Annual Meeting will be held on Wednesday, May 10, 2006, at 2 p.m. at the Fairmont Miramar Hotel, 101 Wilshire Boulevard, Santa Monica, California 90401.

**Price Range of Common Stock**

The Company's common stock trades on The NASDAQ Stock Market under the symbol AMGN. 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 2005 and 2004:

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

**Trademarks Listed in this Report**

Amgen, Aranesp<sup>®</sup>, EPOGEN<sup>®</sup>, Kevivance<sup>™</sup>, Kineret<sup>®</sup>, Mimpara<sup>®</sup>, Neulasta<sup>®</sup>, NEUPOGEN<sup>®</sup> and Sensipar<sup>®</sup> are trademarks of Amgen Inc. Enbrel<sup>®</sup> is a trademark of Amgen's subsidiary, Immunex Corporation. Xenomouse<sup>®</sup> is a trademark of Abgenix, Inc.

**Hotlines**

Customer Service Hotline (800) 28-AMGEN  
Investor Materials Hotline (800) 84-AMGEN  
Jobline (800) 446-4007  
Medical Information (800) 77-AMGEN  
Reimbursement Hotline (800) 272-9376



**JAN HEYNE**

**August 9, 1954–May 30, 2005**

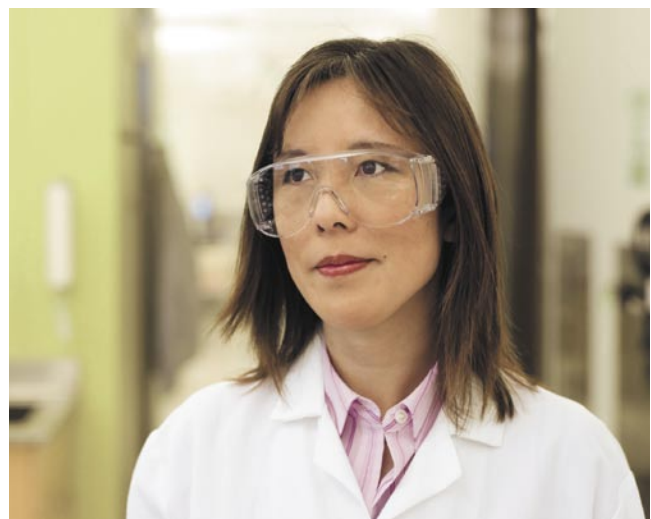
**Jan was a truly loved, dedicated and valued member of the Amgen family. A vibrant person whose enthusiasm and positive attitude were contagious, Jan joined Amgen in 1993 as an administrative coordinator in Development. For the last three years in her role as project specialist, she provided vital support for our executive team.**

**Jan played a key role in helping all of us get our jobs done effectively. Through her work, Jan came into contact with many people throughout the company. She had an intimate knowledge of Amgen's history, culture and values, and was a role model for her colleagues at all levels. Jan's generosity extended beyond the Amgen family through her active involvement in the Thousand Oaks community.**

**In memory of our dear friend and colleague, Amgen has established the Jan Heyne Memorial Scholarship Fund at the Ventura County Community Foundation. In accordance with the wishes of Jan's family, the Fund will create scholarship opportunities for low-income students across Ventura County who wish to pursue higher education. The fact that deserving students will benefit from the Jan Heyne Memorial Scholarship Fund is a reflection of the values and character that we embraced in Jan and is a fitting tribute to her involvement in the community.**

#### **ABOUT AMGEN**

**Amgen discovers, develops and delivers innovative human therapeutics. A biotechnology pioneer since 1980, Amgen was one of the first companies to realize the new science's promise by bringing safe and effective medicines from lab, to manufacturing plant, to patient. Amgen therapeutics have changed the practice of medicine, helping millions of people around the world in the fight against cancer, kidney disease, rheumatoid arthritis and other serious illnesses. With a broad and deep pipeline of potential new medicines, Amgen remains committed to advancing science to dramatically improve people's lives. To learn more about our pioneering science and our vital medicines, visit [www.amgen.com](http://www.amgen.com).**



**Amgen Inc.  
One Amgen Center Drive  
Thousand Oaks, CA  
91320-1799**

**[www.amgen.com](http://www.amgen.com)**

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