

AMGEN INC
Form 11-K
June 30, 2003
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2002

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 000-12477

AMGEN RETIREMENT AND SAVINGS PLAN

(Full title of the plan)

AMGEN INC.

(Name of issuer of the securities held)

One Amgen Center Drive, Thousand Oaks, California

(Address of principal executive offices)

91320-1799

(Zip Code)

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Amgen Retirement and Savings Plan

**Financial Statements
and Supplemental Schedule**

Years ended December 31, 2002 and 2001

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Report of Ernst & Young LLP, Independent Auditors

Amgen Inc., as Named Fiduciary, and the Plan Participants

of the Amgen Retirement and Savings Plan

We have audited the accompanying statements of net assets available for benefits of the Amgen Retirement and Savings Plan as of December 31, 2002 and 2001, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2002 and 2001, and the changes in its net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) at December 31, 2002, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ ERNST & YOUNG LLP

June 13, 2003

Los Angeles, California

Table of Contents**Amgen Retirement and Savings Plan****Statements of Net Assets Available for Benefits**

	December 31	
	2002	2001
Assets		
Investments at fair value	\$ 640,348,393	\$ 704,081,616
Net assets available for benefits	\$ 640,348,393	\$ 704,081,616

See accompanying notes.

Table of Contents**Amgen Retirement and Savings Plan****Statements of Changes in Net Assets Available for Benefits**

	Year ended December 31	
	2002	2001
Additions to net assets:		
Employee contributions	\$ 48,818,481	\$ 45,545,235
Employer contributions	40,050,692	37,865,221
Interest and dividend income	7,221,347	9,278,622
Total additions	96,090,520	92,689,078
Deductions from net assets:		
Benefits paid	48,214,013	28,158,334
Realized/unrealized losses	111,609,730	87,695,138
Total deductions	159,823,743	115,853,472
Net decrease	(63,733,223)	(23,164,394)
Net assets available for benefits at beginning of year	704,081,616	727,246,010
Net assets available for benefits at end of year	\$ 640,348,393	\$ 704,081,616

See accompanying notes.

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Amgen Retirement and Savings Plan

Notes to Financial Statements

December 31, 2002

1. Description of Plan

The following description of the Amgen Retirement and Savings Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan was established effective April 1, 1985 (amended and restated effective January 1, 1990, January 1, 1993, April 1, 1996, and October 23, 2000, respectively), as a defined contribution plan covering substantially all domestic employees of Amgen Inc. (the Company). The Plan, as amended, is intended to qualify under sections 401(a) and 401(k) of the Internal Revenue Code of 1986 (the Code) and section 407(d)(3)(A) of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

During 2002 and 2001, participants could elect to contribute up to 30% and 15%, respectively, of their pretax annual compensation (up to a maximum contribution of \$11,000 and \$10,500, respectively). Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans.

Each pay period, the Company makes a contribution of 100% of the first 5% of eligible compensation contributed by the employee (Matching Contribution). In addition, the Company supplements the Matching Contribution for all eligible employees, whether or not they have elected to make contributions to the Plan, with a contribution equal to 3% of each eligible employee's compensation (Core Contribution).

Participants select the funds in which their contributions are to be invested, electing among various investment alternatives. Participants may elect for their contributions to be invested in more than one fund; however, no more than 50% of their total contributions may be invested in the Amgen Inc. Stock Fund. Participants may change their investment options at any time.

Vesting

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Participants are immediately vested with respect to their individual contributions and earnings thereon. Effective January 1, 2002, participants became fully vested with respect to previously unvested Matching Contributions and Core Contributions credited

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Amgen Retirement and Savings Plan

Notes to Financial Statements (continued)

1. Description of Plan (continued)

Vesting (continued)

to their respective account through December 31, 2001, and are immediately vested with respect to Matching Contributions and Core Contributions credited to their respective account after January 1, 2002.

During 2001, participants vested in the Company contributions upon completing a requisite number of years of service. Employees had to work a minimum of 1,000 hours within a plan year to receive vesting for that year of service. For the Matching Contribution, participants vested in their allocated Matching Contribution and related earnings on a pro rata basis after four years of service. For the Core Contribution, participants would become vested in their allocated Core Contribution and related earnings after five years of service, with no partial vesting during the five years. Company contributions became fully vested upon attainment of normal retirement age, disability or death.

Participant Accounts

Each participant's account is credited with the participant's contributions and an allocation of (a) Company contributions and (b) Plan earnings and losses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account. Forfeited balances of terminated participants' nonvested accounts during 2001 were used to reduce future Company contributions. Effective January 1, 2002, participants are immediately vested with respect to Matching Contributions and Core Contributions.

Payments of Benefits

Upon termination of service due to death, disability (as defined by the Plan) or retirement, a participant may elect to receive an amount equal to the value of the participant's vested account balance in either a lump-sum payment in cash and/or full shares of the Company's common stock. The number of shares of Company common stock to be paid is based on the quoted market value of such stock on the date the Plan is valued following employee notification. Participants hired before April 1, 1996 may also elect to have an insurance annuity contract purchased on the participant's behalf.

Certain restrictions apply to withdrawals of amounts from the Plan while a participant continues to be employed by the Company.

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Amgen Retirement and Savings Plan

Notes to Financial Statements (continued)

1. Description of Plan (continued)

Participant Loans

Subject to Company approval, participants can generally obtain a loan from their account up to the lesser of an amount equal to 50% of the participant's vested account balance or \$50,000, less any outstanding loans. The loans bear interest at average borrowing rates of certain major banks (ranging from 6.50% to 11.87%) and are generally payable in installments over periods ranging from one to five years, unless the loan is used to acquire a principal residence. Principal and interest payments are allocated to the participant's account.

Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to terminate the Plan subject to the provisions of ERISA.

Trustee

Fidelity Management Trust Company acts as the Plan's trustee.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Investment Income and Losses

Dividend income is recognized on the ex-dividend date and interest income is recorded on an accrual basis. Unrealized gains and losses on investments are measured by the change in the difference between the fair value and cost of the securities held at the beginning and end of the period. Realized gains and losses from security transactions are recorded based on the weighted-average cost of securities sold.

Investment Valuation

Investments in mutual funds and Amgen Inc. common stock are valued at current market values determined through reference to public market information on the last business

Table of Contents**Amgen Retirement and Savings Plan****Notes to Financial Statements (continued)****2. Summary of Significant Accounting Policies (continued)****Investment Valuation (continued)**

day of the Plan year. Participant loans are valued at their outstanding balances which approximate fair value.

Use of Estimates

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

3. Investments

The fair value of individual investments that represent 5% or more of the Plan's net assets are as follows:

	December 31	
	2002	2001
Amgen Inc. Common Stock	\$ 186,234,961	\$ 228,503,831
Fidelity Magellan Fund	80,102,271	102,100,754
Fidelity Growth and Income Portfolio	61,051,319	73,223,177
Fidelity Retirement Money Market Portfolio	56,683,681	46,752,550
Fidelity Spartan U.S. Equity Index	39,019,464	48,267,602
Fidelity OTC Portfolio	35,723,215	45,378,930
Fidelity Contrafund	33,571,163	32,519,132

During 2002 and 2001, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) depreciated in value as follows:

	Year ended December 31	
	2002	2001
Amgen Inc. Common Stock	\$ (31,237,615)	\$ (29,793,683)
Mutual funds	(80,372,115)	(57,901,455)
	\$ (111,609,730)	\$ (87,695,138)

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Amgen Retirement and Savings Plan

Notes to Financial Statements (continued)

4. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated November 21, 2001, stating that the Plan is qualified, in form, under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Company believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax exempt. Subsequent amendments have been structured to, and are intended to, maintain the Plan's tax qualified status.

5. Services Provided by the Company

The Company provides certain administrative and recordkeeping services for the Plan at no cost to the Plan participants. In addition, the Company has paid the trustee fees and other related costs on behalf of the Plan.

6. Assets Transferred from Immunex Corporation

Effective January 1, 2003, the Company merged the Amgen Inc. Profit Sharing 401(k) Plan and Trust (formerly the Immunex Corporation Profit Sharing 401(k) Plan and Trust) (the Immunex Plan) into the Plan. The merged Plan conforms to the terms of the Plan. Employees eligible to participate in the Immunex Plan during 2002 were eligible to participate in the Plan effective January 1, 2003. On January 17, 2003 and January 21, 2003, assets totaling \$91,512,183 held by the merged Immunex Plan were transferred to the Plan.

Table of Contents**Supplemental Schedule****Amgen Retirement and Savings Plan****EIN: 95-3540776****Plan: 35274****Schedule H, line 4i Schedule of Assets (Held at End of Year)****December 31, 2002**

<u>Identity of Issue</u>	<u>Description of Investment</u>	<u>Current Value</u>
Amgen Inc.*	Common stock 3,852,358 shares	\$ 186,234,961
Fidelity Magellan Fund*	Mutual fund 1,014,466 shares	80,102,271
Fidelity Growth and Income Portfolio*	Mutual fund 2,014,230 shares	61,051,319
Fidelity Retirement Money Market Portfolio*	Money market portfolio	56,683,681
Fidelity Spartan U.S. Equity Index*	Mutual fund 1,252,631 shares	39,019,464
Fidelity OTC Portfolio*	Mutual fund 1,494,070 shares	35,723,215
Fidelity Contrafund*	Mutual fund 869,719 shares	33,571,163
Fidelity Overseas Fund*	Mutual fund 1,094,154 shares	24,071,387
Fidelity U.S. Bond Index Portfolio*	Mutual fund 2,039,601 shares	22,925,110
Fidelity Asset Manager: Growth*	Mutual fund 1,746,016 shares	20,899,811
Fidelity Short-Term Bond*	Mutual fund 2,023,952 shares	18,195,328
Neuberger Berman Genesis Trust	Mutual fund 643,079 shares	18,096,234
Fidelity Asset Manager*	Mutual fund 1,171,979 shares	16,173,314
Fidelity Asset Manager: Income*	Mutual fund 504,157 shares	5,475,145
Fidelity Equity Income Fund*	Mutual fund 117,244 shares	4,651,082
Dreyfus Founders Discovery Fund	Mutual fund 149,767 shares	2,851,571
Invesco Growth Fund	Mutual fund 777,671 shares	1,189,836
Participant loans*	Interest rates from 6.50% to 11.87%	13,433,501
		\$ 640,348,393

* Party-in-interest.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Amgen Retirement and Savings Plan

(Name of Plan)

Date: 6/30/03

By: /s/ RICHARD D. NANULA

Richard D. Nanula

**Executive Vice President, Finance, Strategy and
Communications, and Chief Financial Officer
Amgen Inc.**

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AMGEN RETIREMENT AND SAVINGS PLAN

INDEX TO EXHIBIT

Consent of Ernst & Young LLP, Independent Auditors

Exhibit 23