FORM 10-K

Annual report pursuant to section 13 and 15(d)

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AMGEN INC
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UNITED STATES
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

For the fiscal year ended December 31, 1997

OR

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

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.)

One Amgen Center 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. [X]

The approximate aggregate market value of voting and non-voting stock held by non-affiliates of the registrant was $13,380,017,000 as of February 28, 1998 (A)

255,754,703
(Number of shares of common stock outstanding as of February 28, 1998)

Documents incorporated by reference:

Document	Form 10-K Parts

Definitive 1998 Proxy Statement, to be filed within 120 days of December 31, 1997 (specified portions) III

(A) Excludes 3,895,561 shares of common stock held by directors and officers, and any stockholders whose ownership exceeds five percent of the shares outstanding, at February 28, 1998. 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.

PART I

Item 1. BUSINESS

Overview

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

The Company manufactures and markets three human therapeutic products, NEUPOGEN(R) (Filgrastim), EPOGEN(R) (Epoetin alfa) and INFERGEN(R) (Interferon alfacon-1). 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 reducing symptoms in patients with severe chronic neutropenia and to support peripheral blood progenitor cell ("PBPC") transplantations. In 1997, regulatory authorities in Australia and Canada approved NEUPOGEN(R) to treat neutropenia in HIV patients receiving antiviral and/or other myelosuppressive medications. 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. INFERGEN(R) is a non-naturally occurring type-1 interferon which stimulates the immune system to fight viral infections. The Company began marketing INFERGEN(R) in the United States in October 1997 for the treatment of chronic hepatitis C viral infection.

The Company focuses its research efforts on secreted protein therapeutics, neuroscience and cancer therapeutics and its development efforts on human therapeutics in the areas of hematology, oncology, infectious disease, neurobiology, endocrinology, and inflammation.

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, Hong Kong and the People's Republic of China. 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, Puerto Rico and The Netherlands. 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), EPOGEN(R) and INFERGEN(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 One Amgen Center Drive, Thousand Oaks, California 91320-1789.

Products

Recombinant human granulocyte colony-stimulating factor

NEUPOGEN(R) (proper name - Filgrastim) is Amgen's registered trademark for its recombinant human methionyl 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, a condition called neutropenia. Myelosuppressive chemotherapy, one treatment option for individuals with cancer, targets cell types which grow rapidly, such as tumor cells, neutrophils and other types of blood cells. Providing NEUPOGEN(R) as an adjunct to myelosuppressive chemotherapy can reduce the duration of neutropenia and thereby reduce the potential for infection.

Severe chronic neutropenia is an example of disease-related neutropenia. In severe chronic neutropenia, the body fails to manufacture sufficient neutrophils. 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 severe chronic 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 (PBPC) are collected from the blood, stored and re-infused after high dose chemotherapy (transplanted), recovery of platelets, red blood cells and neutrophils is accelerated. PBPC transplantation is becoming an alternative to autologous bone marrow transplantation for some patients.

In the United States, 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. Subsequently, the U.S. Food and Drug Administration ("FDA") approved NEUPOGEN(R) for three additional indications: (1) to reduce the duration of neutropenia for patients with non-myeloid malignancies undergoing myeloablative therapy followed by bone marrow transplantation; (2) to reduce the incidence and duration of neutropenia-related consequences in symptomatic patients with congenital neutropenia, cyclic neutropenia or idiopathic neutropenia (collectively, severe chronic neutropenia); and (3) for use in mobilization of PBPC for stem cell transplantation. In the EU, Canada and Australia, NEUPOGEN(R) is marketed for these same four indications. Also, in 1997, regulatory authorities in Australia and Canada approved NEUPOGEN(R) to treat neutropenia in HIV patients receiving antiviral and/or other myelosuppressive medications.

The Company is pursuing additional indications with NEUPOGEN(R). Clinical trials were completed examining NEUPOGEN(R) as an adjunct to chemotherapy in patients with acute myelogenous leukemia ("AML"). License applications for approval of this supplemental indication were submitted to the U.S., EU, Canadian and Australian regulatory

authorities in 1996. The Company is in discussions with the FDA regarding this submission. In addition, a trial for the treatment of neutropenia in HIV infected patients was completed and a supplemental licensing application for approval of this indication was submitted to the FDA in 1996. The FDA has raised concerns about whether this submission is approvable; the Company is in discussions with the FDA and cannot predict the outcome of these discussions. Later stage trials examining NEUPOGEN(R) as an adjunct to dose-intensified chemotherapy in patients with various tumor types are ongoing. The Company is also continuing to investigate the potential benefits of NEUPOGEN(R) for patients in severe pneumonia settings.

In March 1996, NEUPOGEN(R) was approved for use in the United Kingdom (the "UK") as a supportive therapy to treat neutropenia in people with advanced HIV infection. The initial submission to the UK was made as part of the EU mutual recognition procedure that enables companies to seek approvals in other EU countries. Due to the completion of a randomized trial in 1996 that served as the basis for

an FDA submission in this indication, the Company intends to supplement the original filing in Europe by submitting these additional data. To facilitate this procedure, it was necessary for the Company to request in February 1997 the withdrawal of the original approval in the UK.

The Company began selling NEUPOGEN(R) in the United States in February 1991 pursuant to a licensing agreement with Kirin-Amgen, Inc. ("Kirin-Amgen"), a joint venture between Kirin Brewery Company, Limited ("Kirin") and Amgen. Kirin markets GRAN(R), its G-CSF product, in Japan, the People's Republic of China, Taiwan and Korea under licensing agreements with Kirin-Amgen (see "Joint Ventures and Business Relationships - Kirin Brewery Company, Limited"). In the EU, NEUPOGEN(R) is commercialized by Amgen and F. Hoffman-La Roche Ltd ("Roche") under a co-promotion agreement (see "Joint Ventures and Business Relationships - F. Hoffman-La Roche Ltd"). In geographic areas of the world other than those above, Roche markets NEUPOGEN(R) under licenses from Amgen and Kirin-Amgen (see "Joint Ventures and Business Relationships - Kirin Brewery Company, Limited" and "Joint Ventures and Business Relationships - F. Hoffman La Roche Ltd").

For the years ended December 31, 1997, 1996 and 1995, sales of NEUPOGEN(R) accounted for approximately 44%, 45% and 48%, respectively, of total revenues.

Recombinant human erythropoietin

EPOGEN(R) (proper name - Epoetin alfa) is Amgen's registered trademark for its recombinant human erythropoietin product, a protein that stimulates red blood cell production. Red blood cells transport oxygen to all cells of the body. Without adequate amounts of erythropoietin, the red blood cell count is reduced, thereby diminishing the ability of the blood to deliver sufficient amounts of oxygen to the body, resulting in anemia. People with chronic renal failure suffer from anemia because they do not produce sufficient amounts of erythropoietin, which is normally produced in healthy kidneys. 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 approved its use in the treatment of anemia

associated with chronic renal failure. In 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.

The Company has retained exclusive rights to market EPOGEN(R) in the United States for dialysis patients. 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, "Summary of significant accounting policies - Product sales" and Note 4 to the Consolidated Financial Statements, "Contingencies - Johnson & Johnson arbitrations". In countries other than the United States (except as described above), 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 manufacture and market erythropoietin for treatment of anemia associated with chronic renal failure under the trademark EPREX(R) in several countries. See "Joint Ventures and Business Relationships - Johnson & Johnson".

In Japan and the People's Republic of China, 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).

For the years ended December 31, 1997, 1996 and 1995, sales of EPOGEN(R) accounted for approximately 48%, 48% and 46%, respectively, of total revenues.

Other products

INFERGEN(R) (proper name - Interferon alfacon-1) is Amgen's registered trademark for its recombinant consensus interferon, a non-naturally occurring protein that combines structural features of many interferon sub-types. Interferons are natural proteins produced by the body which stimulate the immune system to fight viral infections. Hepatitis C viral infection is a potentially deadly disease that, if not treated, may lead to cirrhosis and hepatocellular carcinoma, or liver cancer. In October 1997, Amgen received FDA approval and launched INFERGEN(R) for the 24-week treatment of chronic hepatitis C virus. The 24-week treatment includes newly diagnosed hepatitis C virus patients as well as patients whose prior treatment with interferon failed and are candidates for subsequent treatment. Results from a 48-week retreatment trial with INFERGEN(R) have been

submitted and are under review by the FDA. Retreatment is an important part of interferon therapy since many hepatitis C virus patients fail initial treatment with interferon therapies. Amgen also filed a license application with Canadian regulatory authorities requesting clearance for marketing INFERGEN(R) for treatment of hepatitis C virus. In 1996, Amgen licensed to Yamanouchi Pharmaceutical Co., Ltd. of Tokyo ("Yamanouchi") the rights to develop, manufacture and commercialize Amgen's consensus interferon for all indications around the world except in the United States and Canada. Yamanouchi granted rights to the Company to co-develop and market Interferon alfacon-1 in Japan, the People's Republic of China, Hong Kong and Taiwan (see "Joint Ventures and Business Relationships - Yamanouchi Pharmaceutical Co., Ltd.").

Product Candidates

Hematology/Oncology/Infectious disease

Hematopoietic growth factors are proteins which influence growth, migration, and maturation of certain types of blood cells. STEMGEN(R) (proper name - Ancestim), one of the Company's hematopoietic growth factors, has been shown to influence the production, mobilization, and maturation of progenitor cells. Human clinical trials have been completed which investigated the utility of STEMGEN(R) in combination with NEUPOGEN(R) for improved mobilization of progenitor cells prior to PBPC transplantation in patients with breast cancer. License applications for marketing clearance of STEMGEN(R) in this indication were submitted to the U.S., EU, Canadian and Australian regulatory authorities in 1997. The Company expects to launch STEMGEN(R) if approved by regulatory authorities.

The Company is developing a sustained duration version of G-CSF to provide less frequent, potentially once-per-cycle, dosing and thereby potentially improve compliance and patient satisfaction. In 1997, Amgen began a human clinical trial of this second generation G-CSF product; this trial is ongoing.

The Company's novel platelet growth factor, Megakaryocyte Growth and Development Factor ("MGDF"), another hematopoietic growth factor, has been shown in preclinical 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. In 1997, Amgen began a phase 3 clinical trial to treat thrombocytopenia resulting from bone marrow transplant procedures in the breast cancer treatment setting. In addition, the Company is currently investigating MGDF in several other cancer-support treatment settings and in a setting where normal platelet donors receive MGDF before

platelet donation. The Company is collaborating in the development of MGDF with Kirin (see "Joint Ventures and Business Relationships - Kirin Brewery Company, Limited"). 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. The acquisition of these rights complements the development of MGDF.

Another hematopoietic growth factor in development at Amgen is novel erythropoiesis stimulating protein ("NESP"). Human clinical trials for NESP in the treatment of anemia in patients with chronic renal failure began in January 1997 and are currently ongoing. Early clinical data suggests that NESP may permit less frequent dosing than Epoetin alfa. The Company has entered into an agreement with Kirin to jointly develop and market NESP through its joint venture, Kirin-Amgen (see "Joint Ventures and Business Relationships - Kirin Brewery Company, Limited" and Note 4 to the Consolidated Financial Statements - "Contingencies - Johnson & Johnson arbitrations").

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 those associated with irradiation and chemotherapy. Amgen currently is conducting research on keratinocyte growth factor ("KGF"). Human clinical trials for KGF for the treatment of mucositis, a side effect often experienced by patients undergoing radiation therapy and chemotherapy, are ongoing. Mucositis is characterized as the irritation or ulceration of the lining of the gastrointestinal tract.

In 1997, Amgen announced that it had ceased active participation in further device development with AmCell, Inc. ("AmCell"), although the Company continues to have an interest in cell selection technology by AmCell and other companies operating in the field. See "Joint Ventures and Business Relationships - Other business relationships".

Endocrinology/Neurobiology

The Company has discovery programs in endocrinology and neurological disorders. In the area of endocrinology, the Company is currently developing leptin. Leptin is the protein produced by the obesity gene. Leptin 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 preclinical 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. In 1996, Amgen commenced clinical trials with leptin and in June 1997, announced that early, preliminary data suggested that there was a dose range at which leptin had an acceptable safety profile and induced weight loss. Additional studies will be required before these conclusions can be confirmed. Ongoing clinical trials are evaluating the effect of leptin in patients with non-insulin dependent type II diabetes and obesity. To address the poor solubility of leptin seen at higher doses, Amgen has begun development of second-generation alternate leptin molecules. In 1998, a clinical trial with a second-generation leptin molecule commenced. Additionally, Amgen entered into a license agreement with Progenitor, Inc. which grants the Company certain exclusive rights for the development and commercialization of products using Progenitor's leptin receptor technology.

Another focus of the Company's effort in endocrinology is in the area of hyperparathyroidism. Primary hyperparathyroidism ("HPT") is a disorder that causes excessive secretion of parathyroid hormone from the parathyroid gland, leading to elevated serum calcium, called hypercalcemia. 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. Symptoms of hyperparathyroidism include bone loss, muscle weakness, depression and forgetfulness. The Company has entered into a license agreement with NPS Pharmaceuticals, Inc. ("NPS") for Amgen to develop and commercialize NPS's calcimimetic small molecules based on NPS's proprietary calcium receptor technology for the treatment of HPT. In 1997, Amgen completed a clinical trial in secondary HPT with the initial calcimimetic product candidate, R-568. As a result of more favorable metabolic and kinetic profiles, second generation calcimimetic compounds were screened and evaluated. A clinical trial in normal volunteers with a second generation calcimimetic compound began in 1997 and is ongoing.

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, nerve injury and trauma. Glial cell-line derived neurotrophic factor ("GDNF") is in clinical studies for possible use in the treatment of Parkinson's disease. GDNF was added to the Company's neurobiology research program through the acquisition of Synergen, Inc. ("Synergen") (see "Joint Ventures and Business Relationships - Other business relationships").

Human clinical testing of brain-derived neurotrophic factor ("BDNF"), is currently being conducted in collaboration with Regeneron Pharmaceuticals, Inc. ("Regeneron") (see "Joint Ventures and Business

Relationships - Regeneron Pharmaceuticals, Inc."). A small, early stage clinical trial of BDNF investigating intrathecal administration for amyotrophic lateral sclerosis ("ALS" or Lou Gehrig's disease) is currently in progress. A Phase 3 clinical trial of BDNF with subcutaneous delivery for the treatment of ALS did not demonstrate clinical efficacy in the endpoints measured in patients with this disease. Regeneron continues to investigate BDNF in ALS patients on behalf of the collaboration with the Company. On behalf of the collaboration with the Company, Regeneron will undertake a number of small clinical studies with Neurotrophin-3 ("NT-3"). During 1997, Amgen announced the collaboration will not pursue additional trials of NT-3 in diabetic neuropathy or chemotherapy-induced neuropathy because initial results were not sufficiently promising.

In 1997, Amgen acquired the rights from Guilford Pharmaceuticals Inc. ("Guilford") for a novel class of small molecule, orally-active, neurotrophic agents called FKBP-neuroimmunophilin compounds (see "Joint Ventures and Business Relationships - Other business relationships"). The FKBP-neuroimmunophilin compounds are being developed to promote nerve regeneration and repair in neurodegenerative disorders. In preclinical models, FKBP-neuroimmunophilin compounds have been shown to promote recovery in models of nerve injury and Parkinson's disease.

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") were two product candidates added to the Company's inflammation research program through the acquisition of Synergen (see "Joint Ventures and Business Relationships - Other business relationships"). First generation molecules of TNFbp and Il-1ra have been in human clinical trials. A human clinical trial for TNFbp was completed for possible use in the treatment of rheumatoid arthritis. Because of potential issues with immunogenicity, a second generation molecule is being developed, and the Company does not intend to pursue further development of the first generation TNFbp. The second generation molecule of TNFbp, known as soluble tumor necrosis factor receptor 1, is in preclinical studies. A human clinical trial for IL_1ra in combination with methotrexate for treatment of rheumatoid arthritis is ongoing. The Company is developing second generation molecules as a sustained delivery formulation for IL-1ra, which have demonstrated some additional benefit in preclinical studies over the first generation product candidate. The Company is also conducting research

to discover and develop other molecules for the treatment of inflammatory diseases. In 1997, Amgen announced that it is seeking a corporate partner for its inflammation research and development program (see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Financial Outlook").

Joint Ventures and Business Relationships

The Company generally intends to self-market its products. 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. Hoffman-La Roche Ltd

Amgen and Roche have entered into a long term agreement providing for the commercialization of NEUPOGEN(R) (Filgrastim) in the EU. Under this agreement, the companies collaborate in the EU on the commercialization and further clinical development of the product and share in related costs and profits from sales. Amgen has recently assumed from Roche most of the responsibilities for marketing, promotion, distribution and other key functions relating to product sales, and the Company is now distributing the product in most EU countries from its European Logistics Center. Amgen and Roche will also collaborate on the development of a second generation G-CSF product for the EU.

Amgen and Roche have also entered into an 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 license. For a complete discussion of this matter see Note 4 to the Consolidated Financial Statements, "Contingencies - Johnson & Johnson arbitrations". In countries other than the United States (except as described above), the People's Republic of China and Japan, Johnson & Johnson was granted rights to pursue the commercialization of human erythropoietin as a therapeutic under a

licensing agreement with Kirin-Amgen.

Kirin Brewery Company, Limited

The Company has a 50-50 joint venture (Kirin-Amgen) with Kirin. Kirin-Amgen, which was formed in 1984, develops and commercializes certain of the Company's and Kirin's technologies which have been transferred to this joint venture. Kirin-Amgen has given exclusive licenses to Amgen and Kirin to manufacture and market erythropoietin in the United States and Japan, respectively. Kirin-Amgen licensed Johnson & Johnson rights to erythropoietin in certain geographic areas of the world (see "- Johnson & Johnson"). 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-Amgen has licensed Kirin similar rights with respect to G-CSF in Japan, Taiwan and Korea. Kirin markets recombinant human granulocyte colony-stimulating factor and recombinant human erythropoietin in the People's Republic of China under a separate agreement. Kirin-Amgen and Roche have entered into an agreement to commercialize NEUPOGEN(R) in certain territories not covered by the various Amgen/Roche agreements (see "- F. Hoffman-La Roche Ltd"). Under this agreement, Roche markets NEUPOGEN(R) in these countries and pays a royalty to Kirin-Amgen on these sales.

In 1994, Kirin-Amgen licensed to Amgen and Kirin the rights to develop and market MGDF, and in 1996, to develop and market NESP (see Note 4 to the Consolidated Financial Statements - "Johnson & Johnson arbitrations"). Amgen has been granted an exclusive license by Kirin-Amgen to manufacture and market these two product candidates in the United States, all European countries, Canada, Australia, Mexico and New Zealand. In addition, with respect to NESP, Amgen's license extends to all Central and South American countries. Kirin has been licensed by Kirin-Amgen with similar rights for these two product candidates in Japan, the People's Republic of China, Taiwan, Korea and certain other countries in Southeast Asia.

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 in the Company's Consolidated Financial Statements for the years ended December 31, 1997, 1996 and 1995, are $87.9 million, $79.9 million and $72.6 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, 1997, 1996 and 1995, Kirin-Amgen earned royalties from Amgen of $91.4 million, $86.2 million and $74.2 million, respectively, under such agreements.

Yamanouchi Pharmaceutical Co., Ltd.

In 1996, Amgen licensed to Yamanouchi the rights to develop, manufacture and commercialize Interferon alfacon-1 for the treatment of hepatitis C and any additional indications around the world except in the United States and Canada. Amgen markets Interferon alfacon-1 under the trademark INFERGEN(R) in the United States. Amgen has earned and will earn additional amounts if certain milestones are achieved by Yamanouchi and will receive royalties on sales. Yamanouchi has granted to Amgen K.K., the Company's Japanese subsidiary, certain co-development and co-promotion/co-marketing rights in Japan and has granted to Amgen Greater China, Ltd., Amgen's subsidiary in Hong Kong, certain co-development and co-promotion rights in the People's Republic of China, Hong Kong and Taiwan.

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. To facilitate this collaboration, the Company and Regeneron formed Amgen-Regeneron Partners, a 50-50 partnership. In addition, Regeneron licensed these potential products to Amgen for development in certain other countries.

Other business relationships

In 1994, Amgen acquired an equity interest in AmCell, a company which plans to manufacture cell selection and characterization devices based on the technology of Miltenyi Biotec GmbH. In 1997, Amgen ceased active participation in further device development with AmCell. AmCell has full responsibility for the commercialization of the device and may be required to make certain royalty payments to Amgen.

In December 1994, the Company acquired Synergen, a biotechnology company engaged in the discovery and development of protein-based pharmaceuticals. With the acquisition of Synergen, Amgen principally added GDNF and Synergen's inflammation program to its product candidate pipeline.

Synergen Clinical Partners, L.P. ("SCP"), the general partner of which was a subsidiary of Synergen, was formed to fund development and commercialization of IL-1ra in certain geographic areas. As a result of the acquisition of Synergen, the general partner of SCP is a subsidiary of Amgen. In connection with the settlement of certain

litigation relating to Synergen and SCP, Amgen acquired all the limited partnership units of SCP and, under the terms of the settlement, Amgen may be required to pay future additional amounts to the former limited partners that are members of the plaintiff class, other members of the plaintiff class and their counsel if the FDA should grant approval to market IL-1ra (as more specifically defined in the related settlement agreement) and certain product revenues are realized. See "Item 3. Legal Proceedings - Synergen ANTRIL(TM) litigation".

In 1997, Amgen and Guilford entered into an agreement granting Amgen worldwide rights for Guilford's FKBP-neuroimmunophilin compounds, a novel class of small molecule neurotrophic agents that may represent a new approach in the treatment of neurodegenerative disorders. Under the terms of the agreement, Amgen will receive worldwide rights to FKBP-neuroimmunophilin compounds for all human therapeutic and diagnostic applications. Amgen will conduct and pay for all clinical development and manufacturing of products, market products worldwide and pay royalties to Guilford on such sales. Also, in connection with this agreement, Amgen made a $20 million equity investment in Guilford.

In December 1997, Amgen and SangStat entered into a licensing agreement for the registration, marketing, and distribution of SangStat's proprietary CYCLOSPORINE product candidate, an immunosuppressive drug used in transplantation to prevent graft rejection. Under the terms of the agreement, Amgen will have exclusive rights to market CYCLOSPORINE, under SangStat's trademark in Australia, New Zealand, Hong Kong, the People's Republic of China and Taiwan.

Marketing

In the United States, the Company's sales force markets its products to physicians and pharmacists primarily in hospitals, dialysis centers and clinics. The Company has chosen to use major wholesale distributors of pharmaceutical products as the principal means of distributing EPOGEN(R) (Epoetin alfa), NEUPOGEN(R) (Filgrastim), and INFERGEN(R) (Interferon alfacon-1) to clinics, hospitals and pharmacies. Sales to Bergen Brunswig Corporation and Cardinal Distribution, two major distributors of these products, accounted for 24% and 14%, 24% and 14%, and 21% and 15%, respectively, of total revenues for the years ended December 31, 1997, 1996 and 1995, respectively.

Dialysis providers are primarily reimbursed for EPOGEN(R) by the federal government through the End Stage Renal Disease Program ("ESRD Program") of Medicare. The ESRD Program reimburses approved providers

for 80% of allowed dialysis costs; the remainder is paid by other sources, including Medicaid, private insurance, and to a lesser extent, state kidney patient programs. The ESRD Program reimbursement rate is established by Congress and is monitored by the Health Care Financing Administration ("HCFA"). In 1997, HCFA implemented reimbursement changes that affected what reimbursement claims would be paid to dialysis providers by fiscal intermediaries under contract with HCFA. These changes had an adverse impact on EPOGEN(R) sales. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Results of Operation - Product sales - EPOGEN(R) (Epoetin alfa)". In March 1998, HCFA announced the easing of restrictions on reimbursement that had been implemented in 1997. HCFA issued two revisions to the 1997 policy in a program memorandum. The first revision provides that, for a month in which the three month "rolling average" hematocrit exceeds 36.5 percent, HCFA will pay the lower of 100% of the actual dosage billed for that month, or 80% of the prior month's allowable EPOGEN(R) dosage. The second revision reestablishes authorization to make payment for EPOGEN(R) when a patient's hematocrit exceeds 36 percent when accompanied by documentation establishing medical necessity. The

Company cannot currently predict what effect the changes will have on EPOGEN(R) sales. As previously announced, in 1997, the Office of the Inspector General issued a report recommending a 10% reduction in the Medicare reimbursement rate for EPOGEN(R). The Company believes the recommendation would primarily affect dialysis providers and that it is difficult to predict the impact on Amgen. The reimbursement rate for EPOGEN(R) is subject to yearly review. Changes in coverage and reimbursement policies could have a material adverse effect on EPOGEN(R) sales.

NEUPOGEN(R) is reimbursed by both private and public payors, and changes in coverage and reimbursement policies of these payors could have a material adverse effect on sales of NEUPOGEN(R).

Except for purchases pursuant to a contract with the Department of Veterans Affairs, including purchases by Veterans Administration hospitals and the Department of Defense, 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 commercialization responsibilities for NEUPOGEN(R) under a co-promotion agreement (see "Joint Ventures and Business Relationships - F. Hoffmann-La Roche Ltd"). NEUPOGEN(R) is principally distributed to wholesalers and/or hospitals in all EU countries depending upon the distribution practice

of hospital products in each country. Most patients receiving NEUPOGEN(R) for approved indications are covered by government health care programs. The use of NEUPOGEN(R) is affected by EU government pressures on physician prescribing practices in response to ongoing government initiatives to reduce health care expenditures, and to a lesser extent, competition.

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.

INFERGEN(R) reimbursement is through both private and public sources, with primary reimbursement through private payors. The current coverage and reimbursement for interferons has evolved with health care reform and is based upon the payor's experience. Since INFERGEN(R) is a new type of interferon, private and public payors may take time to evaluate the clinical efficacy, dosing regimen and cost of the drug in order to formulate coverage and reimbursement policies. For payors with formularies, formulary committees may take up to six months to evaluate new products before formulary acceptance or approval.

Competition

Competition among biotechnology, pharmaceutical and other companies that research, develop, manufacture or market pharmaceuticals is intense and is expected to increase. See "Factors That May Affect the Company - Competition". Some competitors, principally large pharmaceutical corporations, have greater clinical, research, regulatory and marketing resources and experience than the

Company. In addition, certain specialized biotechnology firms have entered into cooperative arrangements with major companies for development and commercialization of products, creating an additional source of competition. The Company faces competition with respect to products which it manufactures and markets from firms in the United States, countries of the EU, Canada, Australia and elsewhere. Additionally, some of the Company's competitors, including biotechnology and pharmaceutical companies, are actively engaged in the research and development of products in areas where the Company is also developing product candidates, as more fully discussed below.

The introduction of new products or the development of new processes by competitors or new information about existing products may result in product replacements or price reductions, even for products protected by patents. In addition, the timing of entry of a new product into the market can be an important factor in determining the product's eventual success and profitability. Early entry may have important advantages in gaining product acceptance and market

share. Accordingly, the relative speed with which the Company can develop products, complete the testing and approval process and supply commercial quantities of the product to the market is expected to be important to Amgen's competitive position. Competition among pharmaceutical products approved for sale also may be based on, among other things, patent position, product efficacy, safety, reliability, availability and price.

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

Any products or technologies that are directly or indirectly successful in addressing anemia could negatively impact the market for recombinant human erythropoietin or NESP. Hoechst Marion Roussel is currently conducting clinical trials on gene-activated erythropoietin for the treatment of anemia (see "Item 3. Legal Proceedings - Transkaryotic Therapies and Hoechst litigation").

Similarly, any products or technologies that are directly or indirectly successful in addressing 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. Potential future sources of

competition include other GM-CSF products, PGG-glucan, FLT-3 ligand, lisofylline, IL-11, myelopoietin, promegapoietin, and progenipoietin, 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 early 1994, Chugai and Rhone-Poulenc Rorer Inc. began marketing a G-CSF product in certain EU

countries as an adjunct to chemotherapy and as a treatment in bone marrow transplant settings. 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 two formulations of 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") and AML. 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. Novartis 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.

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 STEMGEN(R) and a sustained duration version of G-CSF. Research and development of other hematopoietic growth factors, including those that may compete with MGDF, is being conducted by several companies including Genentech, Inc. (in collaboration with Pharmacia & Upjohn, Inc.), Immunex Corp., Novartis, G.D. Searle & Co. (a subsidiary of Monsanto Company), U.S. Bioscience, Inc. and Genetics Institute, Inc.

Although not approved or promoted for use in the United States, the Company believes that approximately 10% of its worldwide NEUPOGEN(R) sales are from off-label use as supportive therapy for various AIDS-related treatments. Changes in AIDS treatments, including therapies that may be less myelosuppressive, may affect such sales.

INFERGEN(R) faces competition from other interferons and related products, several of which are in development or on the market. Schering-Plough Corp. and Roche are major suppliers of interferons. Interferon Sciences, Inc. could be a potential competitor in this arena. (See "Item 3. Legal Proceedings - INFERGEN(R) litigation").

Many companies are developing products that promote wound healing, soft tissue regeneration, and chemoprotection. Companies such as Human Genome Sciences, Inc., Cell Therapeutics, Inc. and Genetics Institute, Inc. are currently among many companies that are developing products which could be potential competitors for KGF.

Many companies currently market or are believed to be developing obesity treatments. Potential future competitors of the Company with respect to leptin include Millennium Pharmaceuticals, Inc. (in collaboration with Roche), Progenitor, Inc. (a subsidiary of Interneuron Pharmaceuticals Inc.), Neurogen Inc. (in collaboration with Pfizer Inc.), Bristol Myers Squibb Company, Novartis, Eli Lilly and Company and Merck & Co., Inc. Knoll/BASF and Roche launched a new therapeutic for obesity in 1997.

Calcimimetic small molecules 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 Corporation, GelTex Pharmaceuticals, Inc. and Chugai.

Several companies are developing neurotrophic factors including Cephalon Inc., Genentech, Inc. and Regeneron.

The Company would face competition from a number of companies in the inflammation disease arena, particularly for rheumatoid arthritis treatments. Current anti-arthritic treatments include generic methotrexate and other products marketed by Sanofi-Winthrop and Novartis. In addition, a number of companies have cytokine inhibitors in development including Immunex Corp., Centocor, Inc. and Roche.

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. Amgen's internal research capabilities include an expertise in secreted protein therapeutics whereby cloned genes are inserted into living cells to investigate therapeutic utility of the proteins produced. Additionally, the Company has emerging small molecule capabilities that include combinatorial chemistry and the use of high throughput screening to potentially develop novel, orally available therapeutic product candidates. Amgen's capabilities in these areas complement its human genome program. The Company's human genome program may yield genes that both lead to the development of secreted protein therapeutics and provide targets for diseases requiring orally available small molecules. Research and development expense, which includes technology license fees paid to third parties, for the years ended December 31, 1997, 1996 and 1995 were $630.8 million, $528.3 million and $451.7 million, respectively.

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 federal Food, Drug and Cosmetic Act, as amended, and the regulations promulgated thereunder, and other federal and state statutes and regulations govern, among other things, the testing, manufacture, labeling, storage, record keeping, approval, advertising

and promotion of the Company's products on a product-by-product basis. Product development and approval within this regulatory framework take a number of years and involve the expenditure of substantial resources. After preclinical manufacturing, 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 for administration of the product. In Phase 2, studies are conducted to assess safety, acceptable dose and 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 vary and can be substantial. No action can be taken to market any therapeutic product in the United States until an appropriate license application has been approved by the FDA. Even after initial FDA approval has been obtained, further studies may be 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 regulating clinical testing in humans, the FDA inspects equipment and facilities used in the manufacturing of such products prior to providing approval to market a product. If after receiving clearance from the FDA, a material change is made in manufacturing equipment, location or process, additional regulatory review may be required. The Company also must adhere to current Good Manufacturing Practices and biologics-specific regulations enforced by the FDA through its facilities inspection program. The FDA conducts regular, periodic visits to re-inspect equipment and facilities following the initial approval. If, as a result of these inspections, the FDA determines that the Company's equipment and facilities do not comply with applicable FDA regulations, the FDA may impose penalties on Amgen, including suspending the Company's manufacturing operations.

In the EU countries, Canada and Australia regulatory requirements and approval processes are substantially similar in principle to those in the United States. Additionally, in the EU, the registration procedure for biotechnology products is through a "centralized procedure". This procedure leads to the granting of a single license that is valid for the entire EU but requires that all EU countries approve the submission first.

The Company is also subject to various federal and state laws pertaining to health care "fraud and abuse", including anti-kickback laws and false claims laws. Anti-kickback laws make it illegal for a prescription drug manufacturer to solicit, offer, receive or pay any remuneration in exchange for, or to induce, the referral of business, including the purchase or prescription of a particular drug. The federal government has published regulations that identify "safe harbors" or exemptions for certain payment arrangements that do not violate the anti-kickback statutes. The Company seeks to comply with the safe harbors where possible. Due to the breadth of the statutory provisions and the absence of guidance in the form of regulations or court decisions addressing some of the Company's practices, it is

possible that the Company's practices might be challenged under anti-kickback or similar laws. False claims laws prohibit anyone from knowingly and willingly presenting, or causing to be presented for payment to third party payors (including Medicare and Medicaid) claims for reimbursed drugs or services that are false or fraudulent, claims for items or services not provided as claimed, or claims for medically unnecessary items or services. Amgen's activities relating to the sale and marketing of its products may be subject to scrutiny under these laws. Violations of fraud and abuse laws may be punishable by criminal and/or civil sanctions, including fines and civil monetary penalties. The Company believes its sales, marketing and other activities comply with all such laws although there can be no assurance that the Company's activities will not be subject to challenge for the reasons discussed above and due to the broad scope of these laws and the increasing attention being given to them by law enforcement authorities.

Since 1991, the Company has participated in the Medicaid rebate program established by the Omnibus Budget Reconciliation Act of 1990, and under amendments of that law that became effective in 1993, participation has included extending comparable discounts under the Public Health Service ("PHS") pharmaceutical pricing program. Under the Medicaid rebate program, the Company pays a rebate for each unit of its product reimbursed by Medicaid. The amount of the rebate for each product is set by law as a minimum 15.1% of the average manufacturer price ("AMP") of that product, or if it is greater, the difference between AMP and the best price available from the Company to any customer. The rebate amount also includes an inflation

adjustment if AMP increases faster than inflation. The PHS pricing program extends discounts comparable to the Medicaid rebate to a variety of community health clinics and other entities that receive health services grants from the Public Health Service, as well as hospitals that serve a disproportionate share of poor Medicare and Medicaid beneficiaries. The rebate amount payable to Medicaid is recomputed each quarter based on the Company's reports of its current average manufacturer price and best price for each of its products to HCFA. The terms of the Company's participation in the program impose an obligation to correct the prices reported in previous quarters, as may be necessary. Any such corrections could result in an overage or underage in the Company's rebate liability for past quarters, depending on the direction of the correction. In addition to retroactive rebates (and interest, if any), if the Company were found to have knowingly submitted false information to the government, in addition to other penalties available to the government, the statute provides for civil monetary penalties in the amount of $100,000 per item of false information.

The Company also makes its products available to authorized users of the Federal Supply Schedule ("FSS") of the General Services Administration. Since 1993, as a result of the Veterans Health Care Act of 1992 (the "VHC Act"), federal law has required that FSS prices available for purchased by the Veterans Administration, the Department of Defense, Coast Guard and the Public Health Service (including the Indian Health Service) be discounted by a minimum of 24 percent off the average manufacturer price to non-federal customers (the non-federal average manufacturer price, "non-FAMP"). The Company's computation and report of non-FAMP is used in establishing the price, and the accuracy of the reported non-FAMP may be audited by the

government under applicable federal procurement laws. Among the remedies available to the government for infractions of these laws is recoupment of any overages paid by FSS users during the audited years. In addition, if the Company were found to have knowingly reported a false non-FAMP, the VHC Act provides for civil monetary penalties of $100,000 per item that is incorrect.

Amgen is also subject to regulation under the Occupational Safety and Health Act, the Toxic Substances Control Act, the Resource Conservation and Recovery Act and other current and potential future federal, state or local regulations. The Company's research and development activities involve the controlled use of hazardous materials, chemicals, biological materials and various radioactive compounds. The Company believes that its procedures comply with the standards prescribed by state or federal regulations; however, the risk of injury or accidental contamination cannot be completely eliminated. Amgen's research and manufacturing activities also are conducted in voluntary compliance with the National Institutes of

Health Guidelines for Recombinant DNA Research.

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

Patents and Trademarks

Patents are very important to the Company in establishing proprietary rights to the products it has developed. The patent positions of pharmaceutical and biotechnology companies, including the Company, can be uncertain and involve complex legal, scientific and factual questions. See "Factors That May Affect the Company - Intellectual property and legal matters".

The Company has filed applications for a number of patents and has been granted patents relating to its erythropoietin, G-CSF, consensus interferon and various potential products. In the United States, the U.S. Patent and Trademark Office (the "USPTO") has issued to the Company patents relating to erythropoietin that cover DNA and host cells (issued 1987); processes for making erythropoietin (issued 1995 and 1997); and certain product rights to erythropoietin (issued 1996 and 1997). The last to issue erythropoietin patents expire in 2013; all other patents expire prior to then. The USPTO has also issued to the Company patents relating to aspects of DNAs, vectors, cells and processes relating to recombinant G-CSF (issued 1989); other aspects of DNAs, vectors, cells and processes relating to recombinant G-CSF (issued 1991); G-CSF polypeptides (issued 1996); and methods of treatment using G-CSF polypeptides (issued 1996). The last to issue G-CSF patents expire in 2013; all other patents expire prior to then.

There can be no assurance that Amgen's patents will afford legal protection against competitors or provide significant proprietary

protection or competitive advantage. In addition, there can be no assurance that Amgen's patents will not be held invalid or unenforceable by a court, infringed or circumvented by others or that others will not obtain patents that the Company would need to license or circumvent. Competitors or potential competitors may have filed patent applications or received patents, and may obtain additional patents and proprietary rights relating to proteins, compounds or processes competitive with those of the Company.

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

Trade secret protection for its unpatented confidential and proprietary information is important to Amgen. To protect its trade secrets, the Company generally requires its employees, and material consultants, scientific advisors or parties to collaboration and licensing agreements to execute confidentiality agreements upon the commencement of employment, the consulting relationship or the collaboration or licensing arrangement with the Company. There can be no assurance, however, that others will not either develop independently the same or similar information or obtain access to Amgen's proprietary information.

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

Raw Materials

Certain raw materials necessary for the Company's commercial manufacturing of its products are proprietary products of other companies, and in some cases, such proprietary products are specifically cited in the Company's drug application with the FDA such that they must be obtained from that specific, sole source. The Company currently attempts to manage the risk associated with such sole sourced raw materials by active inventory management. Amgen attempts to remain apprised of the financial condition of its suppliers, their ability to supply the Company's needs and the market conditions for these raw materials. Also, certain of the raw materials required in the commercial manufacturing of the Company's products are derived from biological sources. Biological sources may be subject to contamination and/or recall. The Company is investigating screening procedures with respect to certain biological sources and alternatives to them. However, a material shortage, contamination and/or recall could adversely impact or disrupt Amgen's commercial manufacturing of its products.

Human Resources

As of December 31, 1997, the Company had 5,308 employees of which 2,888 were engaged in research and development, 999 were engaged in sales and marketing and 1,421 were engaged in other areas. There can be no assurance that the Company will be able to continue attracting and retaining qualified personnel in sufficient numbers to meet its needs. None of the Company's employees are covered by a collective bargaining agreement, and the Company has experienced no work stoppages. The Company considers its employee relations to be good.

Executive Officers of the Registrant

The executive officers of the Company, their ages as of February 28, 1998 and positions are as follows:

Mr. Gordon M. Binder, age 62, 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. Mr. Binder was elected Chief Executive Officer in October 1988 and Chairman of the Board in July 1990.

Mr. Kevin W. Sharer, age 49, has served as a director of the Company since November 1992. He also 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 Unocal Corporation.

Dr. N. Kirby Alton, age 47, became Senior Vice President, Development, in August 1992, having served as Vice President, Therapeutic Product Development, Responsible Head, from October 1988 to August 1992. Dr. Alton previously served as Director, Therapeutic Product Development, from February 1986 to October 1988.

Mr. Robert S. Attiyeh, age 63, 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 46, 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.

Ms. Kathryn E. Falberg, age 37, became Vice President, Corporate Controller and Chief Accounting Officer in June 1997, having served as Vice President and Treasurer since December 1996, and having served as Treasurer from January 1995 to December 1996. Prior to joining the Company, Ms. Falberg had been Vice President, Chief Financial Officer and Treasurer for Applied Magnetics Corporation, since May 1993 and had been its Treasurer from 1991 to May 1993.

Dr. Dennis M. Fenton, age 46, 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. Edward F. Garnett, age 50, became Vice President, Human Resources, in October 1994, having served as Director, Sales and Marketing Operations, since March 1994. Previously, Mr. Garnett had served as Director, Logistics, from April 1990 to March 1994.

Mr. Daryl D. Hill, age 52, became Senior Vice President, Quality and Compliance, in January 1997, having served as Senior Vice President, Asia Pacific, from January 1994 to January 1997. Mr. Hill previously had served as Vice President, Quality Assurance, from October 1988 to January 1994, and as Director of Quality Assurance from January 1984 to October 1988.

Dr. George Morstyn, age 47, became Vice President, Clinical Development and Chief Medical Officer in September 1993, having served as Vice President, Clinical and Medical Affairs from July 1991 to September 1993.

Mr. Steven M. Odre, age 48, became Vice President, Intellectual Property, and Associate General Counsel, in October 1988, having served as Associate General Counsel since March 1988. From May 1986 to March 1988, he served as Director of Intellectual Property.

Dr. Lawrence M. Souza, age 44, became Senior Vice President, Research, in May 1997, having served as Vice President, Exploratory Research, since October 1988. Previously, Dr. Souza had served as Director, Exploratory Research, from February 1986 to October 1988.

Mr. George A. Vandeman, age 58, has served as Senior Vice President, General Counsel and Secretary since joining the Company in

June 1995. Prior to joining the Company, Mr. Vandeman was a partner of Latham & Watkins, an international law firm, from June 1966 to July 1995.

Geographic Area Financial Information

For financial information concerning the geographic areas in which the Company operates see Note 11 to the Consolidated Financial Statements.

Factors That May Affect the Company

Amgen operates in a rapidly changing environment that involves a number of risks, some of which are beyond the Company's control. The following discussion highlights some of these risks and others are discussed elsewhere herein.

Product development

The Company intends to continue an aggressive product development program. Successful product development in the biotechnology industry is highly uncertain, and only a small minority of research and development programs ultimately result in the commercialization of a product. Of the candidates that are selected for product development, all will not be successfully commercialized. Product candidates that appear promising in the early phases of development may fail to reach the market for numerous reasons, including, without limitation, results indicating lack of effectiveness or harmful side effects in clinical or preclinical testing, failure to receive necessary regulatory approvals, uneconomical manufacturing costs, the existence of third party proprietary rights, failure to be cost effective in light of existing therapeutics, or other factors. There can be no assurance that the Company will be able to produce future products that have commercial potential. Additionally, success in preclinical and early clinical trials does not ensure that large scale clinical trials will be successful. For example, the Company has previously announced product development failures in connection with BDNF (for subcutaneous injection for ALS), a product candidate that did not produce acceptable clinical results in a specific indication with a specific route of administration after a Phase III trial; although this product candidate had demonstrated acceptable preclinical and earlier clinical trial results sufficient to warrant advancement to a later stage clinical trial. Further, clinical results are frequently susceptible to varying interpretations which may delay, limit or prevent further clinical development or regulatory approvals. The

length of time necessary to complete clinical trials and receive approval for product marketing by regulatory authorities varies significantly by product and indication and is often difficult to predict. See "- Regulatory approvals".

Regulatory approvals

The Company's research and development, preclinical testing, clinical trials, facilities, manufacturing, pricing, and sales and marketing of its products are subject to extensive regulation by numerous state and federal governmental authorities in the U.S., such as the FDA, HCFA, as well as by foreign countries, including the EU. The success of the Company's current products and future product candidates will depend in part upon obtaining and maintaining regulatory approval to market products in approved indications. The regulatory approval process can be both a long and complex process, both in the U.S. and in foreign countries, including countries in the EU. Even if regulatory approval is obtained, a marketed product and its manufacturer are subject to continued review. Later discovery of previously unknown problems with a product or manufacturer may result in restrictions on such product or manufacturer, including withdrawal of the product from the market. Failure to obtain necessary approvals, or the restriction, suspension or revocation of any approvals or the failure to comply with regulatory requirements could have a material adverse effect on the Company.

Reimbursement; Third party payors

In both domestic and foreign markets, sales of the Company's products are dependent in part on the availability of reimbursement

from third party payors such as state and federal governments (for example, under Medicare and Medicaid programs in the United States) and private insurance plans. In certain foreign markets, pricing and profitability of prescription pharmaceuticals are subject to government controls. In the United States, there have been, and the Company expects there to continue to be, a number of state and federal proposals to implement price controls. In addition, an increasing emphasis on managed care in the United States has and will continue to increase the pressure on pharmaceutical pricing and usage. Further, significant uncertainties exist as to the reimbursement status of newly approved therapeutic products and current reimbursement policies for existing products may change. Changes in reimbursement or failure to obtain reimbursement may reduce the demand for, or the price of, the Company's products which could have a material adverse effect on the Company including results of operations. For example, patients in the U.S. receiving EPOGEN(R) in connection with treatment for end stage renal disease are covered primarily under medical programs provided by the federal government. Therefore, EPOGEN(R) sales may be

affected by future changes in reimbursement rates or the basis for reimbursement by the federal government. As the Company previously announced, in early 1997, HCFA instituted a reimbursement change for EPOGEN(R) which has adversely affected the Company's EPOGEN(R) sales. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Results of Operations - Product Sales - EPOGEN(R) (Epoetin alfa)".

Guidelines

In addition to government agencies that promulgate regulations and guidelines directly applicable to the Company and its products, professional societies, practice management groups, private health/science foundations and organizations involved in various diseases may also publish, from time to time, guidelines or recommendations to the health care and patient communities. These organizations may make recommendations that affect the usage of certain therapies, drugs or procedures, including the Company's products. Such recommendations may relate to such matters as usage, dosage, route of administration and use of concomitant therapies. Recommendations or guidelines that are followed by patients and health care providers and that result in, among other things, decreased use of the Company's products could have a material adverse effect on the Company's results of operations. In addition, the perception that such recommendations or guidelines will be followed could adversely affect prevailing market prices for the Company's common stock.

Intellectual property and legal matters

The patent positions of pharmaceutical and biotechnology companies can be highly uncertain and often involve complex legal, scientific and factual questions. To date, there has emerged no consistent policy regarding breadth of claims allowed in such companies' patents. Accordingly, there can be no assurance that patents and patent applications relating to the Company's products and technologies will not be challenged, invalidated or circumvented or will afford protection against competitors with similar products or technology. Patent disputes are frequent and can preclude commercialization of products. The Company currently is, and may in the future be, involved in patent litigation. Such litigation, if

decided adversely, could subject the Company to competition and/or significant liabilities, could require the Company to enter into third party licenses or could cause the Company to cease using the technology or product in dispute. In addition, there can be no assurance that such licenses will be available on terms acceptable to the Company, or at all.

The Company is currently involved in arbitration proceedings with

Ortho Pharmaceutical Corporation, a subsidiary of Johnson & Johnson ("Johnson & Johnson"), relating to a license granted by the Company to Johnson & Johnson for sales of Epoetin alfa in the United States for all human uses except dialysis and diagnostics. See Note 4 to the Consolidated Financial Statements, "Contingencies - Johnson & Johnson arbitrations".

Competition

Amgen operates in a highly competitive environment. The Company competes with pharmaceutical and biotechnology companies, some of which may have technical or competitive advantages for, among other things, the development of technologies and processes and the acquisition of technology from academic institutions, government agencies and other private and public research organizations. There can be no assurance that the Company will be able to produce or acquire rights to products that have commercial potential. Even if the Company achieves product commercialization, there can be no assurance that one or more of the Company's competitors will not achieve product commercialization earlier than the Company, receive patent protection that dominates or adversely affects the Company's activities, or have significantly greater marketing capabilities.

Fluctuations in operating results

The Company's operating results may fluctuate from period to period for a number of reasons. Historically the Company has planned its operating expenses, many of which are relatively fixed in the short term, on the basis that revenues will continue to grow. Accordingly, even a relatively small revenue shortfall may cause a period's results to be below Company expectations. Such a revenue shortfall could arise from any number of factors, including, without limitation, lower than expected demand, changes in wholesaler buying patterns, changes in product pricing strategies, increased competition from new and existing products, fluctuations in foreign currency exchange rates, changes in government or private reimbursement, transit interruptions, overall economic conditions or natural disasters (including earthquakes).

Rapid growth

The Company has adopted an aggressive growth plan that includes substantial and increased investments in research and development and investments in facilities that will be required to support significant growth. This plan carries with it a number of risks, including a higher level of operating expenses and the complexities associated with managing a larger and faster growing organization.

Stock price volatility

The Company's stock price, like that of other biotechnology companies, is subject to significant volatility. The stock price may be affected by, among other things, clinical trial results and other product development related announcements by Amgen or its competitors, regulatory matters, announcements in the scientific and research community, intellectual property and legal matters, changes in reimbursement policies or medical practices or broader industry and market trends unrelated to the Company's performance. In addition, if revenues or earnings in any period fail to meet the investment community's expectations, there could be an immediate adverse impact on the Company's stock price.

Item 2. PROPERTIES

Amgen's principal executive offices and a majority of its administrative, manufacturing and research and development facilities are located in 36 buildings in Thousand Oaks, California. Thirty-one of the buildings are owned and five are leased. Adjacent to these buildings are five facilities 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, NEUPOGEN(R) (Filgrastim) and INFERGEN (Interferon alfacon-1).

Elsewhere in North America, Amgen owns eight buildings in Boulder, Colorado housing research facilities and a pilot plant. The Company also owns a distribution center in Louisville, Kentucky and leases a research facility and administrative offices in Toronto, Canada, an administrative office in Washington, D.C. and five regional sales offices in the U.S. Amgen is building a new EPOGEN(R) manufacturing plant, utility plant and a research and administrative facility on a site in Longmont, Colorado. In 1997, the Company entered into an agreement to acquire approximately 159 acres of undeveloped land adjacent to this site to accommodate future expansion. The Company also owns land in Cambridge, Massachusetts which can accommodate the construction of a research facility.

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

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

Item 3. LEGAL PROCEEDINGS

Certain of the Company's legal proceedings are discussed below and in the Note 4 to the Consolidated Financial Statements, "Contingencies". 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 annual financial statements of the Company.

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. In February 1996, Merckle GmbH was dismissed from the case.

Biogen litigation

On March 10, 1995, Biogen Inc. ("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 (the "`702 Patent"), 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 (the "`642 Patent") and U.S. Patent No. 5,401,658 (the "`658 Patent"), relating to vectors, methods for making vectors and expressing cloned 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. On January 19, 1996, the Court decided, upon Biogen's motion to dismiss certain of Amgen's counterclaims, that it will exert jurisdiction over claims 9 and 17 of the `702 Patent, and dismissed all claims and counterclaims relating to any other claims of the `702 Patent. Amgen moved for summary judgment of invalidity of claim 9 of the `702 Patent. On July 7, 1997, the Company's summary judgment motion was denied. On August 14, 1997, Amgen filed a Motion for Reconsideration of the Courts ruling on invalidity of claim 9 of the `702 patent. On October 20, 1997, the Motion for Reconsideration was also denied. These denials are not dispositive of the case, and the effect of the ruling is to reserve certain issues for trial. On October 22, 1997,

Amgen moved for summary judgment of invalidity of the certain claims of the `702 and `658 Patents based on prior public uses of the claimed subject matter. Amgen concurrently moved for a partial interpretation of the claims at issue. In addition, on October 24, 1997, Amgen filed a motion for summary judgment of invalidity of particular claims of the patents-in-suit based on abandonment of the invention. Amgen also concurrently filed a motion to dismiss the lawsuit in its entirety based on Biogen's lack of standing to bring the lawsuit in view of Biogen's lack of ownership of the patents-in-suit. Both parties have submitted claim construction briefs with the court. On January 15, 1998, Amgen filed a second motion to dismiss for lack of subject matter jurisdiction and standing in view of Biogen's lack of necessary ownership rights in the patents-in-suit. On March 20, 1998, the court held a claim construction hearing. The court heard oral argument and took the submission under advisement; no decision has been issued yet. Discovery in the case is substantially completed. A trial date has not been set.

In a separate matter, on July 30, 1997, Biogen filed a complaint in the United States District Court for the District of Massachusetts in Boston alleging that Amgen infringes claims 9 and 17 of the `702 Patent, and the `642 Patent and `658 Patent by making and using the claimed subject matter in the United States in the manufacture of INFERGEN(R), the Company's consensus interferon product. On September 17, 1997, Amgen responded to the Complaint by filing a motion to dismiss the case in its entirety due to Biogen's lack of standing to bring the lawsuit in view of Biogen's lack of ownership of the patents-in-suit. Amgen also filed a motion for summary

judgment of patent invalidity of particular claims of the patents-in-suit due to abandonment of the invention. Biogen moved to consolidate this case with above-described case pertaining to NEUPOGEN(R); on November 16, 1997 the Court denied Biogen's motion to consolidate. The Court has ordered the Company to file an answer to Biogen's complaint but has stayed all discovery in this matter until certain discovery in the NEUPOGEN(R) matter described above is completed. The Company has filed a motion to dismiss the complaint on the grounds that the Court lacks jurisdiction over the matter as Biogen lacks the necessary ownership rights to afford it standing. A trial date has not been set.

INFERGEN(R) litigation

On June 15, 1994, 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 by the clinical use of INFERGEN(R), the Company's consensus interferon product. Amgen K.K. has answered the complaint and has denied the allegations of infringement. On January 30, 1998, Biogen withdrew its complaint thereby terminating the action.

On December 20, 1995, Roche Holding A.G., parent corporation of F. Hoffmann-La Roche and Company, 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 a patent relating to alpha-interferon by the clinical use of INFERGEN(R). The Company subsequently answered the complaint, denying allegations of infringement. On February 9, 1998, the Tokyo District Court issued

its decision to dismiss the action due to a lack of legal or factual basis supporting the requested relief.

On December 3, 1996, Schering Corporation filed suit in the U.S. District Court for the District of Delaware (the "Delaware Court") against the Company alleging infringement of U.S. Patent No. 4,530,901 (the "`901 Patent") by the manufacture and use of INFERGEN(R). The complaint seeks unspecified damages and injunctive relief. The Company filed a motion to dismiss (the "Motion to Dismiss") the action on January 24, 1997. On January 22, 1997, the Company filed an action for declaratory relief in the United States District Court for the Central District of California in Los Angeles naming Biogen Inc. and Schering Corporation as parties. The action seeks a declaration that the `901 Patent is not infringed by the Company's use of INFERGEN(R) and/or that the `901 Patent is invalid. By agreement between the parties, the Motion to Dismiss was withdrawn and a motion to transfer the case to California was filed on March 10, 1997. On June 24, 1997, the Delaware Court denied Amgen's motion to transfer and the case is

now proceeding in Delaware. Pursuant to an agreement between the parties, Amgen withdrew its complaint filed in California. Biogen has been added as a plaintiff in the Delaware action. The action is ongoing and is in the discovery phase.

See, also, "Biogen litigation", above.

Genentech litigation

On October 16, 1996, Genentech, Inc. filed suit in the United States District Court for the Northern District of California seeking an unspecified amount of compensatory damages, treble damages and injunctive relief on its U.S. Patents 4,704,362, 5,221,619 and 4,342,832 (the "`362, `619 and `832 Patents"), relating to vectors for expressing cloned genes and the methods for such expression. Genentech, Inc. alleges that Amgen has infringed its patents by manufacturing and selling NEUPOGEN(R). On December 2, 1996, Amgen was served with this lawsuit. On January 21, 1997, the Company answered the complaint and asserted counterclaims relating to invalidity and non-infringement of the patents-in-suit. On February 10, 1997, Genentech, Inc. served Amgen with a reply to the counterclaim and an additional counterclaim asserting U.S. Patent 5,583,013 (the "`013 Patent"), issued December 10, 1996, seeking relief similar to that sought for the `362, `619 and `832 Patents. On March 31, 1997, Amgen answered this pleading and asserted counterclaims relating to invalidity and non-infringement of the `013 Patent. Discovery is currently ongoing. The parties are in the process of exchanging papers pertaining to interpretation of the patent claims.

Transkaryotic Therapies and Hoechst litigation

On April 15, 1997, Amgen filed suit in the United States District Court in Boston Massachusetts against Transkaryotic Therapies Inc. ("TKT") and Hoechst Marion Roussel alleging infringement of several U.S. patents owned by Amgen that claim an erythropoietin product and processes for making erythropoietin. The suit seeks an injunction preventing the defendants from making, importing, using or selling erythropoietin in the U.S. On July 9, 1997, the Court denied TKT's motion to dismiss the lawsuit on the pleadings. On January 27, 1998,

a hearing was held on the defendants' motion for summary judgment to dismiss the lawsuit based on the clinical trial exemption; also pending before the court was Amgen's summary judgment motion for infringement. The court heard oral argument and took the submission under advisement; no decision has been issued yet. Discovery in the case is ongoing.

FoxMeyer Health Corporation

On January 10, 1997, FoxMeyer Health Corporation, now known as Avatex Corporation ("Avatex"), filed suit (the "FoxMeyer Lawsuit") in the District Court of Dallas County, Dallas, Texas, alleging that defendant McKesson Corporation ("McKesson") defrauded Avatex, misused confidential information received from Avatex about subsidiaries of Avatex (FoxMeyer Corporation and FoxMeyer Drug Corporation, collectively the "FoxMeyer Subsidiaries"), and attempted to monopolize the market for pharmaceutical and health care product distribution by attempting to injure or destroy the FoxMeyer Subsidiaries. The Company is named as one of twelve "Manufacturer Defendants" alleged to have conspired with McKesson Corporation in doing, among other things, the above and (i) inducing Avatex to refrain from seeking other suitable purchasers for the FoxMeyer Subsidiaries and (ii) causing Avatex to believe that McKesson was serious about purchasing Avatex's assets at fair value, when, in fact, McKesson was not. The Manufacturer Defendants and McKesson are also alleged to have intentionally and tortiously interfered with a number of business expectancies and opportunities. The complaint seeks from the Manufacturer Defendants and McKesson compensatory damages of at least $400 million and punitive damages in an unspecified amount, as well as Avatex's costs and attorney's fees. The Company has filed an answer denying Avatex's allegations. The matter has been transferred to the Federal Bankruptcy Court in Dallas, Texas (the "Texas Bankruptcy Court"). The Manufacturer Defendants subsequently sought to transfer the matter to the Federal Bankruptcy Court in Delaware (the "Delaware Bankruptcy Court"), where the FoxMeyer Subsidiaries' Chapter 7 bankruptcy action is pending. On August 27, 1997, the Texas Bankruptcy Court denied the motion to transfer venue to the Delaware Bankruptcy Court, but decided that it would adhere to any decision made by the Delaware Bankruptcy Court regarding, among other things, ownership of claims asserted by Avatex, as described below. McKesson and the Manufacturer Defendants have intervened in an action brought by the Chapter 7 trustee in the Delaware Bankruptcy Court that seeks to enjoin the FoxMeyer Lawsuit and have moved for partial summary judgment in that proceeding, asserting that Avatex is not the owner of the alleged causes of action. On November 3, 1997, McKesson and the Manufacturer Defendants moved for summary judgment in the Delaware Bankruptcy Court to preclude Avatex and the Chapter 7 trustee from litigating in Delaware the claims brought in the Texas Bankruptcy Court. This motion has been fully briefed in the Delaware Bankruptcy Court and is awaiting decision. On January 9, 1998, the Delaware Bankruptcy Court judge informed the parties that she will not rule on this pending summary judgment motion before she retires from the bench and that the motion will have to be reassigned; since then, an interim judge has been appointed. To date, no discovery has occurred in either the Texas Bankruptcy Court adversary proceedings or the Delaware Bankruptcy Court adversary proceedings.

Synergen ANTRIL(TM) litigation

Johnson v. Amgen Boulder Inc. (formerly Synergen Inc.), et al., began as two suits filed in February 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 (the "Court") related to the development of ANTRIL(TM) (Synergen Inc.'s trade name for IL-1ra) for the treatment of sepsis in which the plaintiffs seek rescission of certain payments made to one of the defendants (or unspecified compensatory damages not less than $52 million) and treble damages. The two cases were consolidated into one case in Court and the consolidated case was certified as a class action lawsuit. Plaintiff, a limited partner of defendant Synergen Clinical Partners, L.P. (the "Partnership"), represents a class of other limited partners. The consolidated complaint, and as subsequently amended, alleges violations of federal and state securities laws, violations of other federal and state statutes, fraud, misrepresentation and breach of fiduciary duty. The defendants include Amgen Boulder Inc., the Partnership, Amgen Boulder Development Corporation (formerly Synergen Development Corporation) and certain officers and directors of the former Synergen Inc. Defendants answered the complaint, as amended, denying plaintiffs' claims and asserting various affirmative defenses. In August and September 1996, the parties filed cross motions for summary judgment. The Court heard arguments on November 1, 1996, but did not rule. On February 7, 1997, the Court preliminarily approved a settlement between the class and the defendants. Following an objection to the settlement by a member of the class, on December 2, 1997, the class and the defendants entered into a supplement to the settlement. The settlement, as supplemented, provides that the plaintiff class, which includes certain of the limited partners of the Partnership, will receive an initial cash payment of $16.5 million (including up to $3 million as payment to plaintiffs' counsel) in exchange for the transfer of ownership of their partnership units, dismissal of the suit with prejudice and the exchange by the parties of mutual releases. In addition, if the FDA should grant approval to market IL-1ra (as more specifically defined in the related settlement agreement) in the U.S., up to an additional $10 million will be payable to the class (including up to $1 million as payment to plaintiffs' counsel), and if product revenues for IL-1ra (as more specifically defined in the related settlement agreement) exceed $650 million by December 31, 2020, up to an additional $55 million will be payable to the class (including up to $5 million as payment to plaintiffs' counsel). On January 16, 1998, the Court granted final approval of the settlement and entered judgment dismissing the action. That judgment and the settlement have become final.

Johnson & Johnson arbitrations

The Company is engaged in arbitration proceedings with one of its licensees. See Note 4 to the Consolidated Financial Statements, "Contingencies - Johnson & Johnson arbitrations".

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, 1997.

PART II

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

The Company's common stock trades on The Nasdaq Stock Market under the symbol AMGN. As of March 11, 1998, there were approximately 14,000 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 1997 and 1996:

	High	Low
1997		
4th Quarter	$54-1/8	$45-15/16
3rd Quarter	61-3/4	46-15/16
2nd Quarter	68-3/8	55-7/8
1st Quarter	63	53
1996		
4th Quarter	$64	$54-3/8
3rd Quarter	63-3/8	51-1/2
2nd Quarter	61	52-3/8
1st Quarter	65-1/2	52-3/4

Item 6. SELECTED FINANCIAL DATA
(in million, except per share data)

	Years ended December 31,				
	1997	1996	1995	1994	1993
Consolidated Statement of Operations Data:					
Revenues:					
Product sales	$2,219.8	$2,088.2	$1,818.6	$1,549.6	$1,306.3
Other revenues	181.2	151.6	121.3	98.3	67.5
Total revenues	2,401.0	2,239.8	1,939.9	1,647.9	1,373.8
Research and development expenses	630.8	528.3	451.7	323.6	255.3
Write-off of in-process technology purchased	-	-	-	116.4	-
Marketing and selling expenses	302.0	310.1	272.9	236.9	214.1
General and administrative expenses	181.8	160.5	145.5	122.9	114.3
Legal assessment(award)	157.0	-	-	-	(13.9)
Net income(1)	644.3	679.8	537.7	319.7	383.3
Diluted earnings per share(1)	2.35	2.42	1.92	1.14	1.33
Cash dividends declared per share	-	-	-	-	-

	At December 31,				
	1997	1996	1995	1994	1993
Consolidated Balance Sheet Data:					
Total assets	$3,110.2	$2,765.6	$2,432.8	$1,994.1	$1,765.5
Long-term debt	229.0	59.0	177.2	183.4	181.2
Stockholders' equity	2,139.3	1,906.3	1,671.8	1,274.3	1,172.0

(1) Includes a legal assessment of $157 million, or $.35 per share, related to arbitration proceedings with Johnson & Johnson in 1997 (see Note 4 to the 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. Also 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 Standards No. 109 in 1993.

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 1997,

operations provided $902.9 million of cash compared with $822.6 million in 1996. The Company had cash, cash equivalents and marketable securities of $1,026.5 million at December 31, 1997, compared with $1,077 million at December 31, 1996.

Capital expenditures totaled $387.8 million in 1997 compared with $266.9 million in 1996. The Company anticipates spending approximately $400 million to $500 million in 1998 on capital projects and equipment to expand the Company's global operations. Thereafter, over the next few years, the Company anticipates that capital expenditures will average in excess of $400 million per year.

The Company receives cash from the exercise of employee stock options. In 1997, stock options and their related tax benefits provided $189 million of cash compared with $162.1 million in 1996. Proceeds from the exercise of stock options and their related tax benefits have varied and are expected to continue to vary from

period to period based upon, among other factors, fluctuations in the market value of the Company's common stock relative to the exercise price of such options.

The Company has a stock repurchase program primarily to offset the dilutive effect of its employee stock option and stock purchase plans. In both 1996 and 1997, shares repurchased exceeded the number of shares covered by options granted in each of those years. In 1997, the Company purchased 13.7 million shares of common stock at a cost of $737.9 million, and in 1996, the Company purchased 7.7 million shares of common stock at a cost of $450 million. In October 1997, the Board of Directors authorized the Company to repurchase up to an additional $1 billion of common stock through December 31, 1998. At December 31, 1997, $712.1 million of this authorization remained.

To provide for financial flexibility and increased liquidity, the Company has established several sources of debt financing. In November 1997, the Company established a $500 million debt shelf registration statement. In December 1997, pursuant to such registration statement, the Company issued $100 million of debt securities that bear interest at a fixed rate of 6.5% and mature in 10 years (the "Notes"). As of December 31, 1997, the Company had $259 million of unsecured debt securities outstanding. This amount includes the Notes, $59 million of debt securities that bear interest at fixed rates averaging 5.8% and mature in one to six years and $100 million of debt securities that bear interest at a fixed rate of 8.1% and mature in 2097 which were issued in April 1997. The Company also has a commercial paper program which provides for short-term borrowings up to an aggregate face amount of $200 million. The Company has a $150 million revolving line of credit for borrowings and to support the commercial paper program. As of December 31, 1997, no amounts were outstanding under either source.

The primary objectives for the Company's investment portfolio are liquidity and safety of principal. Investments are made to achieve the highest rate of return to the Company, consistent with these two objectives. The Company's investment policy limits investments to certain types of instruments issued by institutions

with investment grade credit ratings and places restrictions on maturities and concentration by type and issuer. The Company invests its excess cash in securities with varying maturities to meet projected cash needs.

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 for

the foreseeable future, as well as to support its stock repurchase program. However, the Company may raise additional capital from time to time.

Results of Operations

Product sales

Product sales were $2,219.8 million in 1997, an increase of $131.6 million or 6% over the prior year. In 1996, product sales were $2,088.2 million, an increase of $269.6 million or 15% over the prior year.

NEUPOGEN(R) (Filgrastim)

Worldwide NEUPOGEN(R) sales were $1,055.7 million in 1997, an increase of $39.4 million or 4% over the prior year. This increase was primarily due to demand growth and higher prices. Unfavorable foreign currency effects and European Union ("EU") government initiatives to lower health care expenditures reduced growth in EU sales. In addition, the Company believes that the use of protease inhibitors as a treatment for AIDS has reduced sales of NEUPOGEN(R) for off-label use as a supportive therapy in this setting. NEUPOGEN(R) is not approved or promoted for such use, except in Australia and Canada. In 1996, sales were $1,016.3 million, an increase of $80.3 million or 9% over the prior year. This increase was primarily due to growth in demand and a price increase.

Cost containment pressures in the U.S. health care marketplace have contributed to the slowing of growth in domestic NEUPOGEN(R) usage over the past several years. These pressures are expected to continue to influence growth for the foreseeable future. In addition, quarterly NEUPOGEN(R) sales volume is influenced by a number of factors including underlying demand and wholesaler inventory management practices.

The growth of the colony stimulating factor ("CSF") market in the EU in which NEUPOGEN(R) competes has slowed, principally due to EU government pressures on physician prescribing practices in response to on-going government initiatives to reduce health care expenditures. Additionally, the Company faces competition from another granulocyte CSF product. Amgen's CSF market share in the EU has remained relatively constant over the last year, however, the Company does not expect the competitive intensity to subside in the near future.

EPOGEN(R) (Epoetin alfa)

EPOGEN(R) sales were $1,160.7 million in 1997, an increase of $88.8 million or 8% over the prior year. EPOGEN(R) sales during

this period benefited from increases in the U.S. dialysis patient population, but were adversely affected by reimbursement changes implemented on September 1, 1997 by the Health Care Financing Administration ("HCFA"). Prior to these changes, fiscal intermediaries under contract with HCFA were authorized to pay reimbursement claims for patients whose hematocrits were above 36 percent, the top of the suggested target hematocrit range in the Company's labeling, if deemed medically justified. Under the new rules, medical justification is no longer accepted for payment of claims of hematocrits that exceed 36 percent, and if the current month's hematocrit is greater than 36 percent and the patient's hematocrit exceeds 36.5 percent on an historical 90-day "rolling average" basis, reimbursement for the last 30 days will be denied in full. Beginning in the second quarter of 1997, the Company has experienced a decline in the growth rate of EPOGEN(R) sales as dialysis providers attempt to lower hematocrits by lowering or withholding EPOGEN(R) doses in order to avoid or minimize claim denials under the new HCFA policy. The Company anticipates that dialysis providers will continue to administer lowered doses or withhold doses to maintain hematocrits at a level which, in their judgment, is sufficiently low to avoid or minimize claim denials. It is difficult to predict EPOGEN(R) usage under this reimbursement policy principally because individual patient hematocrit variability is high and thus difficult to control or maintain at a desired level, and the response by dialysis providers has varied.

In 1996, EPOGEN(R) sales were $1,071.9 million, an increase of $189.3 million or 21% over the prior year. This increase was 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.

Other product sales

Sales of INFERGEN(R) (Interferon alfacon-1), the Company's third product, were $3.4 million in 1997, much of which was to fill distribution channels. INFERGEN(R) was launched in October 1997 for the treatment of chronic hepatitis C virus infection. There are existing treatments for this infection against which INFERGEN(R) competes, and the Company cannot predict the extent to which it will penetrate this market.

Cost of sales

Cost of sales as a percentage of product sales was 13.6%, 13.6% and 15.0% for the years ended December 31, 1997, 1996 and 1995, respectively. In 1998, cost of sales as a percentage of product sales is expected to be slightly higher than 1997.

Research and development

In 1997 and 1996, research and development expenses increased $102.5 million or 19% and $76.6 million or 17%, respectively, compared with the respective prior years. These increases are primarily due to higher clinical and preclinical activities, including staff-related expenses, necessary to support ongoing product development activities. In 1998, annual research and development expenses are expected to increase but at a substantially

lower rate than 1997. This increase is planned for internal development of product candidates, and for discovery and licensing efforts.

Marketing and selling/general and administrative

In 1997, marketing and selling expenses decreased $8.1 million or 3% from the prior year due to lower European marketing expenses resulting from the favorable effects of foreign currency exchange rates and lower expenses related to the Johnson & Johnson arbitration. These reductions were partially offset by higher staff-related costs and higher outside marketing expenses. In 1996, marketing and selling expenses increased $37.2 million or 14% over the prior year primarily due to market research activities, efforts to increase the number of patients receiving NEUPOGEN(R) and efforts to bring more patients receiving EPOGEN(R) within the target hematocrit range.

In 1997 and 1996, general and administrative expenses increased $21.3 million or 13% and $15 million or 10%, respectively, compared with the respective prior years. These increases are primarily due to higher staff-related expenses and legal fees.

In 1998, marketing and selling expenses combined with general and administrative expenses are expected to have little growth.

Legal assessment

During the three months ended September 30, 1997, the Company recorded a pre-tax charge of $157 million relating to a spillover arbitration award to Johnson & Johnson. See Note 4 to the Consolidated Financial Statements - "Contingencies - Johnson & Johnson arbitrations".

Income taxes

The Company's tax rate was 25.2%, 29.4% and 32.3% for the years ended December 31, 1997, 1996 and 1995, respectively. The decrease

in 1997 is primarily due to the effect of the legal assessment which reduced pre-tax income without a corresponding reduction in tax benefits related to Puerto Rico operations and due to higher federal research and experimentation tax credits resulting from favorable legislation extending the credit for the entire year as compared with only six months for 1996. The decrease in 1996 is primarily the result of a favorable ruling received from the Puerto Rican government with respect to tollgate taxes applicable to earnings in Puerto Rico. The 1995 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. For 1998, the tax rate is likely to increase to approximately 30% primarily due to a provision in the U.S. federal tax law which caps tax benefits associated with the Company's Puerto Rico operations at the 1995 income level.

Foreign currency transactions

The Company has a program to manage certain portions of its exposure to fluctuations in foreign currency exchange rates arising from international operations. The Company generally hedges the

receivables and payables 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 foreign currency cash flows. At December 31, 1997, outstanding foreign currency option and forward contracts totaled $60.3 million and $69.6 million, respectively.

Year 2000

The Year 2000 issue results from computer programs that do not differentiate between the year 1900 and the year 2000 because they were written using two digits rather than four to define the applicable year; accordingly, computer systems that have time-sensitive calculations may not properly recognize the year 2000. The Company has conducted an initial review of its computer systems, devices, applications and manufacturing equipment (collectively, "Computer Systems") to identify those areas that could be affected by Year 2000 noncompliance. Additionally, the Company has appointed a program manager for Year 2000 compliance and is presently assessing in detail the affected Computer Systems and is developing plans to address the required modifications. The Company presently intends to utilize internal and external resources to identify, correct or reprogram and test its Computer Systems for Year 2000 compliance. The total cost associated with Year 2000 compliance is not known at this time. Although the Company has communicated with

all known suppliers, service providers, distributors, wholesalers and other entities with which it has a business relationship (collectively, "Third Party Businesses") regarding compliance with Year 2000 requirements, the Company has not determined the impact, if any, on its operations if Third Party Businesses fail to comply with Year 2000 requirements. While the Company has developed plans to complete modifications of its business critical Computer Systems prior to the year 2000, if modifications of such business critical Computer Systems, or Computer Systems of key Third Party Businesses are not completed in a timely manner, the Year 2000 issue could have a material adverse effect on the operations and financial position of the Company.

Financial Outlook

Future NEUPOGEN(R) (Filgrastim) sales growth is 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. Although not approved or promoted for use in Amgen's domestic or foreign markets, except for Australia and Canada, the Company believes that approximately 10% of its worldwide NEUPOGEN(R) sales are from off-label use as a supportive therapy to various AIDS treatments. Changes in AIDS therapies, including protease inhibitors that may be less myelosuppressive, are believed to have adversely affected and are expected to continue to adversely affect such sales. NEUPOGEN(R) usage is expected to continue to be affected by cost containment pressures on health care providers worldwide. In addition, reported NEUPOGEN(R) sales will continue to be affected by changes in foreign currency exchange rates and government budgets.

The Company anticipates a single digit sales growth rate for EPOGEN(R) (Epoetin alfa) in 1998. The Company also anticipates that, without any modifications to the reimbursement changes implemented by HCFA, additional sales growth due to dose, if any, is likely to be minimal; however, the Company believes that increases in the U.S. dialysis patient population will continue to grow EPOGEN(R) sales in the near term and long term. 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 previously disclosed report of the Office of the Inspector General has been issued, recommending a 10% reduction in the Medicare reimbursement rate for EPOGEN(R). The Company believes the recommendation would primarily affect dialysis providers and that it is difficult to predict the impact on Amgen.

INFERGEN(R) (Interferon alfacon-1) was launched in October 1997

for the treatment of chronic hepatitis C virus infection. There are existing treatments for this infection against which INFERGEN(R) competes, and the Company cannot predict the extent to which it will penetrate this market. The Company is presently engaged in certain litigation related to INFERGEN(R), as described in "Item 3. Legal Proceedings - INFERGEN(R) litigation".

The Company anticipates a single digit total product sales growth rate for 1998. Without giving effect to the 1997 legal assessment, earnings per share in 1998 is expected to grow at a rate between high single and low double digits. Estimates of future product sales and earnings per share, however, are necessarily speculative in nature and are difficult to predict with accuracy.

In October 1997, the Company announced that it is seeking a corporate partner for its inflammation research and development program located in Boulder, Colorado, which includes the product candidates IL-1ra (interleukin-1 receptor antagonist), sTNFr1 (soluble tumor necrosis factor receptor 1) and SLPI (secretory leukocyte protease inhibitor). However, there can be no assurance that the Company will be successful in finding an acceptable corporate partner on acceptable business terms.

Except for the historical information contained herein, the matters discussed herein are by their nature forward-looking. Investors are cautioned that forward-looking statements or projections made by the Company, including those made in this document, are subject to risks and uncertainties that may cause actual results to differ materially from those projected. Reference is made in particular to forward-looking statements regarding product sales, earnings per share and expenses. Amgen operates in a rapidly changing environment that involves a number of risks, some of which are beyond the Company's control. Future operating results and the Company's stock price may be affected by a number of factors, including, without limitation: (i) the results of preclinical and clinical trials; (ii) regulatory approvals of product candidates, new indications and manufacturing facilities; (iii) reimbursement for Amgen's products by governments and private payors; (iv) health care guidelines relating to Amgen's products; (v) intellectual property matters (patents) and the results of

litigation; (vi) competition; (vii) fluctuations in operating results and (viii) rapid growth of the Company. These factors and others are discussed herein and in the sections appearing in "Item 1. Business - Factors that May Affect the Company", which sections are incorporated herein by reference.

Legal Matters

The Company is engaged in arbitration proceedings with one of its licensees. For a complete discussion of these matters, see Note 4 to the Consolidated Financial Statements.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest income earned on the Company's investment portfolio is affected by changes in the general level of U.S. interest rates. However, changes in interest rates do not affect interest expense incurred on the Company's short-term and long-term borrowings because they all bear interest at fixed rates. The following table provides information about the Company's financial instruments that are sensitive to changes in interest rates. For the Company's investment portfolio and debt obligations, the table presents principal cash flows and related weighted average interest rates by expected maturity dates. Additionally, the Company has assumed its available-for-sale debt securities, comprised primarily of corporate debt instruments and treasury securities, are similar enough to aggregate those securities for presentation purposes.

Interest Rate Sensitivity
Principal Amount by Expected Maturity
Average Interest Rate
(Dollars in millions)

	1998	1999	2000	2001	2002	There-after	Total	Fair Value 12/31/97
Available-for-sale debt securities	$451.5	$268.2	$227.1	$65.2	$5.0	-	$1,017.0	$1,029.7
Interest rate	6.5%	7.0%	6.9%	5.7%	6.3%	-		
Long-term debt (including current portion)	$30.0	$6.0	-	-	-	$223.0	$259.0	$276.3
Interest rate	5.6%	5.5%	-	-	-	7.3%		

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 FIANCIAL DISCLOSURES

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 1998 Annual Meeting to be filed with the Securities and Exchange Commission within 120 days of December 31, 1997 (the "Proxy Statement"). For information concerning the executive officers of the Company see "Item 1. Executive Officers of the Registrant".

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 MANAGMENT

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 as amended. (19)
3.2*	Amended and Restated Bylaws.
4.1	Indenture dated January 1, 1992 between the Company and Citibank N.A., as trustee. (8)
4.2	Forms of Commercial Paper Master Note Certificates. (10)
4.3	First Supplement to Indenture, dated February 26, 1997 between the Company and Citibank N.A., as trustee. (16)
4.4	Officer's Certificate pursuant to Sections 2.1 and 2.3 of the Indenture, as supplemented, establishing a series of securities "8-1/8% Debentures due April 1, 2097." (18)
4.5	8-1/8% Debentures due April 1, 2097. (18)
4.6	Form of stock certificate for the common stock, par value $.0001 of the Company. (19)
4.7	Officer's Certificate pursuant to Sections 2.1 and 2.3 of the Indenture, dated as of January 1, 1992, as supplemented by the First supplemental Indenture, dated as of February 26, 1997, each between the Company and

	Citibank, N.A., as Trustee, establishing a series of securities entitled "6.50% Notes Due December 1, 2007". (22)
4.8	6.50% Notes Due December 1, 2007 described in Exhibit 4.7. (22)
10.1*+	Company's Amended and Restated 1991 Equity Incentive Plan.
10.2+	Company's Amended and Restated 1984 Stock Option Plan. (14)
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. (14)
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 1988 Stock Option Plan. (14)
10.14+	Company's Amended and Restated Retirement and Savings Plan. (14)
10.15	Amendment, dated June 30, 1988, to Research, Development, Technology Disclosure and License Agreement: GM-CSF dated March 31, 1987, between Kirin Brewery Company, Limited and the Company. (6)
10.16	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). (7)
10.17	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). (7)
10.18	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). (7)
10.19	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. (9)
10.20+	Amgen Supplemental Retirement Plan dated June 1, 1993. (11)
10.21	Promissory Note of Mr. Kevin W. Sharer, dated June 4,

	1993. (11)
10.22+	Amgen Performance Based Management Incentive Plan. (17)
10.23	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. (12)
10.24	Promissory Note of Mr. George A. Vandeman, dated December 15, 1995. (13)
10.25	Promissory Note of Mr. George A. Vandeman, dated December 15, 1995. (13)
10.26	Promissory Note of Mr. Stan Benson, dated March 19, 1996. (13)
10.27+	Amendment No. 1 to the Company's Amended and Restated Retirement and Savings Plan. (14)
10.28+	Amendment Number 5 to the Company's Amended and Restated Retirement and Savings Plan dated January 1, 1993. (17)
10.29+	Amendment Number 2 to the Company's Amended and Restated Retirement and Savings Plan dated April 1, 1996. (17)
10.30	First Amendment to Credit Agreement, dated as of December 12, 1996, among Amgen Inc., the Borrowing Subsidiaries named therein, and Swiss Bank Corporation as Administrative Agent. (17)
10.31	Fourth Amendment to Rights Agreement, dated February 18, 1997 between Amgen Inc. and American Stock Transfer and Trust Company, Rights Agent. (15)
10.32	Preferred Share Rights Agreement, dated February 18, 1997, between Amgen Inc. and American Stock Transfer and Trust Company, Rights Agent. (15)
10.33+	Consulting Agreement, dated November 15, 1996, between the Company and Daniel Vapnek. (17)
10.34+	Agreement, dated May 30, 1995, between the Company and George A. Vandeman. (17)
10.35+	First Amendment, effective January 1, 1998, to the Company's Amended and Restated Employee Stock Purchase Plan. (20)
10.36+	Third Amendment, effective January 1, 1997, to the Company's Amended and Restated Retirement and Savings Plan dated April 1, 1996. (20)

10.37	Heads of Agreement dated April 10, 1997, between the Company and Kirin Amgen, Inc., on the one hand, and F. Hoffmann-La Roche Ltd, on the other hand (with certain confidential information deleted therefrom). (20)
10.38	Binding Term Sheet, dated August 20, 1997, between Guilford Pharmaceuticals Inc. ("Guilford") and GPI NIL Holdings, Inc., and Amgen Inc. (with certain confidential information deleted therefrom). (21)

10.39*	Promissory Note of Ms. Kathryn E. Falberg, dated April 7, 1995.
10.40*	Promissory Note of Mr. Edward F. Garnett, dated July 18, 1997.
10.41*+	Fourth Amendment to the Company's Amended and Restated Retirement and Savings Plan as amended and restated effective April 1, 1996.
10.42*+	Fifth Amendment to the Company's Amended and Restated Retirement and Savings Plan as amended and restated effective April 1, 1996.
21*	Subsidiaries of the Company.
23	Consent of Ernst & Young LLP, Independent Auditors. The consent set forth as page 49 is incorporated herein by reference.
24	Power of Attorney. The Power of Attorney set forth on page 48 is incorporated herein by reference.
27*	Financial Data Schedule.

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* Filed herewith.

\+ 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 Annual Report on Form 10-K for the year ended March 31, 1989 on June 28, 1989 and incorporated herein by reference.

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

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

(10) 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.

(11) 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.
(12) 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.
(13) Filed as an exhibit to the Annual Report on Form 10-K for the year ended December 31, 1995 on March 29, 1996 and incorporated herein by reference.
(14) Filed as an exhibit to the Form 10-Q for the quarter ended September 30, 1996 on November 5, 1996 and incorporated herein by reference.
(15) Filed as an exhibit to the Form 8-K Current Report dated February 18, 1997 on February 28, 1997 and incorporated herein by reference.
(16) Filed as an exhibit to the Form 8-K Current Report dated March 14, 1997 on March 14, 1997 and incorporated herein by reference.
(17) Filed as an exhibit to the Annual Report on Form 10-K for the year ended December 31, 1996 on March 24, 1997 and incorporated herein by reference.
(18) Filed as an exhibit to the Form 8-K Current Report dated April 8, 1997 on April 8, 1997 and incorporated herein by reference.
(19) Filed as an exhibit to the Form 10-Q for the quarter ended March 31, 1997 on May 13, 1997 and incorporated herein by reference.
(20) Filed as an exhibit to the Form 10-Q for the quarter ended June 30, 1997 on August 12, 1997 and incorporated herein by reference.
(21) Filed as exhibit 10.47 to the Guilford Form 8-K Current Report dated August 20, 1997 on September 4, 1997 and incorporated herein by reference.
(22) Filed as an exhibit to the Form 8-K Current Report dated and filed on December 5, 1997 and incorporated herein by reference.

(b) Reports on Form 8-K

The Company filed two Current Reports on Form 8-K during the three months ended December 31, 1997. The report filed on December 5, 1997 reported under Item 5 that the Company had filed a shelf registration statement (the "Shelf") related to the issuance of debt securities, a prospectus supplement had been filed relating to the issuance of debt securities under the Shelf and an underwriting agreement had been entered into relating to the sale of these debt securities. In addition, a list of related exhibits was reported under Item 7.

The report filed on December 9, 1997 reported under Item 5 that the Company had filed a prospectus supplement relating to the issuance of additional debt securities under the Shelf and a distribution

agreement had been entered into relating to the sale of these debt securities. In addition, a list of related exhibits was reported under Item 7.

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: 3/23/98

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

POWER OF ATTORNEY

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

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

/s/GORDON M. BINDER 3/23/98
Gordon M. Binder
Chairman of the Board,
Chief Executive Officer and
Director
(Principal Executive Officer)

/s/KEVIN W. SHARER 3/23/98
Director

/s/FREDERICK W. GLUCK 3/23/98
Frederick W. Gluck
Director

/s/FRANKLIN P. JOHNSON, JR. 3/23/98
Franklin P. Johnson, Jr.
Director

Kevin W. Sharer President, Chief Operating Officer and Director			
		/s/STEVEN LAZARUS Steven Lazarus Director	3/23/98
/s/ROBERT S. ATTIYEH Robert S. Attiyeh Senior Vice President, Finance and Corporate Development and Chief Financial Officer	3/23/98		
		/s/EDWARD J. LEDDER Edward J. Ledder Director	3/23/98
/s/KATHRYN E. FALBERG Kathryn E. Falberg Vice President, Corporate Controller and Chief Accounting Officer	3/23/98		
		/s/GILBERT S. OMENN Gilbert S. Omenn Director	3/23/98
/s/WILLIAM K. BOWES, JR. William K. Bowes, Jr. Director	3/23/98	/s/JUDITH C. PELHAM Judith C. Pelham Director	3/23/98

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 Amended and Restated Amgen Retirement and Savings Plan, in the Registration Statements (Form S-3/S-8 No. 33-29791 and Form S-8 No. 33-42501) pertaining to the Amended and Restated 1987 Directors' Stock Option Plan, in the Registration Statement (Form S-8 No.33-42072)

pertaining to the Amgen Inc. Amended and Restated 1991 Equity Incentive Plan, in the Registration Statement (Form S-8 No. 33-47605) pertaining to the Retirement and Savings Plan for Amgen Puerto Rico, Inc., in the Registration Statement (Form S-8 No. 333-44727) pertaining to the Amgen Inc. 1997 Special Non-Officer Equity Incentive Plan and in the Registration Statement (Form S-3 No. 333-40405) of Amgen Inc. and in the related Prospectuses of our report dated January 21, 1998, 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, 1997.

/s/ ERNST & YOUNG LLP

Los Angeles, California
March 23, 1998

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, 1997 and 1996, and the related consolidated statements of operations, stockholders' equity and cash

flows for each of the three years in the period ended December 31, 1997. 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amgen Inc. at December 31, 1997 and 1996 and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1997, 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 21, 1998

AMGEN INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
Years ended December 31, 1997, 1996 and 1995
(In millions, except per share data)

	1997	1996	1995
Revenues:			
Product sales	$2,219.8	$2,088.2	$1,818.6
Corporate partner revenues	125.9	109.9	85.2
Royalty income	55.3	41.7	36.1
Total revenues	2,401.0	2,239.8	1,939.9
Operating expenses:			
Cost of sales	300.8	283.2	272.9
Research and development	630.8	528.3	451.7
Marketing and selling	302.0	310.1	272.9
General and administrative	181.8	160.5	145.5
Loss of affiliates, net	36.1	52.8	53.3
Legal assessment	157.0	-	-
Total operating expenses	1,608.5	1,334.9	1,196.3
Operating income	792.5	904.9	743.6
Other income (expense):			
Interest and other income	72.6	63.6	66.1
Interest expense, net	(3.7)	(6.2)	(15.3)
Total other income (expense)	68.9	57.4	50.8
Income before income taxes	861.4	962.3	794.4
Provision for income taxes	217.1	282.5	256.7
Net income	$ 644.3	$ 679.8	$ 537.7
Earnings per share:			
Basic	$2.44	$2.57	$2.03
Diluted	$2.35	$2.42	$1.92
Shares used in calculation of earnings per share:			
Basic	264.1	264.9	265.0
Diluted	274.6	280.7	280.7

See accompanying notes.

AMGEN INC.
CONSOLIDATED BALANCE SHEETS
December 31, 1997 and 1996
(In millions, except per share data)

	1997	1996
ASSETS		
Current assets:		
Cash and cash equivalents	$ 239.1	$ 169.3
Marketable securities	787.4	907.7
Trade receivables, net of allowance for doubtful accounts of $14.2 in 1997 and $11.8 in 1996	269.0	225.4
Inventories	109.2	97.4
Other current assets	138.8	102.8
Total current assets	1,543.5	1,502.6
Property, plant and equipment at cost, net	1,186.2	910.5
Investments in affiliated companies	116.9	109.6
Other assets	263.6	242.9
	$3,110.2	$2,765.6
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 103.9	$ 75.0
Accrued liabilities	608.0	449.7
Current portion of long-term debt	30.0	118.2
Total current liabilities	741.9	642.9
Long-term debt	229.0	59.0
Put warrants	-	157.4
Contingencies		
Stockholders' equity:		
Preferred stock; $.0001 par value; 5		

shares authorized; none issued or outstanding	-	-
Common stock and additional paid-in capital; $.0001 par value; 750 shares authorized; outstanding - 258.3 shares in 1997 and 264.7 shares in 1996	1,196.1	1,026.9
Retained earnings	943.2	879.4
Total stockholders' equity	2,139.3	1,906.3
	$3,110.2	$2,765.6

See accompanying notes.

AMGEN INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Years ended December 31, 1997, 1996 and 1995
(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
Issuance of common stock upon the exercise of stock options and in connection with an employee stock purchase plan	6.7	113.5	-
Tax benefits related to stock options	-	48.6	-
Reclassification of put warrant obligation	-	-	(157.4)

Repurchases of common stock	(7.7)	-	(450.0)
Net income	-	-	679.8
Balance at December 31, 1996	264.7	1,026.9	879.4
Issuance of common stock upon the exercise of stock options and in connection with an employee stock purchase plan	7.3	134.3	-
Tax benefits related to stock options ...	-	54.7	-
Reclassification of put warrant obligation	-	-	157.4
Repurchases of common stock	(13.7)	-	(737.9)
Net income	-	-	644.3
Cumulative translation adjustment and other	-	(19.8)	-
Balance at December 31, 1997	258.3	$1,196.1	$943.2

See accompanying notes.

AMGEN INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 1997, 1996 and 1995
(In millions)

	1997	1996	1995
Cash flows from operating activities:			
Net income	$ 644.3	$ 679.8	$ 537.7
Depreciation and amortization	117.1	100.3	84.3
Deferred income taxes	(31.4)	25.6	23.9
Loss of affiliates, net	36.1	52.8	53.3
Cash provided by (used in):			
Trade receivables, net	(43.6)	(26.1)	(4.6)
Inventories	(11.8)	(8.6)	9.2
Other current assets	5.0	(11.8)	(8.0)
Accounts payable	28.9	20.6	23.9

Accrued liabilities	158.3	(10.0)	53.5
Net cash provided by operating activities	902.9	822.6	773.2
Cash flows from investing activities:			
Purchases of property, plant and equipment	(387.8)	(266.9)	(162.7)
Proceeds from maturities of marketable securities	244.3	168.3	129.6
Proceeds from sales of marketable securities	647.1	762.4	1,018.8
Purchases of marketable securities	(767.5)	(854.8)	(1,646.6)
Increase in investments in affiliated companies	(3.3)	(14.6)	(19.5)
Increase in other assets	(35.0)	(104.6)	(13.7)
Net cash used in investing activities	$(302.2)	$(310.2)	$ (694.1)

See accompanying notes.

(Continued on next page)

AMGEN INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
Years ended December 31, 1997, 1996 and 1995
(In millions)

	1997	1996	1995
Cash flows from financing			

activities:			
Decrease in commercial paper	$ -	$ (69.7)	$ (30.0)
Repayment of long-term debt	(118.2)	-	(6.2)
Proceeds from issuance of long-term debt	200.0	-	-
Net proceeds from issuance of common stock upon the exercise of stock options and in connection with an employee stock purchase plan	134.3	113.5	102.7
Tax benefits related to stock options	54.7	48.6	42.8
Repurchases of common stock	(737.9)	(450.0)	(285.7)
Other	(63.8)	(52.2)	(47.3)
Net cash used in financing activities	(530.9)	(409.8)	(223.7)
Increase (decrease) in cash and cash equivalents	69.8	102.6	(144.6)
Cash and cash equivalents at beginning of period	169.3	66.7	211.3
Cash and cash equivalents at end of period	$ 239.1	$ 169.3	$ 66.7

See accompanying notes.

AMGEN INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1997

1. Summary of significant accounting policies

Business

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

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries as well as affiliated companies in which the Company has a 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.

Available-for-sale 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 and cost method equity investments available-for-sale as defined in Statement of Financial Accounting Standards ("SFAS") No. 115 and accordingly, these investments are recorded at fair value (see Note 9). There were no material unrealized gains or losses nor any material differences between the estimated fair values and costs of securities at December 31, 1997 and 1996. There were no material realized gains and losses for the years ended December 31, 1997, 1996 and 1995. The cost of securities sold is based on the specific identification method. The fair value of available-for-sale investments by type of security, contractual maturity and

classification in the balance sheet are as follows (in millions):

	December 31, 1997	December 31, 1996
Type of security:		
Corporate debt securities	$ 597.2	$ 656.2
U.S. Treasury securities and obligations of U.S. government agencies	266.3	209.7
Other interest bearing securities	166.2	222.3
Total debt securities	1,029.7	1,088.2
Equity securities	97.9	79.3
	$1,127.6	$1,167.5
Contractual maturity:		
Maturing in one year or less	$ 453.3	$ 610.8
Maturing after one year through three years	505.4	351.3
Maturing after three years	71.0	126.1
Total debt securities	1,029.7	1,088.2
Equity securities	97.9	79.3
	$1,127.6	$1,167.5
Classification in balance sheet:		
Cash and cash equivalents	$ 239.1	$ 169.3
Marketable securities	787.4	907.7
Other assets - noncurrent	137.9	119.3
	1,164.4	1,196.3
Less cash	(36.8)	(28.8)

	$1,127.6	$1,167.5
	========	========

The primary objectives for the Company's investment portfolio are liquidity and safety of principal. Investments are made to achieve the highest rate of return to the Company, consistent with these two objectives. The Company's investment policy limits investments to certain types of instruments issued by institutions with investment grade credit ratings and places restrictions on maturities and concentration by type and issuer. The Company invests its excess cash in securities with varying maturities to meet projected cash needs.

Inventories

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

	December 31, 1997	1996
Raw materials	$ 18.7	$15.9
Work in process	53.6	56.2
Finished goods	36.9	25.3
	$109.2	$97.4

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. Useful lives by asset category are as follows:

Asset Category	Years

Buildings	10 - 30
Manufacturing equipment	5
Laboratory equipment	5
Furniture and office equipment	3 - 10

Product sales

Product sales consist of three products, EPOGEN(R) (Epoetin alfa), NEUPOGEN(R) (Filgrastim) and INFERGEN(R) (Interferon alfacon-1).

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. Sales in Amgen's exclusive market and adjustments thereto are derived from Company shipments and from third-party data on shipments to end users and their usage (see Note 4, "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.

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 certain anticipated foreign currency cash flows generally over the next 12 months, primarily resulting from its sales in Europe. At December 31, 1997, the Company had option and forward contracts to exchange foreign currencies for U.S. dollars of $60.3 million and $15.2 million, respectively, all having maturities of ten months or less. The option contracts, which have only nominal intrinsic value at the time of purchase, 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 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. Net gains on option contracts (including option contracts for hedged transactions whose occurrence are no longer probable) and changes in market values of forward contracts are reflected in "Interest and other income". The deferred premiums on option contracts and fair values of forward contracts are included in "Other current assets".

The Company has additional foreign currency forward contracts to hedge exposures to foreign currency fluctuations of certain receivables and payables denominated in foreign currencies. At December 31, 1997, the Company had forward contracts to exchange foreign currencies, primarily Swiss francs, for U.S. dollars of $54.4 million, all having maturities of five 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. The fair values of the forward contracts are included in the corresponding captions of the hedged assets and liabilities. Gains and losses on forward contracts, to the extent they differ in amount from the hedged receivables and payables, are included in "Interest and other income".

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, 1997, 1996 and 1995, were $10.5 million, $4.2 million and $4.7 million, respectively.

Stock option and purchase plans

The Company's stock option and purchase plans are accounted for under Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees" (see Note 7).

Earnings per share

During the year ended December 31, 1997, the Company adopted SFAS No. 128, "Earnings Per Share", which required a change in the method used to compute earnings per share. Under this new standard, primary and fully diluted earnings per share were replaced with "Basic" and "Diluted" earnings per share. Basic earnings per share

amounts exclude the dilutive effect of potential common shares and are therefore higher than the primary earnings per share amounts previously presented. For Amgen, diluted earnings per share amounts under the new standard are the same as primary earnings per share amounts previously presented. As required by SFAS No. 128, all prior period amounts have been restated to conform to the new presentation.

Basic earnings per share is based upon the weighted-average number of common shares outstanding. Diluted earnings per share is based upon the weighted-average number of common shares and dilutive potential common shares outstanding. Potential common shares are outstanding options under the Company's stock option plans which are included under the treasury stock method.

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

	Years ended December 31,		
	1997	1996	1995
Numerator for basic and diluted earnings per share - net income	$644.3	$679.8	$537.7
Denominator:			
Denominator for basic earnings per share - weighted-average shares	264.1	264.9	265.0
Effect of dilutive securities - employee stock options	10.5	15.8	15.7
Denominator for diluted earnings per share - adjusted weighted-average shares	274.6	280.7	280.7
Basic earnings per share	$2.44	$2.57	$2.03
Diluted earnings per share	$2.35	$2.42	$1.92

Options to purchase 10.7 million, 0.2 million and 0.4 million shares with exercise prices greater than the average market prices of common stock were outstanding during the years ended December 31, 1997, 1996 and 1995, respectively. These options were excluded from the respective computations of diluted earnings per share because their effect would be anti-dilutive.

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. 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, 1997, 1996 and 1995, are $87.9 million, $79.9 million and $72.6 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, 1997, 1996 and 1995, Kirin-Amgen earned royalties from Amgen of $91.4 million, $86.2 million and $74.2 million, respectively, under such agreements, which are included in "Cost of sales" in the accompanying consolidated statements of operations.

At December 31, 1997, Amgen's share of Kirin-Amgen's undistributed retained earnings was approximately $73.5 million.

3. Debt

The Company has a commercial paper program which provides for unsecured short-term borrowings up to an aggregate of $200 million. No commercial paper was outstanding at December 31, 1997 and 1996.

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

	December 31, 1997	1996
Debt securities	$259.0	$109.0
Promissory notes	-	68.2
	259.0	177.2
Less current portion	(30.0)	(118.2)
	$229.0	$ 59.0

In November 1997, the Company established a $500 million debt shelf registration statement. In December 1997, pursuant to this registration statement, the Company issued $100 million of debt securities that bear interest at a fixed rate of 6.5% and mature in 10 years (the "Notes") and established a $400 million medium term note program. The Company may offer and issue medium term notes from time to time with terms to be determined by market conditions.

In April 1997, the Company issued $100 million of debt securities that bear interest at a fixed rate of 8.1% and mature in 2097 (the "Century Notes"). These securities may be redeemed in whole or in part at the Company's option at any time for a redemption price equal to the greater of the principal amount to be redeemed or the sum of the present values of the principal and remaining interest payments discounted at a determined rate plus, in each case, accrued interest.

In addition to the Notes and the Century Notes, debt securities outstanding at December 31, 1997 include $59 million of notes that bear interest at fixed rates averaging 5.8% and mature in one to six years. The terms of the debt securities require the Company to meet certain debt to tangible net asset ratios and places limitations on liens and sale/leaseback transactions and, except with respect to the Notes and the Century Notes, places limitations on subsidiary

indebtedness.

The Company issued promissory notes to assist in financing the acquisition and related construction of a manufacturing facility in Puerto Rico. These notes were repaid in 1997.

The Company has an unsecured credit facility (the "credit facility") that 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"). As of December 31, 1997, $150 million was available under the revolving line commitment for borrowing. 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, 1997, are as follows: $30 million in 1998; $6 million in 1999; none in 2000; none in 2001; none in 2002; and $223 million after 2002.

4. Contingencies

Johnson & Johnson arbitrations

Epoetin alfa

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

A dispute between Amgen and Johnson & Johnson that is the subject of a 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 in the Company's and Johnson & Johnson's respective exclusive markets, sometimes referred to as "spillover". Spillover occurs when, for example, a hospital or other purchaser buys one brand for use in both dialysis and non-dialysis indications. On September 12, 1997, the arbitrator in this matter (the "Arbitrator") issued an opinion adopting the Company's audit methodology. For the free standing dialysis center segment of the Epoetin alfa market, which accounts for about two-thirds of the Company's EPOGEN sales, the Arbitrator ruled that the Company's audit accurately determined that all Epoetin alfa sales to free standing dialysis centers are made for dialysis. For the other segments of the Epoetin alfa market, the Arbitrator ruled that the detailed methodology used by Amgen accurately measured and allocated Epoetin alfa sales for all but the Hospital and Home Health Care segments, for which he ordered certain adjustments to the results of the audit for the 1991-94 time period. The Arbitrator also ruled that no payments are due for the 1989-90 period. Subject to further guidance from the Arbitrator to clarify his opinion, the Company estimated that the effect of the opinion would be a net spillover payment to Johnson & Johnson which, after benefit of income tax effects, was $78 million for the 1991-94 period and interest in the amount of $18 million after tax. As a result of the opinion, the Company took a charge of $0.35 per share in the third quarter of 1997 for the spillover payment and interest.

A hearing before the Arbitrator was held on October 27, 1997 to clarify, among other issues, the calculation for the amount of the spillover payment due to Johnson & Johnson for the 1991-94 time

period. As a result of that hearing, the Company will pay an additional amount to Johnson & Johnson for the 1991-94 period which is covered by amounts previously provided for by the Company. Further rulings clarifying the Company's entitlement to attorneys' fees and costs and audit costs as well as the calculation of spillover payments, if any, that may be due to the Company or Johnson & Johnson for 1995, 1996 and 1997 have been sought by the parties before a final order is issued. Pending determination by the Arbitrator, the Company has not taken any benefit for the possible recovery of attorneys' fees and costs or audit costs and has retained spillover reserves. Johnson & Johnson also disputes the Company's entitlement to reimbursement for attorneys' fees and costs or audit costs. Accordingly, there can be no assurance that the Arbitrator will award such reimbursement. If, as a result of these further arbitration rulings, any adjustments to the results of the Company's audit yield results that are different from the results of the audit currently employed by the Company, the Company may be required to pay additional compensation to Johnson & Johnson for sales during 1995,

1996 and 1997, or Johnson & Johnson may be required to pay compensation to the Company for such prior period sales.

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. Johnson & Johnson disputes the Arbitrator's jurisdiction to decide the Company's demand. A hearing before the Arbitrator on the Company's demand will be scheduled following his final adjudication of the audit methodologies for Epoetin alfa sales.

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. On October 27, 1995, the Company filed a complaint in the Circuit Court of Cook County, Illinois seeking an order compelling Johnson & Johnson to arbitrate the Company's claim for termination before the Arbitrator as well as all related counterclaims asserted in Johnson & Johnson's October 2, 1995 AAA arbitration demand. The Company is unable to predict at this time the outcome of the demand for termination or when it will be resolved. The Company has filed a motion to stay the AAA arbitration pending the outcome of the existing arbitration proceedings before the Arbitrator 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 counter claiming for certain unpaid invoices.

NESP

On June 5, 1997, Johnson & Johnson filed a demand for arbitration against Kirin-Amgen, Inc. ("Kirin-Amgen"), an affiliate of the Company, before the AAA. The demand alleges that Amgen's novel erythropoiesis stimulating protein ("NESP") is covered by a license granted by Kirin-Amgen to Johnson & Johnson in 1985 for the

development, manufacture and sale of Epoetin alfa in certain territories outside the United States, Japan and China (the "K-A License"). In 1996 Kirin-Amgen acquired exclusive worldwide rights in NESP from Amgen. Kirin-Amgen, in turn, transferred certain rights in NESP to Kirin and certain rights to Amgen. Johnson & Johnson alleges that the K-A License effectively grants Johnson & Johnson the same right to develop, manufacture and sell NESP as granted under the K-A License with respect to Epoetin alfa. Kirin-Amgen filed its

answer to Johnson & Johnson's complaint on January 12, 1998, denying that Johnson & Johnson has rights to NESP. Kirin-Amgen also asserted a counterclaim for the recovery of certain royalty payments which Kirin-Amgen asserts were improperly withheld. The trial in this matter is scheduled to commence in July 1998.

While it is not possible to predict accurately or determine the eventual outcome of the above described legal matters 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 annual financial statements.

5. Income taxes

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

	Years ended December 31,		
	1997	1996	1995
Current provision:			
Federal (including U.S. possessions)	$227.2	$240.4	$211.5
State	21.2	16.6	21.3
Total current provision	248.4	257.0	232.8
Deferred provision (benefit):			
Federal (including U.S. possessions)	(25.6)	24.1	25.1
State	(5.7)	1.4	(1.2)
Total deferred provision (benefit)	(31.3)	25.5	23.9
	$217.1	$282.5	$256.7

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, 1997	1996
Deferred tax assets:		
Expense accruals	$103.3	$ 55.9
Net operating loss carryforwards	63.1	83.3
Fixed assets	25.4	12.9
Research collaboration expenses	23.1	19.0
Royalty obligation buyouts	9.8	11.0
Other	7.1	9.5
Total deferred tax assets	231.8	191.6
Valuation allowance	(79.7)	(82.6)
Net deferred tax assets	152.1	109.0
Deferred tax liabilities:		
Purchase of technology rights	(54.9)	(45.0)
Other	(3.9)	(2.7)
Total deferred tax liabilities	(58.8)	(47.7)
	$ 93.3	$ 61.3

The net change in the valuation allowance for deferred tax assets during the year ended December 31, 1997 was a $2.9 million reduction.

At December 31, 1997, the Company had operating loss carryforwards available to reduce future federal taxable income of which $80.2 million expire in 2008 and $81.9 million expire in 2009. These operating loss carryforwards relate to the 1994 acquisition of Synergen, Inc., a biotechnology company. Utilization of these operating loss carryforwards is limited to approximately $16 million per year.

The provision for income taxes varies from income taxes provided based on the federal statutory rate as follows:

	Years ended December 31, 1997	1996	1995
Statutory rate applied to income before income taxes	35.0%	35.0%	35.0%
Benefit of Puerto Rico operations, net of Puerto Rico income taxes	(7.3)%	(6.8)%	(3.5)%
Utilization of tax credits, primarily research and experimentation	(2.9)%	(1.1)%	(0.8)%

Other, net	0.4%	2.3%	1.6%
	25.2%	29.4%	32.3%

Income taxes paid during the years ended December 31, 1997, 1996 and 1995, totaled $176.1 million, $246 million and $100.8 million, respectively.

6. Stockholders' equity

Stockholder Rights agreement

On February 18, 1997, the Board of Directors of the Company redeemed the rights under the Company's former common stock rights plan and declared and distributed a dividend of one preferred share purchase right (a "Right") for each then outstanding share of common stock of the Company and authorized the distribution of one Right with respect to each subsequently issued share of common stock. The Rights and the redemption price were payable to stockholders of record on March 21, 1997.

Each Right entitles a stockholder to buy one one-thousandth of a share of Series A Junior Participating Preferred Stock of the Company at an exercise price of $225. The Rights will expire on March 21, 2007.

Under certain circumstances, if an acquiring person or group acquires 10% or more of the Company's outstanding common stock, an exercisable Right will entitle its holder (other than the acquirer) to buy shares of common stock of the Company having a market value of two times the exercise price of one Right. However, in limited circumstances approved by the outside directors of the Board, a stockholder who enters into an acceptable standstill agreement may acquire up to 20% of the outstanding shares without triggering the Rights. If an acquirer acquires at least 10%, but less than 50%, of the Company's common stock, the Board may exchange each Right (other than those of the acquirer) for one share of common stock per Right. In addition, under certain circumstances, if the Company is involved in a merger or other business combination where it is not the surviving corporation, an exercisable Right will entitle its holder to buy shares of common stock of the acquiring company having a market value of two times the exercise price of one Right. The Company may redeem the Rights at $.001 per Right at any time prior to the public announcement that a 10% position has been acquired.

Stock repurchase program

The Company has a stock repurchase program primarily to offset

the dilutive effect of its employee stock option and stock purchase plans. Stock repurchased under the program is retired. In October 1997, the Board of Directors authorized the Company to repurchase up to $1 billion of common stock through December 31, 1998. As of December 31, 1997, $712.1 million was available for repurchase under the program.

In connection with the Company's stock repurchase program, put warrants were sold to an independent third party during 1996. Each put warrant entitled the holder to sell one share of Amgen Inc. common stock to the Company at a specified price. The maximum potential repurchase obligation outstanding under these instruments was reclassified from stockholders' equity to "Put warrants". No put warrants were outstanding at December 31, 1997. The repurchase obligation for put warrants at December 31, 1996 was $157.4 million.

Additionally during 1996, the Company purchased call options from an independent third party. Each call option entitled the Company to buy one share of Amgen Inc. common stock at a specified

price. The premiums received from the sale of the put warrants offset in full the cost of the call options. No call options were outstanding at December 31, 1997.

Other

In addition to common stock, the Company's authorized capital includes 5 million shares of preferred stock, $.0001 par value, of which 0.8 million shares have been designated Series A Junior Participating Preferred Stock. At December 31, 1997, no shares of preferred stock were issued or outstanding.

At December 31, 1997, the Company had reserved 61.7 million shares of its common stock which may be issued through its stock option and stock purchase plans and had reserved 0.8 million shares of preferred stock in connection with its preferred stock rights plan.

7. 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 expire seven years from the date of grant. Most employees 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. In 1997, most employees received an additional stock option grant in which all shares will vest the earlier of: (i) five years from date of grant; and (ii) the date on which the closing price of Amgen stock equals or exceeds $75 per share. In December 1997, the Board of Directors of Amgen adopted the 1997 Special Non-Officer Equity Incentive Plan (the "1997 Plan") and reserved 12 million shares for issuance thereunder. The terms of the 1997 Plan are substantially similar to the terms of the Company's Amended and Restated 1991 Equity Incentive Plan except that the 1997 Plan does not permit: (i) repricing of options; (ii) the granting of reload options; and (iii) the granting of incentive stock options. As of December 31, 1997, the Company had 21.6 million shares of common stock available for future grant under its stock option plans.

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

		Exercise Price		
	Shares	Low	High	Weighted-Average
Balance unexercised at December 31, 1994	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
Forfeited	(1.0)	$2.25	$39.88	$19.86
Balance unexercised at December 31, 1995	33.0	$1.76	$58.88	$22.35
Granted	4.6	$51.50	$64.13	$56.00
Exercised	(6.6)	$2.25	$55.75	$14.92
Forfeited	(.5)	$3.69	$61.88	$32.48

Balance unexercised at December 31, 1996	30.5	$1.76	$64.13	$29.00
Granted	13.0	$46.50	$67.88	$54.56
Exercised	(7.1)	$1.76	$58.25	$18.36
Forfeited	(.9)	$4.31	$65.50	$45.74
Balance unexercised at December 31, 1997	35.5	$2.30	$67.88	$40.08

At December 31, 1997, 1996 and 1995, stock options to purchase 15.0 million, 15.7 million and 15.7 million shares were exercisable at weighted-average prices of $27.34, $20.53 and $15.71, respectively.

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, 1997, 1996 and 1995, 0.2 million shares were purchased by employees at prices of approximately $46.00, $46.22 and $24.76 per share, respectively. At December 31, 1997, the Company had 4.6 million shares available for future issuance under this plan.

Fair value disclosures

Stock option grants are set at the closing price of the Company's common stock on the date of grant and the related number of shares granted are fixed at that point in time. Therefore under the principles of APB Opinion No. 25, the Company does not recognize compensation expense associated with the grant of stock options. SFAS No. 123, "Accounting for Stock-Based Compensation," requires the use of option valuation models to provide supplemental information regarding options granted after 1994. Pro forma information regarding net income and earnings per share shown below was determined as if the Company had accounted for its employee

stock options and shares sold under its stock purchase plan under the fair value method of that statement.

The fair value of the options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions for 1997, 1996 and 1995, respectively: risk-free interest rates of 6.0%, 6.4% and 5.9%; dividend yields of 0%, 0% and 0%; volatility factors of the expected market price of the Company's common stock of 33%, 34% and 33%; and expected life of

the options of 3.7 years, 3.4 years and 3.4 years. These assumptions resulted in weighted-average fair values of $17.95, $18.25 and $12.40 per share for stock options granted in 1997, 1996 and 1995, respectively.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options. The Company's employee stock options have characteristics significantly different from those of traded options such as vesting restrictions and extremely limited transferability. In addition, the assumptions used in option valuation models (see above) are highly subjective, particularly the expected stock price volatility of the underlying stock. Because changes in these subjective input assumptions can materially affect the fair value estimate, in management's opinion, existing valuation models do not provide a reliable single measure of the fair value of its employee stock options.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized over the options' vesting periods. The pro forma effect on net income for 1997, 1996 and 1995 is not representative of the pro forma effect on net income in future years because it does not take into consideration pro forma compensation expense related to option grants made prior to 1995. Pro forma information in future years will reflect the amortization of a larger number of stock options granted in several succeeding years. The Company's pro forma information is as follows (in million, except per share information):

	Years ended December 31,		
	1997	1996	1995
Pro forma net income	$575.8	$631.5	$517.6
Pro forma earnings per share:			
Basic	$2.18	$2.38	$1.95
Diluted	$2.12	$2.26	$1.85

Information regarding stock options outstanding as of December 31, 1997 is as follows (options in millions):

	Options Outstanding			Options Exercisable	
Price Range	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Shares	Weighted-Average Exercise Price
Under $20.00	4.6	$13.64	2.2 years	4.2	$13.59
$20.00 - $40.00	13.4	$29.94	3.4 years	9.1	$28.59
Over $40.00	17.5	$54.76	6.3 years	1.7	$55.18

8. Balance sheet accounts

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

	December 31, 1997	1996
Land	$ 70.1	$ 62.6
Buildings	491.0	425.5
Manufacturing equipment	81.4	63.0
Laboratory equipment	205.8	174.9
Furniture and office equipment	320.0	266.2
Leasehold improvements	58.8	56.5
Construction in progress	442.1	252.5
	1,669.2	1,301.2
Less accumulated depreciation and amortization	(483.0)	(390.7)
	$1,186.2	$ 910.5

Accrued liabilities consisted of the following (in millions):

	December 31, 1997	1996
Due to affiliated companies and corporate partners	$232.5	$121.2
Income taxes	98.7	86.8
Sales incentives, royalties and allowances	92.9	79.7
Employee compensation and benefits	87.8	83.4
Other	96.1	78.6

$608.0	$449.7

9. Fair values of financial instruments

The carrying amounts of cash, cash equivalents, marketable securities and cost method equity investments approximated their fair values. Fair values of cash equivalents, marketable securities and cost method equity investments are based on quoted market prices.

The fair value of debt securities at December 31, 1997 was approximately $276 million. The carrying values of debt securities and promissory notes at December 31, 1996 approximated their fair values. The fair values were estimated based on quoted market rates for instruments with similar terms and remaining maturities.

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

10. Major customers

Amgen uses wholesale distributors of pharmaceutical products as the principal means of distributing the Company's products to clinics, hospitals and pharmacies. The Company monitors the financial condition of its larger distributors and limits its credit exposure by setting appropriate credit limits and requiring collateral from certain of its customers. For the years ended December 31, 1997, 1996 and 1995, sales to two large wholesale distributors as a percentage of total revenues were 24% and 14%, 24% and 14%, and 21% and 15%, respectively.

11. 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,		
	1997	1996	1995

Sales to unaffiliated customers:			
United States and possessions ..	$1,943.3	$1,803.5	$1,546.1
Europe	245.8	257.6	254.7
Other	30.7	27.1	17.8
Transfers between geographic areas:			
United States and possessions ..	16.9	24.5	12.6
Other revenue	181.2	151.6	121.3
Adjustments and eliminations	(16.9)	(24.5)	(12.6)
Total revenues	$2,401.0	$2,239.8	$1,939.9

	Years ended December 31,		
	1997	1996	1995
Operating profit (loss):			
United States and possessions ..	$864.1	$ 980.0	$801.7
Europe	55.2	71.4	75.7
Other	(38.7)	(34.8)	(33.1)
Adjustments and eliminations	5.7	(5.7)	(1.7)
Total operating profit	886.3	1,010.9	842.6
Interest and other income, net ...	68.9	57.4	50.8
Loss of affiliates, net	(36.1)	(52.8)	(53.3)
General corporate expenses	(57.7)	(53.2)	(45.7)
Income before income taxes	$861.4	$ 962.3	$794.4

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 operating profit for the United States and its possessions is a legal assessment of $157 million for the year ended December 31, 1997. "Loss of affiliates, net" includes the minority interest in earnings of majority controlled European affiliates of $47.9 million, $55.3 million and $50.7 million, for the years ended December 31, 1997, 1996 and 1995, respectively.

Information about the Company's identifiable assets in each

geographic area is as follows (in millions):

	December 31, 1997	1996
Identifiable assets:		
United States and possessions.....	$1,434.6	$1,127.0
Europe.....	143.8	123.5
Other.....	12.7	23.1
Adjustments and eliminations	5.3	(6.2)
Total identifiable assets	1,596.4	1,267.4
Corporate assets including equity method investments.....	1,513.8	1,498.2
Total assets	$3,110.2	$2,765.6

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 $48.1 million and $44.2 million as of December 31, 1997 and 1996, 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, 1997 and 1996, total international assets approximated $200.9 million and $207.3 million, respectively, and total

international liabilities approximated $30.5 million and $68.1 million, respectively.

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

1997 Quarter Ended	Dec. 31	Sept. 30	June 30	Mar. 31
Product sales.....	$564.3	$552.8	$566.7	$536.0
Gross margin from product sales ...	486.6	478.5	489.9	464.0
Net income.....	179.7	83.8 (1)	200.5	180.3
Earnings per share:				
Basic.....	.69	.32 (1)	.76	.68
Diluted.....	.67	.31 (1)	.72	.65

1996 Quarter Ended	Dec. 31	Sept. 30	June 30	Mar. 31
Product sales.....	$559.1	$533.3	$518.9	$476.9

Gross margin from product sales ...	484.2	460.2	450.6	410.0
Net income.....	178.0	179.5	178.7	143.6
Earnings per share:				
Basic.....	.67	.68	.67	.54
Diluted.....	.64	.64	.64	.51

(1) During the third quarter of 1997, the Company accrued a $157 million spillover liability which resulted in an after-tax charge of $96.4 million, or $.35 per share on a diluted basis, related to arbitration proceedings with Johnson & Johnson (see Note 4, "Contingencies - Johnson & Johnson arbitrations").

SCHEDULE II

AMGEN INC.

VALUATION ACCOUNTS

Years ended December 31, 1997, 1996 and 1995
(In millions)

	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Deductions	Balance at End of Period
Year ended December 31, 1997:				
Allowance for doubtful accounts.....	$11.8	$2.8	$0.4	$14.2
Year ended December 31, 1996:				
Allowance for doubtful accounts.....	$13.8	$2.9	$4.9	$11.8
Year ended December 31, 1995:				
Allowance for doubtful accounts.....	$13.3	$5.4	$4.9	$13.8

EXHIBIT 3.2

AMENDED AND RESTATED BYLAWS

OF

AMGEN INC.

(AS AMENDED THROUGH FEBRUARY 2, 1998)

INDEX

ARTICLE I

Offices

Section 1. Registered Office. The registered office of the corporation in the State of Delaware shall be in the City of Dover, County of Kent. (Del. Code Ann., tit. 8, Sec. 131)

Section 2. Other Offices. The corporation also shall have

and maintain an office or principal place of business at such place as may be fixed by the Board of Directors, and also may have offices at such other places, both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the corporation may require. (Del. Code Ann., tit. 8, Sec. 122(8))

ARTICLE II

Corporate Seal

Section 3. Corporate Seal. The corporate seal shall consist of a die bearing the name of the corporation and the inscription, "Corporate Seal-Delaware." Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise. (Del. Code Ann., tit. 8, Sec. 122(3))

ARTICLE III

Stockholders' Meetings

Section 4. Place of Meetings. Meetings of the stockholders of the corporation shall be held at such place, either within or without the State of Delaware, as may be designated from time to time by the Board of Directors, or, if not so designated, then at the office of the corporation required to be maintained pursuant to Section 2 hereof. (Del. Code Ann., tit. 8, Sec. 211(a))

Section 5. Annual Meeting. The annual meeting of the stockholders of the corporation shall be held on any date and time which may from time to time be designated by the Board of Directors. At such annual meeting, directors shall be elected and any other business may be transacted that may properly come before the meeting. (Del. Code Ann., tit. 8, Sec. 211(b))

Section 6. Special Meetings. Special meetings of the stockholders of the corporation may be called, for any purpose or purposes, by the Chairman of the Board of Directors ("Chairman of the Board"), the Chief Executive Officer, the President, or the Board of Directors at any time. Upon written request of any stockholder or stockholders holding in the aggregate 20% or more of the voting power of all stockholders delivered in person or sent by registered mail to the Chief Executive Officer, the President or Secretary, the Secretary shall call a special meeting of stockholders to be held at the office of the corporation required to be maintained pursuant to Section 2 hereof, or at such other place as may be designated by the Secretary, at such time as the Secretary may fix, such meeting to be held not less than ten (10) nor more than sixty (60) days after the receipt of such request, and if the Secretary shall neglect or refuse

to call such meeting, within seven (7) days after the receipt of such request, the stockholder making such request may do so. (Del. Code Ann., tit. 8, Sec. 211(d))

Section 7. Notice of Meetings. Except as otherwise provided by law or the Certificate of Incorporation, written notice of each meeting of stockholders shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting, such notice to specify the place, date and hour and purpose or purposes of the meeting. Notice of the time, place and purpose of any meeting of stockholders may be waived in writing, signed by the person entitled to notice thereof, either before or after such meeting, and will be waived by any stockholder by his attendance thereat in person or by proxy, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Any stockholder so waiving notice of such meeting shall be bound by the proceedings of any such meeting in all respects as if due notice thereof had been given. (Del. Code Ann., tit. 8, Secs. 222, 229)

Section 8. Quorum. At all meetings of stockholders, except where otherwise provided by statute or by the Certificate of Incorporation, or by these Bylaws, the presence, in person or by proxy duly authorized, of the holders of a majority of the outstanding shares of stock entitled to vote shall constitute a quorum for the transaction of business. Any shares, the voting of which at said meeting has been enjoined, or which for any reason cannot be lawfully voted at such meeting, shall not be counted to determine a quorum at such meeting. In the absence of a quorum any meeting of stockholders may be adjourned, from time to time, by vote of the holders of a majority of the shares represented thereat, but no other business shall be transacted at such meeting. The stockholders present at a duly called or convened meeting, at which a quorum is present, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, all action taken by the holders of a majority of the voting power represented at any meeting at which a quorum is present shall be valid and binding upon the corporation. (Del. Code Ann., tit. 8, Sec. 216)

Section 9. Adjournment and Notice of Adjourned Meetings. Any meeting of stockholders, whether annual or special, may be adjourned from time to time by the vote of a majority of the shares, the holders of which are present either in person or by proxy. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the corporation may transact any business which might have been transacted at the original meeting. If the

adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. (Del. Code Ann., tit. 8, Sec. 222(c))

Section 10. Voting Rights. For the purpose of determining those stockholders entitled to vote at any meeting of the stockholders, except as otherwise provided by law, only persons in whose names shares stand on the stock records of the corporation on the record date, as provided in Section 12 of these Bylaws, shall be entitled to vote at any meeting of stockholders. Every person entitled to vote or execute consents shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such person or his duly authorized agent, which proxy shall be filed with the Secretary at or before the meeting at which it is to be used. An agent so appointed need not be a stockholder. No proxy shall be voted on after three (3) years from its date of creation unless the proxy provides for a longer period. All elections of Directors shall be by written ballot, unless otherwise provided in the Certificate of Incorporation. (Del. Code Ann., tit. 8, Secs. 211(e), 212(b))

Section 11. Joint Owners of Stock. If shares or other securities having voting power stand of record in the names of two (2) or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, or otherwise, or if two (2) or more persons have the same fiduciary relationship respecting the same shares, unless the Secretary is given written notice to the contrary and is furnishedwith a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (a) if only one (1) votes, his act binds all; (b) if more than one (1) votes, the act of the majority so voting binds all; (c) if more than one (1) votes, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionally, or may apply to the Delaware Court of Chancery for relief as provided in the General Corporation Law of Delaware, Section 217(b). If the instrument filed with the Secretary shows that any such tenancy is held in unequal interests, a majority or even-split for the purpose of this subsection (c) shall be a majority or even-split in interest. (Del. Code Ann., tit. 8, Sec. 217(b))

Section 12. List of Stockholders. The Secretary shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at

said meeting, arranged in alphabetical order, showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not specified, at the place where the meeting is to be held. The list shall be produced and kept at the time and place of meeting during the whole time thereof, and may be inspected by any stockholder who is present. (Del. Code Ann., tit. 8, Sec. 219(a))

Section 13. No Action Without Meeting. Any action required or permitted to be taken by the stockholders of the corporation must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders.

Section 14. Organization. At every meeting of stockholders, the Chairman of the Board, or, if the Chairman of the Board is absent, the Chief Executive Officer, or, if the Chief Executive Officer is absent, the President, or, if the President is absent, the most senior Vice President present, or in the absence of any such officer, a chairman of the meeting chosen by a majority in interest of the stockholders entitled to vote, present in person or by proxy, shall act as chairman. The Secretary, or, in his absence, an Assistant Secretary directed to do so by the Chief Executive Officer, shall act as secretary of the meeting.

Section 15. Notifications of Nominations and Proposed Business. Subject to the rights of holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation,

(x) nominations for the election of directors, and

(y) business proposed to be brought before any stockholder meeting, may be made by the Board of Directors or a proxy committee appointed by the Board of Directors or by any stockholder entitled to vote in the election of directors generally. However, any such stockholder may nominate one or more persons for election as directors at a meeting or propose business to be brought before a meeting, or both, only if such stockholder has given timely notice in proper written form of his intent to make such nomination or nominations or to propose such business. To be timely, a stockholder's notice must be delivered to or mailed and received by the Secretary of the corporation not later than 90 days prior to such meeting; provided, however, that in the event that less than 100

days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder to be timely must be received not later than the close of business on the 10th day following the date on which such notice of the date of such meeting was mailed or such public disclosure was made. To be in proper written form, a stockholder's notice to the Secretary shall set forth:

(a) the name and address of the stockholder who intends to make the nominations or propose the business and, as the case may be, of the person or persons to be nominated or of the business to be proposed;

(b) a representation that the stockholder is a holder of record of stock of the corporation entitled to vote at such meeting and, if applicable, intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice;

(c) if applicable, a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder;

(d) such other information regarding each nominee or each matter of business to be proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission had the nominee

been nominated, or intended to be nominated, or the matter been proposed, or intended to be proposed by the Board of Directors; and

(e) if applicable, the consent of each nominee to serve as director of the corporation if so elected.

The chairman of the meeting may refuse to acknowledge the nomination of any person or the proposal of any business not made in compliance with the foregoing procedure.

ARTICLE IV

Directors

Section 16. Number. The authorized number of directors of the corporation shall be fixed from time to time by the Board of Directors. The number of directors presently authorized is nine. Directors need not be stockholders unless so required by the Certificate of Incorporation. If for any cause the directors shall not have been elected at an annual meeting, they may be elected as soon thereafter as convenient at a special meeting of the

stockholders called for that purpose in the manner provided in these Bylaws. (Del. Code Ann., tit. 8, Secs. 141(b), 211(b), (c))

Section 17. Classes of Directors. The Board of Directors shall be divided into three classes: Class I, Class II and Class III, which shall be as nearly equal in number as possible. Each director shall serve for a term ending on the date of the third annual meeting of stockholders following the annual meeting at which the director was elected. Notwithstanding the foregoing provisions of this section, each director shall serve until his successor is duly elected and qualified or until his death, resignation or removal. (Del. Code Ann., tit. 8, Sec. 141(d))

Section 18. Newly Created Directorships and Vacancies. In the event of any increase or decrease in the authorized number of directors, the newly created or eliminated directorships resulting from such increase or decrease shall be apportioned by the Board of Directors among the three classes of directors so as to maintain such classes as nearly equal in number as possible. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director. Newly created directorships resulting from any increase in the number of directors and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled by the affirmative vote of a majority of the remaining directors then in office (and not by stockholders), even though less than a quorum of the authorized Board of Directors. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the class of directors in which the new directorship was created or the vacancy occurred and until such director's successors shall have been elected and qualified.

Section 19. Powers. The powers of the corporation shall be exercised, its business conducted and its property controlledby the Board of Directors, except as may be otherwise provided by statute or by the Certificate of Incorporation (Del. Code Ann., tit. 8, Sec. 141(a))

Section 20. Resignation. Any director may resign at any time by delivering his written resignation to the Secretary, such resignation to specify whether it will be effective at a particular time, upon receipt by the Secretary or at the pleasure of the Board of Directors. If no such specification is made, it shall be deemed effective at the pleasure of the Board of Directors. When one or more directors shall resign from the Board of Directors, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or

resignations shall become effective, and each Director so chosen shall hold office for the unexpired portion of the term of the director whose place shall be vacated and until his successor shall have been duly elected and qualified. (Del. Code Ann., tit. 8, Secs. 141(b), 223(d))

Section 21. Removal. At a special meeting of stockholders called for the purpose in the manner hereinabove provided, the Board of Directors, or any individual director, may be removed from office, (a) with cause, and one or more new directors may be elected, by a vote of stockholders holding a majority of the outstanding shares entitled to vote at an election of Directors or (b), without cause, by a vote of stockholders holding at least 66.67% of the outstanding shares entitled to vote at an election of directors. (Del. Code Ann., tit. 8, Sec. 141(k))

Section 22. Meetings.

(a) Annual Meetings. The annual meeting of the Board of Directors shall be held on the date of the annual meeting of stockholders and at the place where such meeting is held. No notice of an annual meeting of the Board of Directors shall be necessary and such meeting shall be held for the purpose of electing officers and transacting such other business as may lawfully come before it.

(b) Regular Meetings. Except as hereinafter otherwise provided, regular meetings of the Board of Directors shall be held in the office of the corporation required to be maintained pursuant to Section 2 hereof. Unless otherwise restricted by the Certificate of Incorporation, regular meetings of the Board of Directors also may be held at any place within or without the State of Delaware which has been designated by resolution of the Board of Directors or the written consent of all Directors. (Del. Code Ann., tit. 8, Sec. 141(g))

(c) Special Meetings. Unless otherwise restricted by the Certificate of Incorporation, special meetings of the Board of Directors may be held at any time and place within or without the State of Delaware whenever called by the Chairman of the Board, the Chief Executive Officer, the President or a majority of the Directors. (Del. Code Ann., tit. 8, Sec. 141(g))

(d) Telephone Meetings. Any member of the Board of Directors, or of any committee thereof, may participate in a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall

constitute presence in person at such meeting. (Del. Code Ann., tit. 8, Sec. 141(i))

(e) Notice of Meetings. Written notice of the time and place of all regular and special meetings of the Board of Directors shall be given at least one (1) day before the date of the meeting. Notice of any meeting may be waived in writing at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. (Del. Code Ann., tit. 8, Sec. 229)

(f) Waiver of Notice. The transaction of all business at any meeting of the Board of Directors, or any committee thereof, however called or noticed, or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if a quorum is present and if, either before or after the meeting, each of the Directors not present sign a written waiver of notice, or a consent to holding such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting. (Del. Code Ann., tit. 8, Sec. 229)

Section 23. Quorum and Voting.

(a) Quorum. Unless the Certificate of Incorporation requires a greater number, a quorum of the Board of Directors shall consist of a majority of the exact number of Directors fixed from time to time in accordance with Section 16 of these Bylaws, but not less than one (1); provided, however, at any meeting whether a quorum is present or otherwise, a majority of the directors present may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors, without notice other than by announcement at the meeting. (Del. Code Ann., tit. 8, Sec. 141(b))

(b) Majority Vote. At each meeting of the Board of Directors at which a quorum is present all questions and business shall be determined by a vote of a majority of the Directors present, unless a different vote is required by law, the Certificate of Incorporation or these Bylaws. (Del. Code Ann., tit. 8, Sec. 141(b))

Section 24. Action without Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent thereto in writing, and such writing or writings are filed with the minutes of proceedings of the Board of Directors or committee. (Del. Code Ann., tit. 8, Sec. 141(f))

Section 25. Fees and Compensation. Directors shall not receive any stated salary for their services as Directors, but by resolution of the Board of Directors a fixed fee, with or without expense of attendance, may be allowed for serving on the Board of Directors and/or attendance at each meeting and at each meeting of any committee of the Board of Directors. Nothing herein contained shall be construed to preclude any director from serving the

corporation in any other capacity as an officer, agent, consultant, employee, or otherwise and receiving compensation therefor. (Del. Code Ann., tit. 8, Sec. 141(h))

Section 26. Committees.

(a) Executive Committee. The Board of Directors may by resolution passed by a majority of the whole Board of Directors, appoint an Executive Committee to consist of one (1) or more members of the Board of Directors. The Executive Committee, to the extent permitted by law and specifically granted by the Board of Directors, shall have and may exercise when the Board of Directors is not in session all powers of the Board of Directors in the management of the business and affairs of the corporation, including, without limitation, the power and authority to declare a dividend or to authorize the issuance of stock, except such committee shall not have the power or authority to amend the Certificate of Incorporation (except that the committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the Board of Directors as provided by law, fix any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the corporation or the conversion into, or the exchange of such shares for shares of any other class or classes or any other series of the same or any other class or classes of stock of the corporation), to adopt an agreement of merger or consolidation, to recommend to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, to recommend to the stockholders a dissolution of the corporation or a revocation of a dissolution or to amend these Bylaws. (Del. Code Ann., tit. 8, Sec. 141(c))

(b) Other Committees. The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, from time to time appoint such other committees as may be permitted by law. Such other committees appointed by the Board of Directors shall consist of one (1) or more members of the Board of Directors, and shall have such powers and perform such duties as may be prescribed by the resolution or resolutions creating such committees, but in no event shall such committee have the powers denied to the Executive Committee in these Bylaws. (Del. Code Ann., tit. 8, Sec. 141(c))

(c) Term. Each member of a committee of the Board of Directors shall serve a term on the committee coexistent with such member's term on the Board of Directors. The Board of Directors, subject to the provisions of subsections (a) or (b) of this Section 26, may at any time increase or decrease the number of members of a committee or terminate the existence of a committee. The membership of a committee member shall terminate on the date of his death or voluntary resignation. The Board of Directors may at any time for any reason remove any individual committee member and the Board of Directors may fill any committee vacancy created by death, resignation, removal or increase in the number of members of the committee. The Board of Directors may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, and, in addition, in the absence or disqualification of any member of a committee, the member or members thereof present at any meeting and

not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. (Del. Code Ann., tit. 8, Sec. 141(c))

(d) Meetings. Unless the Board of Directors shall otherwise provide, regular meetings of the Executive Committee or any other committee appointed pursuant to this Section 26 shall be held at such times and places as are determined by the Board of Directors, or by any such committee, and when notice thereof has been given to each member of such committee, no further notice of such regular meetings need be given thereafter. Special meetings of any such committee may be held at the principal office of the corporation required to be maintained pursuant to Section 2 hereof, or at any place which has been designated from time to time by resolution of such committee or by written consent of all members thereof, and may be called by any director who is a member of such committee, upon written notice to the members of such committee of the time and place of such special meeting given in the manner provided for the giving of written notice to members of the Board of Directors of the time and place of special meetings of the Board of Directors. Notice of any special meeting of any committee may be waived in writing at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends such special meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. A majority of the authorized number of members of any such committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of such committee. (Del. Code Ann., tit. 8, Secs. 141(c), 229)

Section 27. Organization. At every meeting of the directors, the Chairman of the Board, or, if the Chairman of the Board is absent, the Chief Executive Officer, or if the Chief Executive Officer is absent, the President, or if the President is absent, the most senior Vice President, or, in the absence of any such officer, a chairman of the meeting chosen by a majority of the directors present, shall preside over the meeting. The Secretary, or in his absence, an Assistant Secretary directed to do so by the Chief Executive Officer, shall act as secretary of the meeting.

ARTICLE V

Officers

Section 28. Officers Designated. The officers of the corporation shall be the Chairman of the Board, the Chief Executive Officer, the President and Chief Operating Officer, one or more Vice Presidents, the Chief Financial Officer and the Secretary, all of whom shall be elected at the annual meeting of the Board of Directors. The Board of Directors also may appoint such other officers and agents with such powers and duties as it shall deem necessary. The order of the seniority of the Vice Presidents shall be in the order of their nomination, unless otherwise determined by the Board of Directors. The Board of Directors may assign such additional titles to one or more of the officers as it shall deem appropriate. Any one person may hold any number of offices of the

corporation at any one time unless specifically prohibited therefrom by law. The salaries and other compensation of the officers of the corporation shall be fixed by or in the manner designated by the Board of Directors.

Section 29. Tenure and Duties of Officers.

(a) General. All officers shall hold office at the pleasure of the Board of Directors and until their successors shall have been duly elected and qualified, unless sooner removed. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors.

(b) Duties of Chairman of the Board. The Chairman of the Board, subject to the control of the Board of Directors, shall perform such duties and functions as are necessary to further the strategic direction of the corporation. Unless the Board of Directors designates another person, the Chairman of the Board shall preside at all meetings of the stockholders, the Board of Directors

and of the Executive Committee.

(c) Duties of Chief Executive Officer. The Chief Executive Officer, at the request of the Chairman of the Board or upon his absence or disability, or in the event of a vacancy in the office of Chairman of the Board, shall exercise all the powers of Chairman of the Board as provided in Subsection 29(b). The Chief Executive Officer shall, subject to the control of the Board of Directors, exercise general management and supervision over the property, affairs and business of the corporation and shall authorize officers of the corporation, other than the Chairman of the Board, to exercise such powers as he, in his discretion, may deem to be in the best interests of the corporation. The Chief Executive Officer shall in general perform all duties incident to general management and supervision of the corporation and such other duties as the Board of Directors shall designate from time to time.

(d) Duties of President and Chief Operating Officer. The President and Chief Operating Officer, at the request of the Chief Executive Officer or upon his absence or disability, or in the event of a vacancy in the office of Chief Executive Officer, shall exercise all the powers of Chief Executive Officer as provided in Subsection 29(c). The President and Chief Operating Officer shall, subject to the control of the Chief Executive Officer and the Board of Directors, exercise general management and supervision over the operating functions of the corporation, and shall authorize officers of the corporation, other than the Chairman of the Board and the Chief Executive Officer, to exercise such powers with respect to the operating function of the corporation as he, in his discretion, may deem to be in the best interests of the corporation. The President and Chief Operating Officer shall perform such other duties and have such other powers as the Board of Directors shall designate from time to time.

(e) Duties of Vice Presidents. The Vice Presidents, in the order of their seniority, may assume and perform the duties of the President and Chief Operating Officer in the absence or

disability of the Chief Executive Officer and the President and Chief Operating Officer or whenever the offices of Chief Operating Officer and President and Chief Operating Officer are vacant. The Vice Presidents shall perform other duties commonly incident to their office and also shall perform such other duties and have such other powers as the Board of Directors, the Chief Executive Officer, or the President and Chief Operating Officer shall designate from time to time.

(f) Duties of Chief Financial Officer. The Chief Financial Officer shall keep or cause to be kept the books of account

of the corporation in a thorough and proper manner, and shall render statements of the financial affairs of the corporation in such form and as often as required by the Board of Directors or the Chief Executive Officer. The Chief Financial Officer, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the corporation. The Chief Financial Officer shall perform other duties commonly incident to his office and also shall perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer shall designate from time to time. The Chief Executive Officer may direct any Assistant Chief Financial Officer to assume and perform the duties of the Chief Financial Officer in the absence or disability of the Chief Financial Officer, and each Assistant Chief Financial Officer shall perform other duties commonly incident to his office and also shall perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer shall designate from time to time.

(g) Duties of Secretary. The Secretary shall attend all meetings of the stockholders and of the Board of Directors, and shall record all acts and proceedings thereof in the minute books of the corporation. The Secretary shall give notice in conformity with these Bylaws of all meetings of the stockholders, and of all meetings of the Board of Directors and any committee thereof requiring notice. The Secretary shall perform all other duties given him in these Bylaws and other duties commonly incident to his office and also shall perform such other duties and have such other powers as the Board of Directors shall designate from time to time. The Chief Executive Officer may direct any Assistant Secretary to assume and perform the duties of the Secretary in the absence or disability of the Secretary, and each Assistant Secretary shall perform other duties commonly incident to his office and also shall perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer shall designate from time to time.

Section 30. Resignations. Any officer may resign at any time by giving written notice to the Board of Directors or to the Chief Executive Officer or to the President or to the Secretary. Any such resignation shall be effective when received by the person or persons to whom such notice is given, unless a later time is specified therein, in which event the resignation shall become effective at such later time. Unless otherwise specified in such notice, the acceptance of any such resignation shall not be necessary to make it effective. (Del. Code Ann., tit. 8, Sec. 142(b))

Section 31. Removal. Any officer may be removed from office at any time, with or without cause, by the vote or written consent of

a majority of the directors in office at the time, or by any committee or superior officers upon whom such power of removal may have been conferred by the Board of Directors.

Section 32. Compensation. The compensation of the officers shall be fixed from time to time by the Board of Directors, and no officer shall be prevented from receiving such compensation by reason of the fact that such officer is also a director of the corporation.

ARTICLE VI

Execution of Corporate Instruments and Voting of Securities Owned by the Corporation

Section 33. Execution of Corporate Instruments. The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute on behalf of the corporation any corporate instrument or document, or to sign on behalf of the corporation the corporate name without limitation, or to enter into contracts on behalf of the corporation, except where otherwise provided by law or these Bylaws, and such execution or signature shall be binding upon the corporation. (Del. Code Ann., tit. 8, Secs. 103(a), 142(a), 158)

Unless otherwise specifically determined by the Board of Directors or otherwise required by law, promissory notes, deeds of trust, mortgages and other evidences of indebtedness of the corporation, and other corporate instruments or documents requiring the corporate seal, and certificates of shares of stock owned by the corporation, shall be executed, signed or endorsed by the Chairman of the Board, or the Chief Executive Officer, or the President or any Vice President, and by the Secretary or Treasurer or any Assistant Secretary or Assistant Treasurer. All other instruments and documents requiring the corporate signature, but not requiring the corporate seal, may be executed as aforesaid or in such other manner as may be directed by the Board of Directors. (Del. Code Ann., tit. 8, Secs. 103(a), 142(a), 158)

All checks and drafts drawn on banks or other depositaries on funds to the credit of the corporation or in special accounts of the corporation shall be signed by such person or persons as the Board of Directors shall authorize so to do. (Del. Code Ann., tit. 8, Secs. 103(a), 142(a), 158)

Section 34. Voting of Securities Owned by the Corporation. All stock and other securities of other corporations owned or held by the corporation for itself, or for other parties in any capacity, shall be voted, and all proxies with respect thereto shall be executed, by the person authorized to do so by resolution of the Board of Directors, or, in the absence of such authorization, by the Chairman of the Board, the Chief Executive Officer, the President, or

any Vice President. (Del. Code Ann., tit. 8, Sec. 123)

ARTICLE VII

Shares of Stock

Section 35. Form and Execution of Certificates. The shares of the corporation shall be represented by certificates, provided that the Board of Directors of the corporation may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the corporation. Notwithstanding the adoption of such a resolution by the Board of Directors, every holder of stock represented by certificates and upon request every holder of uncertificated shares shall be entitled to have a certificate signed by, or in the name of the corporation by, the Chairman of the Board or any vice-chairman of the Board of Directors, or the Chief Executive Officer, or the President or any Vice-President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the corporation representing the number of shares registered in certificate form. Any or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue. (Del. Code Ann., tit. 8, Sec. 158)

Section 36. Lost Certificates. The corporation may issue a new certificate of stock or uncertificated shares in place of any certificate theretofore issued by the corporation alleged to have been lost, stolen or destroyed, and the corporation may require the owner of such lost, stolen or destroyed certificate, or his legal representative, to give the corporation a bond sufficient to indemnify it against any claim that may be made against the corporation on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares. (Del. Code Ann., tit. 8, Sec. 167)

Section 37. Transfers. Transfers of record of shares of stock of the corporation shall be made only upon its books by the holders thereof, in person or by attorney duly authorized, and upon the surrender of a properly endorsed certificate or certificates for a like number of shares. (Del. Code Ann., tit. 6, Sec. 8-401(1))

Section 38. Fixing Record Dates. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action. If no record date is fixed: (a) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; and (b) the record date for determining stockholders for any other purpose shall

be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting. (Del. Code Ann., tit. 8, Sec. 213)

Section 39. Registered Stockholders. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware. (Del. Code Ann., tit. 8, Secs. 213(a), 219)

Section 40. Issuance, Transfer and Resignation of Shares. The Board of Directors may make such rules and regulations, not inconsistent with law or with these Bylaws, as it may deem advisable concerning the issuance, transfer and registration of certificates for shares of the capital stock of the corporation. The Board of Directors may appoint a transfer agent or registrar of transfers, or both, and may require all certificates for shares of the corporation to bear the signature of either or both.

ARTICLE VIII

Other Securities of the Corporation

Section 41. Execution of Other Securities. All bonds, debentures and other corporate securities of the corporation, other

than stock certificates, may be signed by the Chairman of the Board, the Chief Executive Officer, the President or any Vice President, or such other person as may be authorized by the Board of Directors, and the corporate seal impressed thereon or a facsimile of such seal imprinted thereon and attested by the signature of the Secretary or an Assistant Secretary, or the Treasurer or an Assistant Treasurer; provided, however, that where any such bond, debenture or other corporate security shall be authenticated by the manual signature of a trustee under an indenture pursuant to which such bond, debenture or other corporate security shall be issued, the signatures of the persons signing and attesting the corporate seal on such bond, debenture or other corporate security may be the imprinted facsimile of the signatures of such persons. Interest coupons appertaining to any such bond, debenture or other corporate security, authenticated by a trustee as aforesaid, shall be signed by the Treasurer or an Assistant Treasurer of the corporation or such other person as may be authorized by the Board of Directors, or bear imprinted thereon the facsimile signature of such person. In case any officer who shall have signed or attested any bond, debenture or other corporate security, or whose facsimile signature shall appear thereon or on any such interest coupon, shall have ceased to be such officer before the bond, debenture or other corporate security so signed or attested shall have been delivered, such bond, debenture or other corporate security nevertheless may be adopted by the corporation and issued and delivered as though the person who signed the same or whose facsimile signature shall have been used thereon had not ceased to be such officer of the corporation.

ARTICLE IX

Dividends

Section 42. Declaration of Dividends. Dividends upon the capital stock of the corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors pursuant to law at any regular or special meeting. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation. (Del. Code Ann., tit. 8, Secs. 170, 173)

Section 43. Dividend Reserve. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the Board of Directors may from time to time, in its absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the Board of Directors

shall think conducive to the interests of the corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created. (Del. Code Ann., tit. 8, Sec. 171)

ARTICLE X

Fiscal Year

Section 44. Fiscal Year. Unless otherwise fixed by resolution of the Board of Directors, effective as of January 1, 1992, the fiscal year of the corporation shall end on the 31st day of the month of December in each calendar year.

ARTICLE XI

Indemnification of Directors, Officers Employees and Other Agents

Section 45. Indemnification of Directors, Officers, Employees and Other Agents.

(a) Directors and Officers. The corporation shall indemnify its directors and officers to the full extent permitted by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than said Law permitted the corporation to provide prior to such amendment); provided, further, that the corporation shall not be required to indemnify any director or officer in connection with any proceeding (or part thereof) initiated by such person or any proceeding by such person against the corporation or its directors, officers, employees or other agents unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board of Directors of the corporation or (iii) such indemnification is provided by the corporation, in its sole discretion, pursuant to the powers vested in the corporation under the Delaware General Corporation Law, or (iv)

such indemnification is required to be made under subsection (d) of this Article XI.

(b) Other Employees and Other Agents. The corporation shall have the power to indemnify its other employees and other agents as set forth in the Delaware General Corporation Law.

(c) Expenses. The corporation shall advance to any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the

fact that he is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, prior to the final disposition of any such proceeding, promptly following request therefor, all expenses incurred by any director or officer in connection with such proceeding upon receipt of any undertaking by or on behalf of such person to repay said amounts if it should be determined ultimately that such person is not entitled to be indemnified under this Bylaw or otherwise.

Notwithstanding the foregoing, unless otherwise determined pursuant to paragraph (d) of this Bylaw, no advance shall be made by the corporation to an officer of the corporation in any action, suit or proceeding, whether civil, criminal, administrative or investigate, if a determination is reasonably and promptly made (1) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to the proceeding, or (2) if such quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion that, the facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not reasonably believe to be in or not opposed to the best interests of the corporation, or, with respect to any criminal action or proceeding, such person believed or had reasonable cause to believe his conduct was unlawful, except by reason of the fact that such officer is or was a director of the corporation or is or was serving at the request of the corporation as a director of another corporation, joint venture, trust or other enterprise in which event this paragraph shall not apply.

(d) Enforcement. Without the necessity of entering into an express contract, all rights to indemnification and advances under this Bylaw shall be deemed to be contractual rights and be effective to the same extent and as if provided for in a contract between the corporation and the director or officer who serves in such capacity at any time while this Bylaw and other relevant provisions of the Delaware General Corporation Law and other applicable law, if any, are in effect. Any right to indemnification or advances granted by this Bylaw to a director or officer shall be enforceable by or on behalf of the person holding such right in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within ninety (90) days of request therefor. The claimant in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting his claim. In

connection with any claim for indemnification, the corporation shall be entitled to raise as a defense to any such action that the claimant has not met the standards of conduct which make it permissible under the Delaware General Corporation Law for the corporation to indemnify the claimant for the amount claimed. In connection with any claim by an officer of the corporation (except in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such officer is or was a director of the corporation or is or was serving at the request of the corporation as a director of another corporation, partnership, joint venture, trust or other enterprise) for advances, the corporation shall be entitled to raise a defense as to any such action clear and convincing evidence that such person acted in bad faith or in a manner that such person did not reasonably believe to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, such person believed or had reasonable cause to believe his conduct was unlawful. Neither the failure of the corporation (including its Board of Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct. In any suit brought by a director or officer to enforce a right to indemnification or to an advancement of expenses hereunder, the burden of proving that the director or officer is not entitled to be indemnified, or to such advancement of expenses, under this Article XI or otherwise shall be on the corporation.

(e) Non-Exclusivity of Rights. The rights conferred on any person by this Bylaw shall not be exclusive of any other right which such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding office. The corporation is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advances, as provided by law.

(f) Survival of Rights. The rights conferred on any person by this Bylaw shall continue as to a person who has ceased to be a director, officer, employee or other agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) Insurance. To the fullest extent permitted by the

Delaware General Corporation Law, the corporation, upon approval by the Board of Directors, may purchase insurance on behalf of any person required or permitted to be indemnified pursuant to this Bylaw.

(h) Amendments. Any repeal or modification of this Bylaw shall only be prospective and shall not affect the rights under this

Bylaw in effect at the time of the alleged occurrence of any action or omission to act that is the cause of any proceeding against any agent of the corporation.

(i) Savings Clause. If this Bylaw or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each director and officer to the full extent permitted by any applicable portion of this Bylaw that shall not have been invalidated, or by any other applicable law.

(j) Certain Definitions. For the purposes of this Bylaw, the following definitions shall apply:

(i) The term "proceeding" shall be broadly construed and shall include, without limitation, the investigation, preparation, prosecution, defense, settlement, arbitration and appeal of, and the giving of testimony in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative.

(ii) The term "expenses" shall be broadly construed and shall include, without limitation, court costs, attorneys' fees, witness fees, fines, amounts paid in settlement or judgment and any other costs and expenses of any nature or kind incurred in connection with any proceeding.

(iii) The term the "corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position

under the provisions of this Bylaw with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

(iv) References to a "director," "officer," "employee," or "agent" of the corporation shall include, without limitation, situations where such person is serving at the request of the corporation as, respectively, a director, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise.

(v) References to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to "serving at the

request of the corporation" shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this Bylaw.

ARTICLE XII

Notices

Section 46. Notices.

(a) Notice to Stockholders. Whenever under any provisions of these Bylaws notice is required to be given to any stockholder, it shall be given in writing, timely and duly deposited in the United States mail, postage prepaid, and addressed to his last known post office address as shown by the stock record of the corporation or its transfer agent. (Del. Code Ann., tit. 8, Sec. 222)

(b) Notice to Directors. Any notice required to be given to any director may be given by the method stated in subsection (a), or by telegram, except that such notice other than one which is delivered personally shall be sent to such address as such director shall have filed in writing with the Secretary, or, in the absence of such filing, to the last known post office address of such director.

(c) Address Unknown. If no address of a stockholder or director be known, notice may be sent to the office of the corporation required to be maintained pursuant to Section 2 hereof.

(d) Affidavit of Mailing. An affidavit of mailing, executed by a duly authorized and competent employee of the corporation or its transfer agent appointed with respect to the class of stock affected, specifying the name and address or the names and addresses of the stockholder or stockholders, or director or directors, to whom any such notice or notices was or were given, and the time and method of giving the same, shall be conclusive evidence of the statements therein contained. (Del. Code Ann., tit. 8, Sec. 222)

(e) Time Notices Deemed Given. All notices given by mail, as above provided, shall be deemed to have been given as at the time of mailing and all notices given by telegram shall be deemed to have been given as at the sending time recorded by the telegraph company transmitting the notices.

(f) Methods of Notice. It shall not be necessary that the same method of giving notice be employed in respect of all directors, but one permissible method may be employed in respect of any one or more, and any other permissible method or methods may be employed in respect of any other or others.

(g) Failure to Receive Notice. The period or limitation of time within which any stockholder may exercise any option or right, or enjoy any privilege or benefit, or be required to act, or within which any director may exercise any power or right, or enjoy any privilege, pursuant to any notice sent him in the manner above provided, shall not be affected or extended in any manner by the failure of such stockholder or such director to receive such notice.

(h) Notice to Person with Whom Communication Is Unlawful. Whenever notice is required to be given, under any provision of law or of the Certificate of Incorporation or Bylaws of the corporation, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the corporation is such as to require the filing of a certificate under any provision of the Delaware General Corporation Law, the certificate shall state, if such is the fact and if notice

is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful. (Del. Code Ann., tit. 8, Sec. 230)

ARTICLE XIII

Amendments

Section 47. Amendments. These Bylaws may be repealed, altered or amended or new Bylaws adopted by the stockholders. The Board of Directors also shall have the authority, if such authority is conferred upon the Board of Directors by the Certificate of Incorporation, to repeal, alter or amend these Bylaws or adopt new Bylaws (including, without limitation, the amendment of any Bylaw setting forth the number of directors who shall constitute the whole Board of Directors) subject to the power of the stockholders to change or repeal such Bylaws and provided that the Board of Directors shall not make or alter any Bylaws fixing the qualifications, classifications, term of office or compensation of directors. (Del. Code Ann., tit. 8, Sec. 109(a), 122(6))

ARTICLE XIV

Loans of Officers and Others

Section 48. Certain Corporate Loans and Guaranties. The corporation may make loans of money or property to, or guarantee the obligations of, or otherwise assist any officer or other employee who is a director of the corporation or its parent or any subsidiary, or adopt an employee benefit plan or plans authorizing such loans or guaranties, upon the approval of the Board of Directors alone if the Board of Directors determines that such a loan or guaranty or plan may reasonably be expected to benefit the corporation.

EXHIBIT 10.1

AMGEN INC.

AMENDED AND RESTATED 1991 EQUITY INCENTIVE PLAN

1. PURPOSE.

(a) The purpose of the Amended and Restated 1991 Equity Incentive Plan (the "Plan") is to provide a means by which employees or directors of and consultants to Amgen Inc., a Delaware corporation (the "Company"), and its Affiliates, as defined in paragraph 1(b), directly, or indirectly through Trusts, may be given an opportunity to benefit from increases in value of the stock of the Company through the granting of (i) incentive stock options, (ii) nonqualified stock options, (iii) stock bonuses, and (iv) rights to purchase restricted stock, all as defined below.

(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 persons now employed by or serving as directors or consultants to the Company, to secure and retain the services of persons capable of filling such positions, and to provide incentives for such persons to exert maximum efforts for the success of the Company.

(d) The Company intends that the rights issued under the Plan ("Stock Awards") shall, in the discretion of the Board of Directors of the Company (the "Board") or any committee to which responsibility for administration of the Plan has been delegated pursuant to paragraph 2(c), be either (i) stock options granted pursuant to Sections 5 or 6 hereof, including incentive stock options as that term is used in Section 422 of the Code ("Incentive Stock Options"), or options which do not qualify as Incentive Stock Options ("Nonqualified Stock Options") (together hereinafter referred to as "Options"), or (ii) stock bonuses or rights to purchase restricted stock granted pursuant to Section 7 hereof.

(e) The word "Trust" as used in the Plan shall mean a trust created for the benefit of the employee, director or consultant, his or her spouse, or members of their immediate family. The word optionee shall mean the person to whom the option is granted or the employee, director or consultant for whose benefit the option is granted to a Trust, as the context shall require.

2. ADMINISTRATION.

(a) The Plan shall be administered by the Board unless and until the Board delegates administration to a committee, as provided in paragraph 2(c).

(b) The Board shall have the power, subject to, and within

the limitations of, the express provisions of the Plan:

(1) To determine from time to time which of the persons eligible under the Plan shall be granted Stock Awards; when and how Stock Awards shall be granted; whether a Stock Award will be an Incentive Stock Option, a Nonqualified Stock Option, a stock bonus, a right to purchase restricted stock, or a combination of the foregoing; the provisions of each Stock Award granted (which need not be identical), including the time or times when a person shall be permitted to purchase or receive stock pursuant to a Stock Award; and the number of shares with respect to which Stock Awards shall be granted to each such person.

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

(3) To amend the Plan as provided in Section 15.

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

(c) The Board may delegate administration of the Plan to a committee composed of not fewer than two (2) members of the Board (the "Committee"). One or more of these members may be non-employee directors and outside directors, if required and as defined by the provisions of paragraphs 2(d) and 2(e). If administration is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board (except amendment of Section 6 or the options granted thereunder shall only be by action taken by the Board or a committee of one or more members of the Board to which such authority has been specifically delegated by the Board), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may

be adopted from time to time by the Board. Notwithstanding anything else in this paragraph 2(c) to the contrary, at any time the Board or the Committee may delegate to a committee of one or more members of the Board the authority to grant or amend options to all employees, directors or consultants or any portion or class thereof.

(d) The term "non-employee director" shall mean a member of the Board who (i) is not currently an officer of the Company or a parent or subsidiary of the Company (as defined in Rule 16a-1(f) promulgated by the Securities and Exchange Commission under Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) or an employee of the Company or a parent or subsidiary of the Company; (ii) does not receive compensation from the Company or a parent or subsidiary of the Company for services rendered in any capacity other than as a member of the Board (including a consultant) in an amount required to be disclosed to the Company's stockholders under Rule 404 of Regulation S-K promulgated by the Securities and Exchange Commission ("Rule 404"); (iii) does not possess an interest in any other transaction required to be disclosed under Rule 404; or (iv) is not engaged in a business relationship required to be

disclosed under Rule 404, as all of these provisions are interpreted by the Securities and Exchange Commission under Rule 16b-3 promulgated under the Exchange Act.

(e) The term "outside director," as used in this Plan, shall mean an administrator of the Plan, whether a member of the Board or of any Committee to which responsibility for administration of the Plan has been delegated pursuant to paragraph 2(c), who is considered to be an "outside director" in accordance with the rules, regulations or interpretations of Section 162(m) of the Code.

(f) Any requirement that an administrator of the Plan be a "non-employee director" or "outside director" shall not apply if the Board or the Committee expressly declares that such requirement shall not apply.

3. SHARES SUBJECT TO THE PLAN.

(a) Subject to the provisions of Section 12 relating to adjustments upon changes in stock, the stock that may be issued pursuant to Stock Awards granted under the Plan shall not exceed in the aggregate Forty Eight Million (48,000,000) shares of the Company's $.0001 par value common stock (the "Common Stock"). If any Stock Award granted under the Plan shall for any reason expire or otherwise terminate without having been exercised in full, the Common Stock not purchased under such Stock Award shall again become available for the Plan. Shares repurchased by the Company pursuant to any repurchase rights reserved by the Company pursuant to the Plan

shall not be available for subsequent issuance under the Plan.

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

(c) An Incentive Stock Option may be granted to an eligible person under the Plan only if the aggregate fair market value (determined at the time the Incentive Stock Option is granted) of the Common Stock with respect to which incentive stock options (as defined by the Code) are exercisable for the first time by such optionee during any calendar year under all such plans of the Company and its Affiliates does not exceed one hundred thousand dollars ($100,000). If it is determined that an entire Option or any portion thereof does not qualify for treatment as an Incentive Stock Option by reason of exceeding such maximum, such Option or the applicable portion shall be considered a Nonqualified Stock Option.

4. ELIGIBILITY.

(a) Incentive Stock Options may be granted only to employees (including officers) of the Company or its Affiliates. A director of the Company shall not be eligible to receive Incentive Stock Options unless such director is also an employee of the Company or any Affiliate. Stock Awards other than Incentive Stock Options may be granted to employees (including officers) or directors of or consultants to the Company or any Affiliate or to Trusts of any such employee, director or consultant.

(b) A director shall in no event be eligible for the benefits of the Plan (other than from a Director NQSO under Section 6

of the Plan) unless and until such director is expressly declared eligible to participate in the Plan by action of the Board or the Committee, and only if, at any time discretion is exercised by the Board or the Committee in the selection of a director as a person to whom Stock Awards may be granted, or in the determination of the number of shares which may be covered by Stock Awards granted to a director, the Plan complies with the requirements of Rule 16b-3 promulgated under the Exchange Act, as from time to time in effect. The Board shall otherwise comply with the requirements of Rule 16b-3 promulgated under the Exchange Act, as from time to time in effect. Notwithstanding the foregoing, the restrictions set forth in this paragraph 4(b) shall not apply if the Board or Committee expressly declares that such restrictions shall not apply.

(c) No person shall be eligible for the grant of an Incentive Stock Option under the Plan if, at the time of grant, such person owns (or is deemed to own pursuant to Section 424(d) of the Code) stock possessing more than ten percent (10%) of the total

combined voting power of all classes of stock of the Company or of any of its Affiliates unless the exercise price of such Incentive Stock Option is at least one hundred and ten percent (110%) of the fair market value of the Common Stock at the date of grant and the Incentive Stock Option is not exercisable after the expiration of five (5) years from the date of grant.

(d) Stock Awards shall be limited to a maximum of 500,000 shares of Common Stock per person per calendar year, which reflects the Company's two for one stock split in August 1995.

5. TERMS OF DISCRETIONARY STOCK OPTIONS.

An option granted pursuant to this Section 5 (a "Discretionary Stock Option") shall be in such form and shall contain such terms and conditions as the Board or the Committee shall deem appropriate. The provisions of separate Options need not be identical, but each Option shall include (through incorporation of provisions hereof by reference in the Option or otherwise) the substance of each of the following provisions:

(a) No Option shall be exercisable after the expiration of ten (10) years from the date it was granted.

(b) The exercise price of each Incentive Stock Option and each Nonqualified Stock Option shall be not less than one hundred percent (100%) of the fair market value of the Common Stock subject to the Option on the date the Option is granted.

(c) The purchase price of Common Stock acquired pursuant to an Option shall be paid, to the extent permitted by applicable statutes and regulations, either: (i) in cash at the time the Option is exercised; or (ii) at the discretion of the Board or the Committee, either at the time of grant or exercise of the Option (A) by delivery to the Company of shares of Common Stock that have been held for the period required to avoid a charge to the Company's reported earnings and valued at the fair market value on the date of exercise, (B) according to a deferred payment or other arrangement with the person to whom the Option is granted or to whom the Option

is transferred pursuant to paragraph 5(d), or (C) in any other form of legal consideration that may be acceptable to the Board or the Committee in their discretion; including but not limited to payment of the purchase price pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board which results in the receipt of cash (or a check) by the Company before Common Stock is issued or the receipt of irrevocable instruction to pay the aggregate exercise price of the Company from the sales

proceeds before Common Stock is issued.

In the case of any deferred payment arrangement, interest shall be payable at least annually and shall be charged at not less than the minimum rate of interest necessary to avoid the treatment as interest, under any applicable provisions of the Code, of any amounts other than amounts stated to be interest under the deferred payment arrangement.

(d) An Option granted to a natural person shall be exercisable during the lifetime of such person only by such person, provided that such person during such person's lifetime may designate a Trust to be such person's beneficiary with respect to any Incentive Stock Options granted after February 25, 1992 and with respect to any Nonqualified Stock Options, and such beneficiary shall, after the death of the person to whom the Option was granted, have all the rights that such person has while living, including the right to exercise the Option. In the absence of such designation, after the death of the person to whom the Option is granted, the Option shall be exercisable by the person or persons to whom the optionee's rights under such Option pass by will or by the laws of descent and distribution.

(e) The total number of shares of Common Stock subject to an Option may, but need not, be allotted in periodic installments (which may, but need not, be equal). From time to time during each of such installment periods, the Option may become exercisable ("vest") with respect to some or all of the shares allotted to that period, and may be exercised with respect to some or all of the shares allotted to such period and/or any prior period as to which the Option was not fully exercised. During the remainder of the term of the Option (if its term extends beyond the end of the installment periods), the Option may be exercised from time to time with respect to any shares then remaining subject to the Option. The provisions of this paragraph 5(e) are subject to any Option provisions governing the minimum number of shares as to which an Option may be exercised.

(f) The Company may require any optionee, or any person to whom an Option is transferred under paragraph 5(d), as a condition of exercising any such Option: (i) to give written assurances satisfactory to the Company as to such person's knowledge and experience in financial and business matters and/or to employ a purchaser representative who has such knowledge and experience in financial and business matters, and that such person is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Option; and (ii) to give written assurances satisfactory to the Company stating that such person is acquiring the Common Stock subject to the Option for such person's own account and not with any present intention of selling or otherwise distributing the Common Stock. These requirements, and any

assurances given pursuant to such requirements, shall be inoperative if: (x) the issuance of the shares upon the exercise of the Option has been registered under a then currently effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"); or (y) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities law.

(g) An Option shall terminate three (3) months after termination of the optionee's employment or relationship as a consultant or director with the Company or an Affiliate, unless: (i) such termination is due to the optionee's permanent and total disability, within the meaning of Section 422(c)(6) of the Code, in which case the Option may, but need not, provide that it may be exercised at any time within one (1) year following such termination of employment or relationship as a consultant or director; (ii) the optionee dies while in the employ of or while serving as a consultant or director to the Company or an Affiliate, or within not more than three (3) months after termination of such employment or relationship as a consultant or director, in which case the Option may, but need not, provide that it may be exercised at any time within eighteen (18) months following the death of the optionee by the person or persons to whom the optionee's rights under such Option pass by will or by the laws of descent and distribution; or (iii) the Option by its term specifies either (A) that it shall terminate sooner than three (3) months after termination of the optionee's employment or relationship as a consultant or director with the Company or an Affiliate; or (B) that it may be exercised more than three (3) months after termination of the optionee's employment or relationship as a consultant or director with the Company or an Affiliate. This paragraph 5(g) shall not be construed to extend the term of any Option or to permit anyone to exercise the Option after expiration of its term, nor shall it be construed to increase the number of shares as to which any Option is exercisable from the amount exercisable on the date of termination of the optionee's employment or relationship as a consultant or director.

(h) The Option may, but need not, include a provision whereby the optionee may elect at any time during the term of the optionee's employment or relationship as a consultant or director with the Company or any Affiliate to exercise the Option as to any part or all of the shares subject to the Option prior to the stated vesting dates of the Option. Any shares so purchased from any unvested installment or Option may be subject to a repurchase right in favor of the Company or to any other restriction the Board or the Committee determines to be appropriate.

(i) To the extent provided by the terms of an Option, each optionee may satisfy any federal, state or local tax withholding obligation relating to the exercise of such Option by any of the following means or by a combination of such means: (i) tendering a cash payment; (ii) authorizing the Company to withhold from the shares of the Common Stock otherwise issuable to the optionee as a result of the exercise of the Option a number of shares having a fair market value less than or equal to the amount of the withholding tax obligation; or (iii) delivering to the Company owned and unencumbered shares of the Common Stock having a fair market value less than or

equal to the amount of the withholding tax obligation.

(j) Without in any way limiting the authority of the Board or Committee to make or not to make grants of Discretionary Stock Options under this Section 5, the Board or Committee shall have the authority (but not an obligation) to include as part of any Option agreement a provision entitling the optionee to a further Option (a "Re-Load Option") in the event the optionee exercises the Option evidenced by the Option agreement, in whole or in part, by surrendering other shares of Common Stock in accordance with this Plan and the terms and conditions of the Option agreement. Any such Re-Load Option (i) shall be for a number of shares equal to the number of shares surrendered as part or all of the exercise price of such Option; (ii) shall have an expiration date which is the same as the expiration date of the Option the exercise of which gave rise to such Re-Load Option; and (iii) shall have an exercise price which is equal to one hundred percent (100%) of the fair market value of the Common Stock subject to the Re-Load Option on the date of exercise of the original Option or, in the case of a Re-Load Option which is an Incentive Stock Option and which is granted to a 10% stockholder (as defined in paragraph 4(c)), shall have an exercise price which is equal to one hundred and ten percent (110%) of the fair market value of the Common Stock subject to the Re-Load Option on the date of exercise of the original Option.

Any such Re-Load Option may be an Incentive Stock Option or a Nonqualified Stock Option, as the Board or Committee may designate at the time of the grant of the original Option, provided, however, that the designation of any Re-Load Option as an Incentive Stock Option shall be subject to the one hundred thousand dollars ($100,000) annual limitation on exercisability of Incentive Stock Options described in paragraph 3(c) of the Plan and in Section 422(d) of the Code. There shall be no Re-Load Option on a Re-Load Option. Any such Re-Load Option shall be subject to the availability of sufficient shares under paragraph 3(a) and shall be subject to such other terms and conditions as the Board or Committee may determine.

6. TERMS OF NON-DISCRETIONARY OPTIONS.

(a) On January 27 of each year commencing January 27, 1998, each person who is at that time an Eligible Director of the Company, (as defined in paragraph 6(k)), shall automatically be granted under the Plan, without further action by the Company, the Board, or the Company's stockholders, a Nonqualified Stock Option (a "Director NQSO") to purchase four thousand (4,000) shares of Common Stock on the terms and conditions set forth herein. An Eligible Director may designate that such Director NQSO be granted in the name of a Trust instead of in the name of such Eligible Director. The number of shares to be granted hereunder shall not be adjusted as provided for in Section 12. The Director NQSO shall be on the terms and conditions set forth herein and should the date of grant set forth above be a Saturday, Sunday or legal holiday, such grant shall be made on the next business day.

(b) Each person who, after January 27 of any year commencing January 27, 1998 and prior to November 1 of any year, becomes an Eligible Director, shall, upon the date such person becomes an Eligible Director, automatically be granted under the

Plan, without further action by the Company, the Board, or the Company's stockholders, a Director NQSO to purchase fifteen thousand (15,000) shares of Common Stock on the terms and conditions set forth herein. An Eligible Director may designate that such Director NQSO be granted in the name of a Trust instead of in the name of such Eligible Director. The number of shares to be granted under this Section 6 shall not be adjusted as provided for in Section 12. The Director NQSO shall be on the terms and conditions set forth herein and should the date of grant set forth above be a Saturday, Sunday or legal holiday, such grant shall be made on the next business day.

(c) Each Director NQSO granted pursuant to this Section 6 (or any Director Re-Load Option granted pursuant to paragraph 6(j)) shall be in such form and shall contain such terms and conditions as the Board or the Committee shall deem appropriate. The provisions of separate Director NQSO's need not be identical, but each Director NQSO shall include (through incorporation of provisions hereof by reference in the Director NQSO or otherwise) the substance of each of the following provisions as set forth in paragraphs 6(d) through 6(j), inclusive.

(d) The term of each Director NQSO shall be ten (10) years from the date it was granted.

(e) The exercise price of each Director NQSO shall be one hundred percent (100%) of the fair market value of the Common Stock subject to such Director NQSO on the date such Director NQSO is granted.

(f) The purchase price of Common Stock acquired pursuant to a Director NQSO shall be paid, to the extent permitted by applicable statutes and regulations, either (i) in cash at the time the Director NQSO is exercised; (ii) by delivery to the Company of shares of Common Stock that have been held for the period required to avoid a charge to the Company's reported earnings and valued at their fair market value on the date of exercise; or (iii) pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board which results in the receipt of cash (or a check) by the Company before Common Stock is issued or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds before Common Stock is issued.

(g) A Director NQSO shall be exercisable during the lifetime of the Eligible Director with respect to whom it was granted only by the person to whom it was granted (whether the Eligible Director or a Trust), provided that such person during the Eligible Director's lifetime may designate a Trust to be a beneficiary with respect to the Director NQSO, and such beneficiary shall, after the death of the Eligible Director to whom the Director NQSO was granted, have all of the rights designated for such beneficiary. In the absence of such designation, after the death of the Eligible Director with respect to whom the Director NQSO was granted, if such Director NQSO was granted to the Eligible Director, the Director NQSO shall be exercisable by the person or persons to whom the optionee's rights under such option pass by will or by the laws of descent and distribution.

(h) A Director NQSO shall not vest with respect to an

Eligible Director, or the affiliate of such Eligible Director, as the case may be, (i) unless the Eligible Director, has, at the date of grant, provided three (3) years of prior continuous service as an Eligible Director, or (ii) until the date upon which such Eligible Director has provided one year of continuous service as an Eligible Director following the date of grant of such Director NQSO, whereupon such Director NQSO shall become fully vested and exercisable in accordance with its terms.

(i) The Company may require any optionee under this Section 6, or any person to whom a Director NQSO is transferred under paragraph 6(g), as a condition of exercising any such option: (i) to give written assurances satisfactory to the Company as to such person's knowledge and experience in financial and business matters and/or to employ a purchaser representative who has such knowledge and experience in financial and business matters, and that such person is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Director NQSO;

and (ii) to give written assurances satisfactory to the Company stating that such person is acquiring the Common Stock subject to the Director NQSO for such person's own account and not with any present intention of selling or otherwise distributing the stock. These requirements, and any assurances given pursuant to such requirements, shall be inoperative if (i) the issuance of the shares upon the exercise of the Director NQSO has been registered under a then currently effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"), or (ii), as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws.

(j) Subject to the last sentence of this paragraph 6(j), each Director NQSO shall include a provision entitling the optionee to a further Nonqualified Stock Option (a "Director Re-Load Option") in the event the optionee exercises the Director NQSO evidenced by the Director NQSO grant, in whole or in part, by surrendering other shares of Common Stock in accordance with the Plan and the terms of the Director NQSO grant. Any such Director Re-Load Option (i) shall be for a number of shares equal to the number of shares surrendered as part or all of the exercise price of the original Director NQSO; (ii) shall have an expiration date which is the same as the expiration date of the original Director NQSO; and (iii) shall have an exercise price which is equal to one hundred percent (100%) of the fair market value of the Common Stock subject to the Director Re-Load Option on the date of exercise of the original Director NQSO. Any such Director Re-Load Option shall be subject to the availability of sufficient shares under paragraph 3(a). There shall be no Director Re-Load Option on a Director Re-Load Option.

(k) For purposes of this Section 6, the term "Eligible Director" shall mean a member of the Board who is not an employee of the Company or any Affiliate, and the term "affiliate" shall mean a person that directly or indirectly controls, is controlled by, or is under common control with, the Eligible Director.

7. TERMS OF STOCK BONUSES AND PURCHASES OF RESTRICTED STOCK.

Each stock bonus or restricted stock purchase agreement shall be in such form and shall contain such terms and conditions as the Board or the Committee shall deem appropriate. The terms and conditions of stock bonus or restricted stock purchase agreements may change from time to time, and the terms and conditions of separate agreements need not be identical, but each stock bonus or restricted stock purchase agreement shall include (through incorporation of provisions hereof by reference in the agreement or otherwise) the

substance of each of the following provisions as appropriate:

(a) The purchase price under each stock purchase agreement shall be such amount as the Board or Committee shall determine and designate in such agreement. Notwithstanding the foregoing, the Board or the Committee may determine that eligible participants in the Plan may be awarded stock pursuant to a stock bonus agreement in consideration for past services actually rendered to the Company or for its benefit.

(b) No rights under a stock bonus or restricted stock purchase agreement shall be assignable by any participant under the Plan, either voluntarily or by operation of law, except where such assignment is required by law or expressly authorized by the terms of the applicable stock bonus or restricted stock purchase agreement.

(c) The purchase price of stock acquired pursuant to a stock purchase agreement shall be paid either: (i) in cash at the time of purchase; (ii) at the discretion of the Board or the Committee, according to a deferred payment or other arrangement with the person to whom the Common Stock is sold; or (iii) in any other form of legal consideration that may be acceptable to the Board or the Committee in their discretion; including but not limited to payment of the purchase price pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board which results in the receipt of cash (or a check) by the Company before Common Stock is issued or the receipt of irrevocable instruction to pay the aggregate exercise price of the Company from the sales proceeds before Common Stock is issued. Notwithstanding the foregoing, the Board or the Committee to which administration of the Plan has been delegated may award Common Stock pursuant to a stock bonus agreement in consideration for past services actually rendered to the Company or for its benefit.

(d) Shares of Common Stock sold or awarded under the Plan may, but need not, be subject to a repurchase option in favor of the Company in accordance with a vesting schedule to be determined by the Board or the Committee.

(e) In the event a person ceases to be an employee of or ceases to serve as a director or consultant to the Company or an Affiliate, the Company may repurchase or otherwise reacquire any or all of the shares of Common Stock held by that person which have not vested as of the date of termination under the terms of the stock bonus or restricted stock purchase agreement between the Company and such person.

8. CANCELLATION AND RE-GRANT OF OPTIONS.

The Board or the Committee shall have the authority to

effect, at any time and from time to time, with the consent of the affected holders of Options, (i) the repricing of any outstanding Options under the Plan and/or (ii) the cancellation of any outstanding Options under the Plan and the grant in substitution therefor of new Options under the Plan covering the same or different numbers of shares of Common Stock, but having an exercise price per share not less than one hundred percent (100%) of the fair market value per share of Common Stock on the new grant date or, in the case of a 10% stockholder (as defined in paragraph 4(c)), not less than one hundred and ten percent (110%) of the fair market value per share of Common Stock on the new grant date.

9. COVENANTS OF THE COMPANY.

(a) During the terms of the Stock Awards granted under the Plan, the Company shall keep available at all times the number of shares of Common Stock required to satisfy such Stock Awards up to the number of shares of Common Stock authorized under the Plan.

(b) The Company shall seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to issue and sell shares of Common Stock under the Stock Awards granted under the Plan; provided, however, that this undertaking shall not require the Company to register under the Securities Act either the Plan, any Stock Award granted under the Plan or any Common Stock issued or issuable pursuant to any such Stock Award. If, after reasonable efforts, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary for the lawful issuance and sale of Common Stock under the Plan, the Company shall be relieved from any liability for failure to issue and sell Common Stock upon exercise of such Stock Awards unless and until such authority is obtained.

10. USE OF PROCEEDS FROM COMMON STOCK.

Proceeds from the sale of Common Stock pursuant to Stock Awards granted under the Plan shall constitute general funds of the Company.

11. MISCELLANEOUS.

(a) The Board or Committee shall have the power to accelerate the time during which a Stock Award may be exercised or the time during which a Stock Award or any part thereof will vest, notwithstanding the provisions in the Stock Award stating the time during which it may be exercised or the time during which it will vest. Each Discretionary Stock Option providing for vesting pursuant

to paragraph 5(e) shall also provide that if the employee's employment or a director's or consultant's affiliation with the Company is terminated by reason of death or disability (within the meaning of Title II or XVI of the Social Security Act and as determined by the Social Security Administration), the vesting schedule of Discretionary Stock Options granted to such employee, director or consultant or to the Trusts of such employee, director or consultant shall be accelerated by twelve months for each full year the employee has been employed by or the director or consultant has been affiliated with the Company. Discretionary Stock Options

granted under the Plan that are outstanding on February 25, 1992, shall be amended to include the accelerated vesting upon death provided for in the preceding sentence of this paragraph 11(a) and Discretionary Stock Options granted under the Plan that are outstanding on June 18, 1996, shall be amended to include the accelerated vesting upon disability provided for in the preceding sentence of this paragraph 11(a).

(b) Neither an optionee nor any person to whom an Option is transferred under the provisions of the Plan shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares subject to such Option unless and until such person has satisfied all requirements for exercise of the Option pursuant to its terms.

(c) Nothing in the Plan or any instrument executed or Stock Award granted pursuant thereto shall confer upon any eligible employee, consultant, director, optionee or holder of Stock Awards under the Plan any right to continue in the employ of the Company or any Affiliate or to continue acting as a consultant or director or shall affect the right of the Company or any Affiliate to terminate the employment or consulting relationship or directorship of any eligible employee, consultant, director, optionee or holder of Stock Awards under the Plan with or without cause. In the event that a holder of Stock Awards under the Plan is permitted or otherwise entitled to take a leave of absence, the Company shall have the unilateral right to (i) determine whether such leave of absence will be treated as a termination of employment or relationship as consultant or director for purposes hereof, and (ii) suspend or otherwise delay the time or times at which exercisability or vesting would otherwise occur with respect to any outstanding Stock Awards under the Plan.

12. ADJUSTMENTS UPON CHANGES IN COMMON STOCK.

If any change is made in the Common Stock subject to the Plan, or subject to any Stock Award granted under the Plan (through merger, consolidation, reorganization, recapitalization, stock

dividend, dividend in property other than cash, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other transaction not involving the receipt of consideration by the Company), the Plan and outstanding Stock Awards will be appropriately adjusted in the class(es) and maximum number of shares subject to the Plan, the maximum number of shares which may be granted to a participant in a calendar year, and the class(es) and number of shares and price per share of stock subject to outstanding Stock Awards; provided, that the minimum and maximum number of shares of Common Stock to be granted as provided for in paragraphs 6(a) and 6(b) shall not be so adjusted. Such adjustment shall be made by the Board or the Committee, the determination of which shall be final, binding and conclusive. (The conversion of any convertible securities of the Company shall not be treated as a "transaction not involving the receipt of consideration".)

13. CHANGE OF CONTROL.

(a) Notwithstanding anything to the contrary in this Plan,

in the event of a Change in Control (as hereinafter defined), then, to the extent permitted by applicable law: (i) the time during which Stock Awards become vested shall automatically be accelerated so that the unvested portions of all Stock Awards shall be vested prior to the Change in Control and (ii) the time during which the Options may be exercised shall automatically be accelerated to prior to the Change in Control. Upon and following the acceleration of the vesting and exercise periods, at the election of the holder of the Stock Award, the Stock Award may be: (x) exercised (with respect to Options) or, if the surviving or acquiring corporation agrees to assume the Stock Awards or substitute similar stock awards, (y) assumed; or (z) replaced with substitute stock awards. Options not exercised, substituted or assumed prior to or upon the Change in Control shall be terminated.

(b) For purposes of the Plan, a "Change of Control" shall be deemed to have occurred at any of the following times:

(i) upon the acquisition (other than from the Company) by any person, entity or "group," within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act (excluding, for this purpose, the Company or its affiliates, or any employee benefit plan of the Company or its affiliates which acquires beneficial ownership of voting securities of the Company), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of fifty percent (50%) or more of either the then outstanding shares of Common Stock or the combined voting power of the Company's then outstanding voting securities entitled to vote generally in the

election of directors; or

(ii) at the time individuals who, as of April 2, 1991, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to April 2, 1991, whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the Directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) shall be, for purposes of the Plan, considered as though such person were a member of the Incumbent Board; or

(iii) immediately prior to the consummation by the Company of a reorganization, merger, consolidation, (in each case, with respect to which persons who were the stockholders of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own more than fifty percent (50%) of the combined voting power entitled to vote generally in the election of directors of the reorganized, merged or consolidated company's then outstanding voting securities) or a liquidation or dissolution of the Company or of the sale of all or substantially all of the assets of the Company; or

(iv) the occurrence of any other event which the Incumbent Board in its sole discretion determines constitutes a Change of Control.

14. QUALIFIED DOMESTIC RELATIONS ORDERS.

(a) Anything in the Plan to the contrary notwithstanding, rights under Stock Awards may be assigned to an Alternate Payee to the extent that a QDRO so provides. (The terms "Alternate Payee" and "QDRO" are defined in paragraph 14(c) below.) The assignment of a Stock Award to an Alternate Payee pursuant to a QDRO shall not be treated as having caused a new grant. The transfer of an Incentive Stock Option to an Alternate Payee may, however, cause it to fail to qualify as an Incentive Stock Option. If a Stock Award is assigned to an Alternate Payee, the Alternate Payee generally has the same rights as the grantee under the terms of the Plan; provided however, that (i) the Stock Award shall be subject to the same vesting terms and exercise period as if the Stock Award were still held by the grantee, (ii) an Alternate Payee may not transfer a Stock Award and (iii) an Alternate Payee is ineligible for Re-Load Options described

at paragraph 5(j) or Director Re-Load Options described at paragraph 6(j).

(b) In the event of the Plan administrator's receipt of a domestic relations order or other notice of adverse claim by an Alternate Payee of a grantee of a Stock Award, transfer of the proceeds of the exercise of such Stock Award, whether in the form of cash, stock or other property, may be suspended. Such proceeds shall thereafter be transferred pursuant to the terms of a QDRO or other agreement between the grantee and Alternate Payee. A grantee's ability to exercise a Stock Award may be barred if the Plan administrator receives a court order directing the Plan administrator not to permit exercise.

(c) The word "QDRO" as used in the Plan shall mean a court order (i) that creates or recognizes the right of the spouse, former spouse or child (an "Alternate Payee") of an individual who is granted a Stock Award to an interest in such Stock Award relating to marital property rights or support obligations and (ii) that the administrator of the Plan determines would be a "qualified domestic relations order," as that term is defined in section 414(p) of the Code and section 206(d) of the Employee Retirement Income Security Act ("ERISA"), but for the fact that the Plan is not a plan described in section 3(3) of ERISA.

15. AMENDMENT OF THE PLAN.

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

(i) increase the number of shares reserved for Stock Awards under the Plan;

(ii) modify the requirements as to eligibility for participation in the Plan (to the extent such modification requires stockholder approval in order for the Plan to satisfy the

requirements of Section 422(b) of the Code); or

(iii) modify the Plan in any other way if such modification requires stockholder approval in order for the Plan to satisfy the requirements of Section 422(b) of the Code.

(b) The Board may in its sole discretion submit any other amendment to the Plan for stockholder approval, including, but not

limited to, amendments to the Plan intended to satisfy the requirements of Section 162(m) of the Code and the regulations promulgated thereunder regarding the exclusion of performance-based compensation from the limit on corporate deductibility of compensation to certain executive officers.

(c) It is expressly contemplated that the Board may amend the Plan in any respect the Board deems necessary or advisable to provide optionees with the maximum benefits provided or to be provided under the provisions of the Code and the regulations promulgated thereunder relating to employee Incentive Stock Options and/or to bring the Plan and/or Options granted under it into compliance therewith.

(d) Rights and obligations under any Stock Award granted before amendment of the Plan shall not be impaired by any amendment of the Plan, unless: (i) the Company requests the consent of the person to whom the Stock Award was granted; and (ii) such person consents in writing.

16. 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 on December 31, 2000. No Stock Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) Rights and obligations under any Stock Awards granted while the Plan is in effect shall not be impaired by suspension or termination of the Plan, except with the consent of the person to whom the Stock Award was granted.

17. EFFECTIVE DATE OF PLAN.

The Plan shall become effective as determined by the Board.

EXHIBIT 10.39

PROMISSORY NOTE

$79,000.00

1. Promise to Pay.

For value received, I, Kathryn Falberg ("Staff Member"), an unmarried woman, promises 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 Seventy Nine Thousand Dollars and No Cents ($79,000.00) (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, 1995 (the "initial rate") is 4.9 percent 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. 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 One Hundred Sixty One Dollars and Twenty Nine Cents ($161.29) 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 April 30, 1995; the second installment shall be on May 15, 1995; 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 for the improvement of a personal residence. Staff Member shall secure this loan by executing and causing to be filed, immediately a trust deed on this residence, commonly known as 946 Aleeda Lane, Montecito, California 93108 whose property description is Lot 26 of Santecito Estates, in the City of Santa Barbara, County of Santa Barbara, State of California, as per Map recorded in Book 53, Page(s) 13 and 14 of Maps, in the Office of the County Recorder of said county.

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 7.9 percent 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 has executed and delivered this Note as of the 7th day of April, 1995.

/s/ Kathryn Falberg
KATHRYN FALBERG

EXHIBIT 10.40

PROMISSORY NOTE

$100,000.00

1. Promise to Pay.

For value received, I, Edward F. Garnett ("Staff Member"), a married man, and I, Sandra K. Garnett, 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 Hundred Thousand Dollars and No Cents ($100,000.00) (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, 1997 (the "initial rate") is 4.1 percent per annum on the unpaid Principal. After December 31, 1997 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 percent 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 One Hundred Seventy Dollars and Eighty-Three Cents ($170.83) 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 August 15, 1997; the second installment shall be on August 31, 1997; 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 5037 Lakeview Canyon Road, Westlake Village, California 91362 whose property description is as follows:

Lot 39 of Tract No. 3507-2, in the City of Thousand Oaks, County of Ventura, State of California, as per map recorded in Book 94, Pages 57 through 77 of Miscellaneous Records (Maps), in the Office of the County Recorder of said County.

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 percent 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 has/have executed and delivered this Note as of the 18th day of July, 1997.

/s/ Edward F. Garnett
EDWARD F. GARNETT

/s/ Sandra K. Garnett
SANDRA K. GARNETT

EXHIBIT 10.41

FOURTH AMENDMENT TO THE AMGEN RETIREMENT AND SAVINGS PLAN AS AMENDED AND RESTATED EFFECTIVE APRIL 1, 1996

The Amgen Retirement and Savings Plan As Amended and Restated Effective April 1, 1996 (the "Plan") is hereby amended, effective April 1, 1996, as follows:

Section 22.2 of the Plan is amended to read in its entirety as follows:

"22.2 Minimum Allocations. For any Plan Year during which the Plan is a Top-Heavy Plan, the Company Contributions (exclusive of Qualified Nonelective Contributions and Qualified Matching Contributions) allocated to the Account of each Participant who is not a Key Employee, but who is an Employee on the last day of such Plan Year, shall not be less than the lesser of the following amounts:

(a) Three percent of his or her Top-Heavy Compensation; or

(b) A percentage of his or her Top-Heavy Compensation equal to the greatest allocation of Company Contributions and Participant Elected Contributions, expressed as a percentage of Top-Heavy Compensation, made on behalf of any Participant who is a Key Employee."

To record this Fourth Amendment to the Plan as set forth herein, the Company has caused its authorized officer to execute this document this 20th day of October, 1997.

AMGEN INC.

By: /s/ George A. Vandeman
GEORGE A. VANDEMAN

Title: Senior Vice President,
General Counsel and Secretary

EXHIBIT 10.42

FIFTH AMENDMENT TO THE AMGEN RETIREMENT AND SAVINGS PLAN AS AMENDED AND RESTATED EFFECTIVE APRIL 1, 1996

Section 2.17 entitled "Compensation Limitation" is amended to read as follows:

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

Section 2.26 entitled "Family Member" is deleted.

Article 3 entitled "Eligibility and Participation" shall be amended by adding new Section 3.6 to the end thereof, as follows:

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

Section 8.5 entitled "Latest Time of Distribution" is amended to read as follows:

8.5 Latest Time of Distribution. In no event shall a Participant's Plan Benefit be distributed later than the April 1 next following the calendar year in which the Participant attained age 70 1/2 if the Participant is not then an Employee.

Section 8.10 entitled "Small Benefits: Lump Sum" is amended to read as follows:

8.10 Small Benefits: Lump Sum. Any other provision of this Article notwithstanding, if the value of a Participant's entire Plan Benefit equals $3,500 (after December 31, 1997, $5,000) or less (including a Plan Benefit of $0) before the first payment of the Plan Benefit is made, then the Plan Benefit shall be paid (or deemed paid if the Plan Benefit is $0) as soon as reasonably practicable after the Participant's termination of employment to the Participant (or to his or her beneficiary in the case of the Participant's death) in a single lump sum in cash.

Section 11.4 entitled "Consequences of a Hardship Withdrawal" subsection (b) is amended to read as follows:

> (b) For the calendar year following the Hardship Withdrawal,

the maximum amount of Participant Elected Contributions and all other before-tax employee contributions to qualified retirement plans sponsored by members of the Affiliated Group shall be limited to the applicable limit under section 402(g) of the Code for that calendar year ($9,500 for 1997 and $10,000 for 1998), minus the amount of the Participant's Participant Elected Contributions and all other before tax employee contributions to qualified

retirement plans sponsored by members of the Affiliated Group for the calendar year of the Hardship Withdrawal.

Section 12.1 entitled "Determining the Highly Compensated Group" is amended to read as follows:

12.1. Determining the Highly Compensated Group. An individual is deemed to be a Highly Compensated Employee for any Plan Year if the individual is an active Employee who, during the look-back year, received Total Compensation of more than $80,000 (or such larger amount as may be adopted by the Commissioner of Internal Revenue to reflect a cost-of-living adjustment) and was a member of the Top-Paid Group; or was a five-percent owner at any time during the Plan Year or the look-back year. The look-back year shall be the 12-month period immediately preceding the Plan Year. The determination of who is a Highly Compensated Employee, including the determinations of the number and identity of Employees in the Top Paid Group and the Total Compensation that is considered, will be made in accordance with section 414(q) of the Code and the regulations thereunder.

Section 12.2 entitled "Special Elections for determining the Highly Compensated Employees Group" and Section 12.3 entitled "Determining the Highly Compensated Employee Group Using the Simplified Method" are deleted.

Section 12.6 entitled "Special Definitions Used in Article 12" subsection (a) "Family Member" is deleted.

Section 13.2 entitled "Average Deferral Percentage Limitation" is amended to read as follows:

13.2 Actual Deferral Percentage Limitation. The Plan shall satisfy the actual deferral percentage test, as provided in section 401(k)(3) of the Code and the regulations issued thereunder. Subject to the special rules described in Section 13.7, the Aggregate 401(k) Contributions of Highly Compensated Employees shall not exceed the limits described below:

(a) An Actual Deferral Percentage shall be determined for each individual who, at any time during the Plan Year, is a Participant (including a suspended Participant) or is eligible to participate in the Plan, which Actual Deferral Percentage shall be the ratio, computed to the nearest one-hundredth of one percent, of the individual's Aggregate 401(k) Contributions for the Plan Year to the individual's Section 414(s) Compensation for the Plan Year;

(b) The Actual Deferral Percentages (including zero percentages) of Highly Compensated Employees and Nonhighly Compensated Employees shall be separately averaged to determine each group's Actual Deferral Percentage; and

(c) The Aggregate 401(k) Contributions of Highly Compensated Employees shall constitute Excess Contributions and shall

be reduced, pursuant to Sections 13.3 and 13.4, to the extent that the Actual Deferral Percentage of Highly Compensated Employees exceeds the greater of (1) 125 percent of the Actual Deferral Percentage of Nonhighly Compensated Employees for the preceding Plan Year or (2) the lesser of (A) 200 percent of the Actual Deferral Percentage of Nonhighly Compensated Employees for the preceding Plan Year or (B) the Actual Deferral Percentage of Nonhighly Compensated Employees for the preceding Plan Year plus two percentage points.

Section 13.3 entitled "Allocation of Excess Contributions to Highly Compensated Employees" is amended to read as follows:

13.3 Allocation of Excess Contributions to Highly Compensated Employees. Any Excess Contributions for a Plan Year shall be allocated to Highly Compensated Employees by use of a leveling process, whereby the amount of deferrals of the Highly Compensated Employee with the highest amount of deferrals is reduced to the extent required to (a) eliminate all Excess Contributions or (b) cause such Highly Compensated Employee's amount of deferrals to equal the amount of deferrals of the Highly Compensated Employee with the next highest amount of deferrals. The leveling process shall be repeated until all Excess Contributions for the Plan Year are allocated to Highly Compensated Employees.

Section 13.7 entitled "Special Rules" subsections (f) and (g) are deleted.

Section 13.9 entitled "Special Definitions Used in Article 13" subsection (b) is amended to read as follows:

> "Annual Deferral Limit" means the dollar limit in effect for any calendar year under section 402(g) of the Code. For 1987, the first year in which this limitation was applicable, the Annual Deferral Limit was $7,000. The Annual Deferral Limit is subject to annual or periodic cost-of-living adjustments by the Commissioner of Internal Revenue and is $9,500 for 1997 and $10,000 for 1998.

Section 14.6 entitled "Special Rules" subsections (d) and (e) are deleted.

To record this Fifth Amendment to the Plan as set forth herein, the Company has caused its authorized officer to execute this document this 8th day of December, 1997.

AMGEN INC.

By: /s/ George A. Vandeman
GEORGE A. VANDEMAN

Title: Senior Vice President,
General Counsel and Secretary

AMGEN INC.

Exhibit 21

SUBSIDIARY (Name under which subsidiary does business)	STATE OF INCORPORATION OR ORGANIZATION
Amgen AB	Sweden
Amgen Australia Pty Limited	Australia
Amgen-Bio-Farmaceutica, Lda.	Portugal
Amgen Boulder Development Corporation	Colorado
Amgen Boulder Production Corporation	Colorado
Amgen B.V.	The Netherlands
Amgen Cambridge Real Estate Holdings Inc.	Delaware
Amgen Canada Inc.	Canada
Amgen Caribe Corporation	Puerto Rico
Amgen (Europe) AG	Switzerland
Amgen Europe B.V.	The Netherlands
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 N.V.	Belgium
Amgen Puerto Rico, Inc.	Delaware

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

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<INCOME-TAX>	217
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<DISCONTINUED>	0
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<EPS-DILUTED>	2.35

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