

Edgar Filing: AMGEN INC - Form DEF 14A

AMGEN INC  
Form DEF 14A  
March 22, 2006  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant  x

Filed by a Party other than the Registrant  o

Check the appropriate box:

- o Preliminary Proxy Statement
- o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

**Amgen Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:
- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
  - (1) Amount Previously Paid:
  - (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:
  - (4) Date Filed:

**Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**



Edgar Filing: AMGEN INC - Form DEF 14A

March 22, 2006

DEAR STOCKHOLDER:

You are invited to attend the Annual Meeting of Stockholders of Amgen Inc. to be held on Wednesday, May 10, 2006, at 2:00 P.M., local time, at the Fairmont Miramar Hotel, 101 Wilshire Boulevard, Santa Monica, California 90401.

At this year's Annual Meeting you will be asked to: (i) elect four directors; (ii) ratify the selection of the Company's independent registered public accountants; and (iii) transact such other business as may properly come before the Annual Meeting or any continuation, postponement or adjournment thereof, including the consideration of six stockholder proposals if such proposals are properly presented at the meeting. The accompanying Notice of Meeting and Proxy Statement describe these matters. We urge you to read this information carefully.

Your Board of Directors unanimously believes that election of its nominees for directors and ratification of its selection of independent registered public accountants are in the best interests of Amgen and its stockholders, and, accordingly, recommends a vote FOR election of the four nominees for directors and the ratification of the selection of Ernst & Young LLP as our independent registered public accountants. The Board of Directors also recommends a vote FOR Stockholder Proposal #6. The Board of Directors unanimously believes that the remaining five stockholder proposals, Stockholder Proposals #1 - 5, are not in the best interests of Amgen and its stockholders, and, accordingly, recommends a vote AGAINST each of these five stockholder proposals.

In addition to the business to be transacted as described above, management will speak on the Company's developments of the past year and respond to comments and questions of general interest to stockholders.

If you plan to attend the Annual Meeting, you will need an admittance ticket. For instructions on how to obtain an admittance ticket, please read Information Concerning Voting and Solicitation Attendance at the Annual Meeting in the accompanying Proxy Statement.

It is important that your shares be represented and voted whether or not you plan to attend the Annual Meeting in person. You may vote on the Internet, by telephone or by completing and mailing the enclosed proxy card or the form forwarded by your bank, broker or other holder of record. Voting over the Internet, by telephone or by written proxy will ensure your shares are represented at the Annual Meeting. Voting on the Internet or by telephone may not be available to all stockholders. Please review the instructions on the proxy card or the information forwarded by your bank, broker or other holder of record regarding each of these voting options.

Sincerely,

Kevin W. Sharer  
*Chairman of the Board,  
Chief Executive Officer and President*

AMGEN INC.  
One Amgen Center Drive  
Thousand Oaks, California 91320-1799

---

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON MAY 10, 2006**

---

TO THE STOCKHOLDERS OF AMGEN INC.

NOTICE IS HEREBY GIVEN that the 2006 Annual Meeting of Stockholders (the Annual Meeting ) of Amgen Inc., a Delaware corporation (the Company ), will be held on Wednesday, May 10, 2006, at 2:00 P.M., local time, at the Fairmont Miramar Hotel, 101 Wilshire Boulevard, Santa Monica, California 90401, for the following purposes:

1. To elect four directors to the Board of Directors (the Board of Directors ) of the Company for a three-year term of office expiring at the 2009 Annual Meeting of Stockholders;
2. To ratify the selection of Ernst & Young LLP as the Company s independent registered public accountants for the year ending December 31, 2006; and
3. To transact such other business as may properly come before the Annual Meeting or any continuation, postponement or adjournment thereof, including the consideration of six stockholder proposals, if such proposals are properly presented at the Annual Meeting.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

The Board of Directors has fixed the close of business on March 13, 2006, as the record date for the determination of stockholders entitled to notice of, and to vote at, this Annual Meeting and at any continuation, postponement or adjournment thereof.

By Order of the Board of Directors

David J. Scott  
*Secretary*

Thousand Oaks, California  
March 22, 2006

PLEASE SUBMIT A PROXY AS SOON AS POSSIBLE SO THAT YOUR SHARES CAN BE VOTED AT THE ANNUAL MEETING IN ACCORDANCE WITH YOUR INSTRUCTIONS. FOR SPECIFIC INSTRUCTIONS ON VOTING, PLEASE REFER TO THE INSTRUCTIONS ON THE PROXY CARD OR THE INFORMATION FORWARDED BY YOUR BANK, BROKER OR OTHER HOLDER OF RECORD. EVEN IF YOU HAVE VOTED YOUR PROXY, YOU MAY STILL VOTE IN PERSON IF YOU ATTEND THE ANNUAL MEETING. PLEASE NOTE, HOWEVER, THAT IF YOUR SHARES ARE HELD OF RECORD BY A BANK, BROKER OR OTHER NOMINEE AND YOU WISH TO VOTE IN PERSON AT THE ANNUAL MEETING, YOU MUST OBTAIN A PROXY ISSUED IN YOUR NAME FROM SUCH BANK, BROKER OR OTHER NOMINEE.

---

AMGEN INC.  
One Amgen Center Drive  
Thousand Oaks, California 91320-1799

---

**PROXY STATEMENT**

---

**INFORMATION CONCERNING VOTING AND SOLICITATION**

**General**

The enclosed proxy is solicited on behalf of the Board of Directors (the Board of Directors or the Board ) of Amgen Inc., a Delaware corporation (the Company or Amgen ), for use at the 2006 Annual Meeting of Stockholders (the Annual Meeting ) to be held on Wednesday, May 10, 2006, at 2:00 P.M. local time, or at any continuation, postponement or adjournment thereof, for the purposes discussed in this Proxy Statement and in the accompanying Notice of Annual Meeting and any business properly brought before the Annual Meeting. Proxies are solicited to give all stockholders of record an opportunity to vote on matters properly presented at the Annual Meeting. The Company intends to mail this Proxy Statement and accompanying proxy card on or about March 22, 2006 to all stockholders entitled to vote at the Annual Meeting. The Annual Meeting will be held at the Fairmont Miramar Hotel, 101 Wilshire Boulevard, Santa Monica, California 90401.

**Who Can Vote**

You are entitled to vote if you were a stockholder of record of Amgen common stock, \$.0001 par value (the Common Stock ) as of the close of business on March 13, 2006. Your shares may be voted at the Annual Meeting only if you are present in person or represented by a valid proxy.

**Shares Outstanding and Quorum**

At the close of business on March 13, 2006, 1,179,161,271 shares of Common Stock were outstanding and entitled to vote. A majority of the outstanding shares of Common Stock, present in person or represented by proxy, will constitute a quorum at the Annual Meeting.

**Proxy Card and Revocation of Proxy**

You may vote by completing and mailing the enclosed proxy card. If you sign the proxy card but do not specify how you want your shares to be voted, your shares will be voted by the proxy holders named in the enclosed proxy (i) in favor of the election of all of the director nominees, (ii) in favor of ratification of the selection of Ernst & Young LLP as the Company's independent registered public accountants for the year ending December 31, 2006, (iii) in favor of Stockholder Proposal #6 if it is properly presented at the Annual Meeting and (iv) against each of Stockholder Proposals #1 - 5 if they are properly presented at the Annual Meeting. In their discretion, the proxy holders named in the enclosed proxy are authorized to vote on any other matters that may properly come before the Annual Meeting and at any continuation, postponement or adjournment thereof. The Board of Directors knows of no other items of business that will be presented for consideration at the Annual Meeting other than those described in this Proxy Statement. In addition, other than the six stockholder proposals described in this Proxy Statement, no other stockholder proposal or nomination was received on a timely basis, so no such matters may be brought to a vote at the Annual Meeting.

If you vote by proxy, you may revoke that proxy at any time before it is voted at the Annual Meeting. Stockholders of record may revoke a proxy by sending to the Company's Secretary at the Company's principal executive office at One Amgen Center Drive, Thousand Oaks, California 91320-1799, Mail Stop 38-5-A, a written notice of revocation or a duly executed proxy bearing a later date or by attending the Annual Meeting in person and voting in person. Attendance at the Annual Meeting will not, by itself, revoke a proxy. If your shares are held in the name of a broker, bank or other nominee, you may change your vote by submitting new voting instructions to your bank, broker or other record holder. Please note that if your shares are held of record by a broker, bank or other nominee, and you decide to attend and vote at the Annual Meeting, your vote in person at the Annual Meeting will not be effective unless you present a legal proxy, issued in your name from the record holder, your broker, bank or other nominee.

### **Voting of Shares**

Stockholders of record as of the close of business on March 13, 2006 are entitled to one vote for each share of Common Stock held on all matters to be voted upon at the Annual Meeting. You may vote by attending the Annual Meeting and voting in person. You also may vote on the Internet, by telephone or by completing and mailing the enclosed proxy card or the form forwarded by your bank, broker or other holder of record. Voting on the Internet or by telephone may not be available to all stockholders. The Internet and telephone voting facilities will close at 11:59 p.m. E.T. on May 9, 2006. Stockholders who vote through the Internet should be aware that they may incur costs to access the Internet, such as usage charges from telephone companies or Internet service providers and that these costs must be borne by the stockholder. Stockholders who vote by Internet or telephone need not return a proxy card or the form forwarded by your bank, broker or other holder of record by mail. If your shares are held by a bank, broker or other nominee, please refer to the instructions they provide for voting your shares. All shares entitled to vote and represented by properly executed proxies received before the polls are closed at the Annual Meeting, and not revoked or superseded, will be voted at the Annual Meeting in accordance with the instructions indicated on those proxies. **YOUR VOTE IS IMPORTANT.**

### **Counting of Votes**

All votes will be tabulated by the inspector of election appointed for the Annual Meeting, who will separately tabulate affirmative and negative votes, abstentions, and broker non-votes. Shares held by persons attending the Annual Meeting but not voting, shares represented by proxies that reflect abstentions as to a particular proposal and broker non-votes will be counted as present for purposes of determining a quorum. A broker non-vote occurs when a nominee holding shares for a beneficial owner has not received instructions from the beneficial owner and does not have discretionary authority to vote the shares.

In December 2005, the Board adopted a policy and procedures for a director majority voting standard, a copy of which is set forth on *Appendix I* to this Proxy Statement. Under the majority voting standard adopted by the Board, if a nominee director receives a greater number of votes withheld from his or her election than votes for his or her election in an uncontested election of directors, that director is to tender his or her resignation to the Governance and Nominating Committee of the Board (the Governance Committee). The Board, taking into consideration the recommendation of the Governance Committee, will determine whether to accept the resignation. Any decision by the Board with respect to a director nominee who so tenders his or her resignation and an explanation of the process by which the decision was reached will be publicly disclosed in a Form 8-K filed with the Securities and Exchange Commission (the SEC). The election of the Company's directors requires a plurality of the votes cast, so abstentions and broker non-votes will not be counted in determining which nominees received the largest number of votes cast. This means the four nominees for election to the Board at the Annual Meeting who receive the largest number of properly cast votes will be elected as directors, subject to the Company's majority voting policy. Accordingly, any director so elected but who receives

a greater number of withheld votes than for votes will be subject to the majority voting policy and procedures described above and must tender his or her resignation for consideration by the Board.

The ratification of the selection of Ernst & Young LLP requires the affirmative vote of a majority of the shares present or represented by proxy at the Annual Meeting and entitled to vote on the matter. Abstentions and broker non-votes will have the same effect as votes against the ratification.

The approval of the six stockholder proposals, if properly presented at the Annual Meeting, require the affirmative vote of a majority of the shares present or represented by proxy at the Annual Meeting and entitled to vote on the matter. Abstentions will have the same effect as votes against such proposals, and broker non-votes will have no effect on the result of the votes on such proposals.

#### **Solicitation of Proxies**

The Company will bear the entire cost of solicitation of proxies, including preparation, assembly and mailing of this Proxy Statement, the proxy and any additional information furnished to stockholders. Copies of solicitation materials will be furnished to banks, brokerage houses, fiduciaries and custodians holding shares of Common Stock in their names that are beneficially owned by others to forward to those beneficial owners. The Company may reimburse persons representing beneficial owners for their costs of forwarding the solicitation materials to the beneficial owners. Original solicitation of proxies by mail may be supplemented by telephone, facsimile, electronic mail or personal solicitation by directors, officers or employees of the Company. No additional compensation will be paid to directors, officers or employees for such services. In addition, the Company has retained Georgeson Shareholder Communications, Inc. to assist in the solicitation of proxies for a fee of approximately \$9,000, plus reasonable out-of-pocket expenses. A list of stockholders entitled to vote at the Annual Meeting will be available for examination by any stockholder for any purpose germane to the Annual Meeting during ordinary business hours at the offices of the Company at One Amgen Center Drive, Thousand Oaks, California, 91320-1799 for the ten days prior to the Annual Meeting, and also at the Annual Meeting.

#### **Attendance at the Annual Meeting**

In order to attend the Annual Meeting, you will need an admittance ticket or proof of ownership of Common Stock as of the close of business on March 13, 2006. To receive an admittance ticket, you will need to complete and return the postage-paid reply card attached to this Proxy Statement. If you elected electronic delivery of this Proxy Statement, you will receive an e-mail with instructions for obtaining an admittance ticket. Each stockholder is entitled to one admittance ticket.

**ITEM 1**  
**ELECTION OF DIRECTORS**

Under the Company's Restated Certificate of Incorporation and the Company's Amended and Restated Bylaws (the "Bylaws"), the Board of Directors is divided into three classes, each class consisting, as nearly as possible, of one-third of the total number of directors, with members of each class serving for a three-year term. Vacancies on the Board may be filled only by persons elected by a majority of the directors remaining in office, even though less than a quorum. A director elected by the Board to fill a vacancy (including a vacancy created by an increase in the size of the Board of Directors) will serve for the remainder of the full term of the class of directors in which the vacancy occurred and until such director's successor is elected and qualified, or until such director's earlier death, resignation or removal. Mr. Franklin P. Johnson, Jr., whose current term as a director will expire upon election of directors at the Annual Meeting, will not stand for re-election. Effective upon the expiration of Mr. Johnson's term as a director, the authorized number of members of the Board has been set at eleven.

In December 2005, the Board adopted a policy and procedures for a director majority voting standard. Under the majority voting standard adopted by the Board, if a nominee director receives a greater number of votes withheld from his or her election than votes for his or her election in an uncontested election of directors, that director is to tender his or her resignation to the Governance Committee. The Board, taking into consideration the recommendation of the Governance Committee, will determine whether to accept the resignation. Any decision by the Board with respect to a director nominee who so tenders his or her resignation and an explanation of the process by which the decision was reached will be publicly disclosed in a Form 8-K filed with the SEC. The election of the Company's directors requires a plurality of the votes cast, so abstentions and broker non-votes will not be counted in determining which nominees received the largest number of votes cast. This means the four nominees for election to the Board at the Annual Meeting who receive the largest number of properly cast for votes will be elected as directors, subject to the Company's majority voting policy. Accordingly, any director so elected but who receives a greater number of withheld votes than for votes will be subject to the majority voting policy and procedures described above and must tender his or her resignation for consideration by the Board.

Each share of Common Stock is entitled to one vote for each of the four director nominees. Cumulative voting is not permitted. It is the intention of the proxy holders named in the enclosed proxy to vote the proxies received by them for the election of the four nominees named below unless authorization to do so is withheld. If any nominee should become unavailable for election prior to the Annual Meeting, an event that currently is not anticipated by the Board, the proxies will be voted for the election of a substitute nominee or nominees proposed by the Board of Directors. Each person nominated for election has agreed to serve if elected and the Board of Directors has no reason to believe that any nominee will be unable to serve.

Based upon the recommendation of the Governance Committee, Mr. Frederick W. Gluck, Adm. J. Paul Reason, Dr. Donald B. Rice and Mr. Leonard D. Schaeffer are all nominees for re-election to the Board. Each of the nominees would serve until his successor is elected and qualified, or until such director's earlier death, resignation or removal. If elected at the Annual Meeting, Mr. Gluck, Adm. Reason, Dr. Rice and Mr. Schaeffer would each serve until the 2009 Annual Meeting of Stockholders.



Set forth below is biographical information for each nominee and for each person whose term of office as a director will continue after the Annual Meeting. There are no family relationships among any directors of the Company.

**Nominees for Election for a Three-Year Term Expiring at the 2009 Annual Meeting of Stockholders**

*FREDERICK W. GLUCK*

Mr. Frederick W. Gluck, age 70, has served as a director of the Company since February 1998. Mr. Gluck is a former managing partner of McKinsey & Company, Inc. ( McKinsey ), an international management consulting firm. From 1967 to 1995, he served with McKinsey and from 1988 to 1994 he led the firm as its Managing Director, when he retired to join Bechtel Group, Inc. ( Bechtel ), an engineering, construction and project management company, where he served as Vice Chairman and Director. Mr. Gluck retired from Bechtel in July 1998. He rejoined McKinsey as a consultant in 1998 and continued in that role until July 2003, when he retired. Mr. Gluck is a director of HCA Inc. and GVI Security Solutions, Inc.

*J. PAUL REASON*

Admiral J. Paul Reason, USN (Retired), age 65, has served as a director of the Company since January 2001. Since September 2005, he has been Vice Chairman and Director of Metro Machine Corporation, a privately-held ship repair company ( Metro Machine ). From July 2000 to September 2005, he served as President and Chief Operating Officer of Metro Machine. From December 1996 to September 1999, Admiral Reason was a Four Star Admiral and Commander-In-Chief of the U.S. Atlantic Fleet of the U.S. Navy. From August 1994 to November 1996, Admiral Reason served as Deputy Chief of Naval Operations. From June 1965 to July 1994, Admiral Reason served in numerous capacities, both at sea and ashore, in the U.S. Navy. Admiral Reason is a director of Wal-Mart Stores, Inc. and Norfolk Southern Corporation.

*DONALD B. RICE*

Dr. Donald B. Rice, age 66, has served as a director of the Company since October 2000. Dr. Rice is Chairman of the Board of Agensys, Inc., a private biotechnology company, and has been Chief Executive Officer and President of Agensys, Inc. since its founding in late 1996. From March 1993 until August 1996, Dr. Rice was President and Chief Operating Officer and a director of Teledyne, Inc., a diversified technology-based manufacturing company with major segments in specialty metals and aerospace. Dr. Rice is a director of Wells Fargo & Company, Vulcan Materials Company and Chevron Corporation.

*LEONARD D. SCHAEFFER*

Mr. Leonard D. Schaeffer, age 60, has served as a director of the Company since March 2004. Mr. Schaeffer is the former Chairman of the Board of Directors of WellPoint Inc., the largest health insurance company in the U.S. From 1992 through 2004 he was Chairman and Chief Executive Officer of WellPoint Health Networks Inc. Mr. Schaeffer was the Administrator of the U.S. Health Care Financing Administration from 1978 to 1980. He is Chairman of the Board of the National Institute for Health Care Management and a member of the Institute of Medicine. Mr. Schaeffer is a director of Allergan, Inc. Mr. Schaeffer was recommended by the Chief Executive Officer when Mr. Schaeffer was appointed in March 2004.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH NAMED NOMINEE.**

**Directors Continuing in Office Until the 2007 Annual Meeting of Stockholders**

*FRANK J. BIONDI, JR.*

Mr. Frank J. Biondi, Jr., age 61, has served as a director of the Company since January 2002. Since March 1999, he has served as Senior Managing Director of WaterView Advisors LLC, an investment advisor organization. From April 1996 to November 1998, Mr. Biondi served as Chairman and Chief Executive Officer of Universal Studios, Inc. From July 1987 to January 1996, Mr. Biondi served as President and Chief Executive Officer of Viacom, Inc. Mr. Biondi is a director of Cablevision Systems Corp., Harrahs Entertainment, Inc., Hasbro, Inc., The Bank of New York Company, Inc. and Seagate Technology.

*JERRY D. CHOATE*

Mr. Jerry D. Choate, age 67, has served as a director of the Company since August 1998. From January 1995 to January 1999, Mr. Choate served as Chairman of the Board and Chief Executive Officer of The Allstate Corporation ( Allstate ), an insurance holding company. From August 1994 to January 1995, Mr. Choate served as President and Chief Executive Officer of Allstate and had previously held various management positions at Allstate since 1962. Mr. Choate is a director of Valero Energy Corporation and serves on the Board of Trustees for the Van Kampen Mutual Funds.

*FRANK C. HERRINGER*

Mr. Frank C. Herringer, age 63, has served as a director of the Company since May 2004. Mr. Herringer has been Chairman of the Board of Transamerica Corporation ( Transamerica ), a financial services company, since 1995. From 1991 to 1999, he served as Chief Executive Officer of Transamerica and from 1986 to 1999 he served as President. From 1999 to 2000, Mr. Herringer served on the Executive Board of Aegon N.V. and as Chairman of the Board of Aegon U.S.A. Mr. Herringer is a director of The Charles Schwab Corporation and Hawaii Biotech, Inc.

*GILBERT S. OMENN*

Dr. Gilbert S. Omenn, age 64, has served as a director of the Company since January 1987. Since September 1997, he has been Professor of Internal Medicine, Human Genetics and Public Health at the University of Michigan. From September 1997 to July 2002, Dr. Omenn also served as Executive Vice President for Medical Affairs and as Chief Executive Officer of the University of Michigan Health System. From July 1982 to September 1997, Dr. Omenn was the Dean of the School of Public Health and Community Medicine and Professor of Medicine at the University of Washington. Dr. Omenn is a director of Rohm & Haas Co. and OccuLogix, Inc.

**Directors Continuing in Office Until the 2008 Annual Meeting of Stockholders**

*DAVID BALTIMORE*

Dr. David Baltimore, age 68, has served as a director of the Company since June 1999. Since October 1997, Dr. Baltimore has been the President of the California Institute of Technology. From July 1995 to October 1997, Dr. Baltimore was an Institute Professor at the Massachusetts Institute of Technology ( MIT ), and from July 1994 to October 1997, the Ivan R. Cottrell Professor of Molecular Biology and Immunology at MIT. Dr. Baltimore is a director of BB Biotech, AG, a Swiss investment company, and MedImmune, Inc. In 1975, Dr. Baltimore was the co-recipient of the Nobel Prize in Medicine.

*JUDITH C. PELHAM*

Ms. Judith C. Pelham, age 60, has served as a director of the Company since May 1995. She is currently President Emeritus of Trinity Health, a national system of healthcare facilities, including hospitals, long-term care, home care, psychiatric care, residences for the elderly and ambulatory care, and the third largest Catholic healthcare system in the U.S. From May 2000 to December 2004, Ms. Pelham was President and Chief Executive Officer of Trinity Health. From January 1993 to April 2000, Ms. Pelham was the President and Chief Executive Officer of Mercy Health Services, a system of hospitals, home care, long-term care, ambulatory services and managed care established to carry out the health ministry sponsored by the Sisters of Mercy Regional Community of Detroit. From 1982 to 1992, Ms. Pelham was President and Chief Executive Officer of Daughters of Charity Health Services, Austin, Texas, a network of hospitals, home care and ambulatory services serving central Texas. Ms. Pelham is a director of Hospira, Inc.

*KEVIN W. SHARER*

Mr. Kevin W. Sharer, age 58, has served as a director of the Company since November 1992. Since May 2000, Mr. Sharer has been Chief Executive Officer and President of the Company and has also been Chairman of the Board since December 2000. From October 1992 to May 2000, Mr. Sharer served as President and Chief Operating Officer of the Company. From April 1989 to October 1992, Mr. Sharer was President of the Business Markets Division of MCI Communications Corporation, a telecommunications company. From February 1984 to March 1989, Mr. Sharer served in numerous executive capacities at General Electric Company. Mr. Sharer is a director of 3M Company and Northrop Grumman Corporation.

**Board Independence, Meetings and Committees**

The Board maintains charters for each of its standing committees. In addition, the Board has adopted a written set of corporate governance principles and a directors' code of conduct that generally formalize practices already in place at the Company. To view the charters of the Audit, Compensation and Management Development, Corporate Responsibility and Compliance, and Governance Committees, the corporate governance principles and the Board of Directors' code of conduct, please visit the Company's website at [www.amgen.com](http://www.amgen.com).<sup>(1)</sup> The Board has determined that all nominees for election to the Board at the Annual Meeting and all current or continuing directors are independent under the listing standards of The NASDAQ Stock Market, Inc. ( "NASDAQ" ), except for Mr. Sharer.

The Audit Committee has sole authority for the appointment, compensation and oversight of the work of the independent registered public accountants, and responsibility for reviewing and discussing, prior to filing or issuance, with management and the independent registered public accountants (when appropriate) the Company's audited consolidated financial statements included in its Annual Report on Form 10-K and earnings press releases. The Audit Committee carries out its responsibilities in accordance with the terms of its charter. During the year ended December 31, 2005, the Audit Committee met 8 times. Mr. Biondi serves as Chairman and Dr. Baltimore, Messrs. Herring and Johnson, Dr. Omenn and Ms. Pelham serve as members of the Audit Committee. The Board has determined that each of Messrs. Biondi, Herring and Johnson is an audit committee financial expert as defined by the SEC and each is independent under the listing standards of NASDAQ. All members of the Audit Committee meet the NASDAQ composition requirements, including the requirements regarding financial literacy and financial sophistication.

---

(1) This website is not intended to function as a hyperlink, and the information contained on the Company's website is not intended to be part of this Proxy Statement.

The Compensation and Management Development Committee (the Compensation Committee) is responsible for assessing the overall compensation structure of the Company and for administering and reviewing all executive compensation programs, incentive compensation plans and equity-based plans. Additionally, the Compensation Committee is responsible for reviewing and evaluating the performance of the Company's executive officers (including the Chief Executive Officer) and setting compensation for executive officers based on such evaluations. The Compensation Committee is also responsible for overseeing succession planning for senior management. During the year ended December 31, 2005, the Compensation Committee met 6 times. Mr. Choate serves as Chairman and Mr. Gluck, Adm. Reason, Dr. Rice and Mr. Schaeffer serve as members of the Compensation Committee.

The Corporate Responsibility and Compliance Committee (the Compliance Committee) is responsible for overseeing the Company's compliance program and for reviewing the Company's programs in the areas of ethical conduct, environmental protection, health and safety, human resources and government affairs. Additionally, the Compliance Committee monitors political, social and environmental trends and public policy issues that may affect the Company's business or public image, and reviews the Company's political and charitable activities. During the year ended December 31, 2005, the Compliance Committee met 4 times. Mr. Schaeffer serves as Chairman and Drs. Baltimore and Omenn, Ms. Pelham and Adm. Reason serve as members of the Compliance Committee.

The Company's compliance program is designed to promote ethical business conduct and ensure compliance with applicable laws and regulations. The Company has codes of conduct for its Board, staff and suppliers that delineate standards for ethical business conduct and legal and regulatory compliance as well as a business conduct hotline through which anonymous reports of misconduct can be made to the chief compliance officer. The Company's chief compliance officer, who reports to the Compliance Committee, oversees the ongoing operations of the compliance program. The key objectives of the compliance program operations include providing ongoing compliance training and education, auditing and monitoring of compliance risks, maintaining and promoting the business conduct hotline, conducting investigations, responding appropriately to any compliance violations and taking appropriate steps to detect and prevent recurrence.

The Governance Committee oversees the corporate governance and Board membership matters of the Company. The Governance Committee is responsible for developing and overseeing the Board's corporate governance principles and a code of conduct applicable to members of the Board, officers and employees of the Company, and for monitoring the independence of the Board. The Governance Committee also determines Board membership qualifications, selects, evaluates, and recommends to the Board nominees to fill vacancies as they arise, reviews the performance of the Board, and is responsible for director education. The Governance Committee maintains, with the approval of the Board, guidelines for selecting nominees to serve on the Board and considering stockholder recommendations for nominees. Such guidelines are included in this Proxy Statement as *Appendix II*. Stockholders wishing to communicate with the Governance Committee regarding recommendations for director nominees should follow the procedure described in the section of this Proxy Statement entitled "Other Matters Communication with the Board." Additionally, the Governance Committee selects and recommends to the Board nominees for appointment as executive officers of the Company. During the year ended December 31, 2005, the Governance Committee met 3 times. Dr. Rice serves as Chairman and Messrs. Choate, Gluck, Herringer and Johnson serve as members of the Governance Committee.

The Executive Committee has all the powers and authority of the Board in the management of the business and affairs of the Company, except with respect to certain enumerated matters including Board composition and compensation, changes to the Company's charter, or any other matter expressly prohibited by law or the Company's charter. During the year ended December 31, 2005, the Executive Committee met 3 times. Mr. Sharer serves as Chairman, and Messrs. Biondi, Choate, Johnson, Schaeffer and Dr. Rice serve as members of the Executive Committee.

The Equity Award Committee approves routine equity-based awards to eligible employees under the Company's stock-based plans, excluding officers subject to Section 16 of the Securities Exchange Act of 1934, as amended. The Equity Award Committee has the authority to grant equity-based awards within guidelines and pursuant to terms previously established by the Compensation Committee. The Compensation Committee will periodically review equity-based awards granted by the Equity Award Committee. During the year ended December 31, 2005, the Equity Award Committee did not meet, but did take action by written consent. Mr. Sharer served as the sole member of the Equity Award Committee.

The Board of Directors held 10 meetings during the year ended December 31, 2005, and all of the directors attended at least 75% of the total number of meetings of the Board of Directors and committees on which they served. The Board and the Company expect all directors to attend the annual meetings of stockholders barring unforeseen circumstances or irresolvable conflicts. All members of the Board were present at the 2005 Annual Meeting of Stockholders.

**ITEM 2**  
**RATIFICATION OF SELECTION OF INDEPENDENT**  
**REGISTERED PUBLIC ACCOUNTANTS**

The Audit Committee of the Board of Directors has selected Ernst & Young LLP ( Ernst & Young ) as the Company s independent registered public accountants for the year ending December 31, 2006, and has further directed that management submit the selection of independent registered public accountants for ratification by the stockholders at the Annual Meeting. Ernst & Young has audited the Company s financial statements since the Company s inception in 1980. A representative of Ernst & Young is expected to be present at the Annual Meeting and will have an opportunity to make a statement if he or she so desires and will be available to respond to appropriate questions.

Stockholder ratification of the selection of Ernst & Young as the Company s independent registered public accountants is not required by the Bylaws or otherwise. However, the Board is submitting the selection of Ernst & Young to the stockholders for ratification as a matter of corporate practice. If the stockholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent accounting firm at any time during the year if the Audit Committee determines that such a change would be in the best interests of the Company and its stockholders.

The vote FOR this proposal by the holders of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote is required to ratify the selection of Ernst & Young.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ITEM 2.**

**ITEM 3**  
**STOCKHOLDER PROPOSALS**

Certain stockholders have informed the Company that they intend to present the following proposals at the Annual Meeting. If the stockholders or their respective representatives, who are qualified under Delaware law, are present at the Annual Meeting and submit their respective proposals for a vote, then the stockholder proposals will be voted upon at the Annual Meeting. The vote FOR a stockholder proposal by the holders of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote is required for such stockholder proposals to pass.

In accordance with the Federal securities laws, the stockholder proposals and supporting statements are presented below exactly as submitted by the stockholders and are quoted verbatim (including footnotes) and are in italics. The stockholder proposals and supporting statements are presented in the order in which the Company received them from the stockholder proponents. The Company disclaims all responsibility for the content of the proposals and the supporting statements, including footnotes and websites contained in the supporting statements. Any references to a website is not intended to function as a hyperlink, and the information contained on any such website is not intended to be part of this Proxy Statement.

FOR THE REASONS STATED IN THE BOARD S RESPONSES, WHICH FOLLOW EACH OF THE STOCKHOLDER PROPOSALS, THE BOARD STRONGLY AND UNANIMOUSLY RECOMMENDS THAT YOU VOTE AGAINST EACH OF STOCKHOLDER PROPOSALS #1 - 5 AND FOR STOCKHOLDER PROPOSAL #6.

**Stockholder Proposal #1**

The AFSCME Employees Pension Plan, 1625 L Street, NW, Washington, DC 20036, owner of 13,170 shares of Common Stock, has notified the Company that it intends to submit the following proposal at the Annual Meeting:

*RESOLVED, that stockholders of Amgen Inc. ( Amgen ) urge the Compensation and Management Development Committee of the Board of Directors (the Committee ) to adopt a policy requiring that senior executives retain a significant percentage of shares acquired through equity compensation programs during their employment, and to report to stockholders regarding the policy before Amgen s 2007 annual meeting of stockholders. The Committee should define significant (and provide for exceptions in extraordinary circumstances) by taking into account the needs and constraints of Amgen and its senior executives; however, stockholders recommend that the Committee not adopt a percentage lower than 75% of net after tax shares. The policy should address the permissibility of transactions such as hedging transactions which are not sales but reduce the risk of loss to the executive.*

*Supporting Statement*

*Equity-based compensation makes up a substantial portion of senior executive compensation at Amgen. During fiscal year 2004, Chairman, CEO and President Kevin Sharer received \$4,963,954 in salary and bonus, while the stock options he received had a potential future value of \$5,448,225 or \$12,696,681, depending on the return assumption. During that year, Executive Vice President Dennis Fenton received \$1,977,755 in salary and bonus, while receiving restricted stock with a value of \$1,257,198 and 75,000 options. For the fiscal years 2000 through 2004, Sharer was granted 3,025,000 options and Fenton received 708,800.*

*Amgen claims that option grants allow executives to share, along with stockholders, in the long-term performance of the Company. Amgen also touts its Stock Ownership Guidelines (the Guidelines ), which require executives to hold an amount of stock equal to a specified multiple of base salary (five times base salary, in the case of the CEO), as promoting alignment of executive and stockholder interests. Despite generous equity compensation programs and the adoption of the Guidelines in 2002, neither Sharer nor Fenton currently owns any shares of Amgen stock outright, according to Amgen s proxy statement for the 2005 annual meeting. (Compliance with the Guidelines is not required until five years after they were adopted or five years after the executives becomes subject to them.)*

*We believe that a retention ratio like the one urged in this proposal serves stockholder interests better than a stock ownership requirement like the Guidelines. A retention ratio would ensure that the dilution of stockholders interests resulting from equity compensation is counterbalanced by increasing executive ownership and alignment. At the same time, a retention ratio provides more flexibility for executives than a stock ownership requirement in the event of a slump in Amgen s stock price. A 2003 article by compensation consultants Towers Perrin criticized ownership requirements on this ground and suggested the use of a retention ratio instead.*

*([http://www.boardmember.com/network/index.pl?section=1038&article\\_id=11391&show=article](http://www.boardmember.com/network/index.pl?section=1038&article_id=11391&show=article)) Similarly, compensation consultant Frederic Cook has stated that the advantages of the retention ratio make it more attractive than the multiple-of-salary approach for structuring stock ownership guidelines.*

*([http://www.fwcook.com/alert\\_letters/7-25-02RetentionRatioOwnershipGuideline.pdf](http://www.fwcook.com/alert_letters/7-25-02RetentionRatioOwnershipGuideline.pdf))*

*We urge stockholders to vote for this proposal.*

**Board Response to Stockholder Proposal #1**

**The Board of Directors recommends a vote AGAINST Stockholder Proposal #1 for the following reasons:**

The proponent submitted this same proposal at the 2005 annual meeting and Amgen stockholders solidly rejected it by a margin of almost 2:1. Nevertheless, since that time the Board and management has responded to perceived stockholder concerns about levels of executive stock ownership. As of March 13, 2006, all executive officers met their applicable ownership guidelines, or were on track to achieve their ownership guidelines within the applicable compliance time frame. In particular, Amgen's CEO, Kevin Sharer, beneficially owned issued and outstanding shares of Amgen common stock in excess of five times his annualized 2005 base salary.\*

The Board believes that stock ownership by senior executives serves to align the long-term interests of senior executives and stockholders and sends a positive message to the investment community about senior executive's commitment to adding to stockholder value. It is for this very reason that in December 2002, the Board adopted stock ownership guidelines (the Amgen Stock Ownership Guidelines) for directors and officers of the Company. The Board revisited the Amgen Stock Ownership Guidelines in October 2005 and again determined that they were appropriate for Amgen.

The CEO's guideline is set at a multiple of five times annualized base salary and the other executive officers of the Company are required to own shares of the Company's stock equal to three times such officer's base salary. The other officers of the Company are required to hold a fixed number of shares that is specified in the Amgen Stock Ownership Guidelines, which is scaled to the organizational level of the applicable officer. Additionally, the Amgen Stock Ownership Guidelines require members of the Board of Directors to own shares of the Company's stock equal in market value to five hundred thousand dollars. Directors and officers are required to comply with the guidelines by the later of five years from the date the guidelines were adopted or five years from the date that they assume a position subject to the guidelines. In most cases, compliance will be required by December 2007. Participants in the Amgen Stock Ownership Guidelines must maintain their required levels of stock holdings for so long as they hold their respective positions at Amgen.

We believe that the Amgen Stock Ownership Guidelines compare favorably to the stock retention policy suggested by the proponent. The Amgen Stock Ownership Guidelines represent a more effective way of aligning the long-term interests of senior executives and stockholders by requiring senior executives to own meaningful levels of stock. The proponent's proposal prescribes ownership solely through the retention of stock acquired through the Company's equity compensation plans and as a result provides no guarantee of actual stock ownership by senior executives. The Amgen Stock Ownership Guidelines, by contrast, require ownership of the Company's securities, which may be acquired through a variety of means, including open market purchases, and set clear and reasonable standards for the amount of stock to be owned by senior executives.

In adopting the Amgen Stock Ownership Guidelines, the Board believes it has struck the right balance between ensuring that our senior executives have a significant equity stake in Amgen's future while allowing them to prudently manage their financial affairs. We also believe that our compensation policies for our executive officers and directors have been responsibly implemented, and that the Amgen Stock Ownership Guidelines will further align the interests of our executive officers and directors with the long-term interests of stockholders, while still allowing the Board to use equity as an incentive in a balanced approach that supports the recruitment and retention of top talent.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE AGAINST STOCKHOLDER PROPOSAL #1.**

\* Valued at \$73.59 per share, the Nasdaq closing price on March 13, 2006.



**Stockholder Proposal #2**

John C. Harrington, 1001 2nd Street, Suite 325, Napa, CA 94559, owner of 100 shares of Common Stock, has notified the Company that he intends to submit the following proposal at the Annual Meeting:

*AMGEN Inc. Executive Compensation*

## Edgar Filing: AMGEN INC - Form DEF 14A

*WHEREAS, excesses in executive compensation have become a major issue for stakeholders. Opposition to excessive pay packages continues to mount, particularly among investors angry at compensation seemingly unrelated to financial performance. In fact, many mainstream investors have voted NO on compensation packages they felt were unreasonable. We also believe that boards, in setting executive compensation, should consider social and environmental performance, as well as financial performance.*

- The relationship between compensation and the social responsibility and environmental performance is an important question. For instance, shouldn't the pay of top officers be reconsidered if the company is found guilty of systematic sexual harassment or race discrimination or poor environmental performance, especially if the result is costly fines or expensive, protracted litigation?*
- Too often top executives have received considerable increases in compensation packages even when the company's financial performance or social responsibility performance has been mediocre or poor. When compensation is tied to social responsibility, better social responsibility performance will inevitably follow.*
- Business Week reports that executive compensation has skyrocketed from 42 to 1 in 1982 to over 400 times the pay of average employees in 2004.*
- The size of the CEO compensation is simply out of hand, said Business Week in an April 22, 2002 editorial. Also the Conference Board issued a September 17, 2002 report acknowledging that executive compensation has become excessive in many instances and bears no relationship to a company's long-term performance.*
- New York Federal Reserve Bank President, William J. McDonough, said: CEOs and their boards should simply reach the conclusion that executive pay is excessive and adjust to more reasonable and justifiable levels.*
- Companies involved in significant downsizing of employees don't share the pain, but escalate executive pay.*
- Many Board compensation committees fall prey to the desire to have their CEO paid in the top quartile of CEOs, thus creating a magnet effect pulling all executive compensation upward, regardless of contribution to shareholder value.*

*Resolved: The shareholders request the Board Compensation Committee undertake a special executive compensation review and provide a summary report to investors by Summer 2006. The report shall supplement information in the proxy statement.*

*Questions to be addressed in the review and report shall include:*

- 1. The rationale for the compensation packages for our top executives, including an explanation of whether the Committee has considered a cap on the size of the compensation package for the future.*
- 2. How or if executive compensation is compared to the pay package of the average employee and if the increasing ratio between the two over the last decade is taken into account.*
- 3. How social and environmental performance is integrated into the formula for executive compensation and whether our corporation's employee downsizing or outsourcing is considered.*

4. *An evaluation of whether our top executive compensation packages (including options, benefits, pension and retirement agreements) are excessive and should be modified.*

5. *A summary description of opposition registered by stakeholders to our compensation package.*

**Board Response to Stockholder Proposal #2**

**The Board of Directors recommends a vote AGAINST Stockholder Proposal #2 for the following reasons:**

The Board believes that undertaking the special executive compensation review and stockholder report requested in the proposal is unnecessary as the Compensation Committee's current executive compensation philosophy and practices are already consistent with the spirit of the proposal and are disclosed annually to stockholders in the Compensation and Management Development Committee Report included in the Company's proxy statements. The review and report requested in the proposal would add little of substance to the rigorous compensation review process that the Compensation Committee undertakes and could potentially distract the Compensation Committee from its important responsibilities. The proponent submitted this identical proposal in 2005 and it was soundly defeated by stockholders by a margin of 11 to 1 (against:for).

The Compensation Committee, which is composed entirely of directors who are independent under the listing standards of NASDAQ, oversees the Company's affairs in the areas of compensation plans, policies and programs, especially those regarding executive compensation and employee benefits. The Compensation Committee takes its mandate and responsibilities very seriously and spends the necessary amount of time assessing the overall compensation structure of the Company, reviewing and approving corporate goals and objectives relating to the compensation of executive officers, evaluating the performance of the executive officers and making appropriate recommendations for improving performance. In discharging its duties under Delaware law, the rules and regulations of the SEC and NASDAQ, and the Compensation Committee's charter, the Compensation Committee considers most, if not all, of the elements identified by the proponent. Additionally, where appropriate, the Compensation Committee makes full use of outside independent experts. However, the Compensation Committee needs flexibility when dealing with executive compensation to ensure that the Company is able to attract and retain key employees in a competitive marketplace. The proponent suggests that a cap should be placed on executive compensation packages; we think this would unduly limit the Compensation Committee and would not allow it to fully take into account some of the most important factors in setting executive compensation: linking executive compensation to company performance, and attracting/retaining qualified individuals.

As more fully described in the Compensation and Management Development Committee Report, the Committee believes that a substantial portion of an executive officer's compensation should be linked to increasing stockholder value. Accordingly, executive officers receive a market-competitive base salary, a cash bonus that is tied to the Company's overall performance based on actual results compared to financial, strategic and operational objectives, and long-term incentives such as stock options and restricted stock. In 2004, Amgen launched a Performance Award Program that shifted the mix of long-term incentive compensation such that a significant portion of each executive's annual long-term incentive grant is aligned with three-year Company performance on growth in both revenue and earnings per share, measured in comparison to both internal targets and to the actual results of other leading biotechnology and pharmaceutical companies over the relevant performance period. This program, in conjunction with significantly reduced stock option grants, is designed to focus executives on both the achievement of sustained superior operating results as well as increases in stockholder value through stock price appreciation.

The Board believes that the current compensation philosophy and practices of the Compensation Committee are consistent with the spirit of the stockholder proposal and that the Compensation Committee effectively and fully discharges its duty under applicable laws and rules. Adopting the stockholder proposal is likely to result in

inefficient activity that will detract from the more important issues that the Compensation Committee considers on a regular basis.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE AGAINST STOCKHOLDER PROPOSAL #2.**

**Stockholder Proposal #3**

William Steiner, 9254 Via Classico East, Wellington, FL 33411, owner of 1,200 shares of Common Stock, has notified the Company that he intends to submit the following proposal at the Annual Meeting:

**3 Redeem or Vote Poison Pill**

*RESOLVED, Shareholders request that our Board redeem any current or future poison pill, unless such poison pill is subject to a shareholder vote as a separate ballot item, to be held as soon as may be practicable. Charter or bylaw inclusion if practicable.*

*Thus there would be no loophole to allow exceptions to override a shareholder vote as soon as practicable. Since a vote would be as soon as practicable, it could take place within 4-months of the adoption of a new poison pill. To give our board valuable insight on shareholders' views of their poison pill, a vote would occur even if a new poison pill was promptly terminated because our board could turnaround and readopt their poison pill.*

**58% yes-vote**

*Twenty (20) shareholder proposals on this topic won an impressive 58% average yes-vote in 2005 through late-September. The Council of Institutional Investors [www.cii.org](http://www.cii.org) formally recommends adoption of this proposal topic.*

**Progress Begins with One Step**

*It is important to take one forward step and adopt the above RESOLVED statement since our 2005 governance was not impeccable. For instance in 2005 it was reported (and certain concerns are noted):*

- *The Corporate Library (TCL) <http://www.thecorporatelibrary.com/> a pro-investor research firm rated our company:*

*D in Overall Board Effectiveness.*

*D in Board Composition.*

*D in CEO Compensation \$10 million in CEO target pay.*

*F in Takeover Defenses.*

*Overall Governance Risk Assessment = High*

- *We had no Independent Chairman and not even a Lead Director Independent oversight concern.*
- *Directors can be elected with one yes-vote from our 1.2 billion shares under plurality voting.*
- *We had to marshal a 67% shareholder vote to make certain key governance improvements Entrenchment concern.*
- *Poison pill: Our management was still protected by a poison pill with a low 10% trigger.*
- *Mr. Rice was rated a problem director by The Corporate Library because he chaired Wells Fargo's (WFC) director nomination committee which was rated F in Board Composition by TCL Compounded by his service on*

*our Nomination committee.*

15

---

- *At Wells Fargo Mr. Rice received, I believe, an alarming 30% against vote based on for and against votes.*
- *Mr. Rice also served on the Chevron Board (CVX) rated D overall by TCL.*
- *Three directors had non-director links to our company Independence concern Compounded by giving these 3 directors more power through their 6 seats on our board committees.*
- *Two directors had 18 and 25 years tenure Independence concern Compounded by assigning them to our key Audit Committee.*
- *Directors still had an annual \$20,000 donation program Conflict of interest concern.*

#### ***Pills Entrench Current Management***

*Poison pills . . . prevent shareholders, and the overall market, from exercising their right to discipline management by turning it out. They entrench the current management, even when it is doing a poor job. They water down shareholders' votes.*

*Take on the Street by Arthur Levitt, SEC Chairman, 1993 - 2001*

#### ***Redeem or Vote Poison Pill Yes on 3***

#### **Board Response to Stockholder Proposal #3**

**The Board of Directors recommends a vote AGAINST Stockholder Proposal #3 for the following reasons:**

The Board believes, and independent evidence suggests, that rights plans actually enhance value for stockholders. In particular, according to the following studies:

- According to the Investor Responsibility Reach Center, an independent source of impartial information on corporate governance and social responsibility issues, worldwide rights plans have been adopted by over 2,200 U.S. companies, consistent with an increasing number of studies demonstrating the economic benefits that rights plans provide for stockholders.
- Institutional Shareholder Services, Inc., a major institutional stockholder advocacy group, commissioned a study released in February 2004 designed to test the correlation between corporate governance and stockholder value. The study found that companies with strong anti-takeover defenses, including rights plans, achieved higher stockholder returns of three-, five- and ten-year periods, higher return on equity, and higher performance on a number of other key financial and operating statistics.
- A study by J.P. Morgan (now JP Morgan Chase & Co.), a global financial services provider, published in 2001, analyzing 397 acquisitions of U.S. public companies from 1997 to 2000 where the purchase price exceeded \$1 billion, found that companies with rights plans in place received a median premium of 35.9% compared to 31.9% for companies without a rights plan.
- In addition, a study published in 1997 by Georgeson & Company Inc. (now Georgeson Stockholder Communications, Inc.), a nationally recognized proxy solicitation and investor relations firm, analyzed takeover data between 1992 and 1996 to determine whether rights plans had any measurable impact on stockholder value. The study found that takeover premiums paid to target companies with rights plans were an average of eight percentage points higher than those paid to companies without rights plans, rights plans contributed an additional \$13 billion in stockholder value in takeover situations over the study period, and stockholders of acquired companies without rights plans gave up \$14.5 billion in potential premiums over the same period. The study also noted that the presence of a

rights plan at a target company di