

AMGEN INC
Form 11-K
June 14, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM 11-K

(Mark One)

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

For the fiscal year ended December 31, 2011

OR

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

Commission file number 000-12477

THE RETIREMENT AND SAVINGS PLAN FOR
AMGEN MANUFACTURING, LIMITED

State Road 31, Kilometer 24.6, Juncos, Puerto Rico 00777

(Full title and address 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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The Retirement and Savings Plan for
Amgen Manufacturing, Limited
Audited Financial Statements
and Supplemental Schedule
Years Ended December 31, 2011 and 2010

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Report of Independent Registered Public Accounting Firm

Amgen Manufacturing, Limited, as Named Fiduciary, and the Plan Participants

of The Retirement and Savings Plan for Amgen Manufacturing, Limited

We have audited the accompanying statements of net assets available for benefits of The Retirement and Savings Plan for Amgen Manufacturing, Limited (the Plan) as of December 31, 2011 and 2010, 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 the standards of the Public Company Accounting Oversight Board (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. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and 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, 2011 and 2010, and the changes in its net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

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) as of December 31, 2011 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. Such information is the responsibility of the Plan's management. The information 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

San Juan, Puerto Rico

June 14, 2012

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The Retirement and Savings Plan for Amgen Manufacturing, Limited

Statements of Net Assets Available for Benefits

| | December 31 | |
|--|-----------------------|----------------|
| | 2011 | 2010 |
| Assets | | |
| Investments at fair value | \$ 156,693,609 | \$ 139,999,897 |
| Notes receivable from participants | 13,394,566 | 12,248,971 |
| Other principally due from broker | 109,583 | 158,686 |
| Total assets | 170,197,758 | 152,407,554 |
| Liabilities | | |
| Other principally due to broker | 174,543 | 150,506 |
| Net assets reflecting investments at fair value | 170,023,215 | 152,257,048 |
| Adjustment from fair value to contract value for interest in collective trust fund relating to fully benefit-responsive investment contracts | (399,737) | (266,989) |
| Net assets available for benefits | \$ 169,623,478 | \$ 151,990,059 |

See accompanying notes.

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The Retirement and Savings Plan for Amgen Manufacturing, Limited

Statements of Changes in Net Assets Available for Benefits

| | Year Ended December 31 | |
|--|------------------------|----------------|
| | 2011 | 2010 |
| Additions to (deductions from) net assets: | | |
| Employer contributions | \$ 12,333,886 | \$ 11,138,501 |
| Participant contributions | 8,851,097 | 7,616,456 |
| Rollover contributions | 588,590 | 65,636 |
| Interest and dividend income | 1,259,757 | 873,815 |
| Net realized/unrealized gains | 383,876 | 14,062,319 |
| Interest income on notes receivable from participants | 575,157 | 576,795 |
| Benefits paid | (6,032,006) | (2,542,584) |
| Investment and administrative fees | (326,938) | (274,033) |
| Net increase | 17,633,419 | 31,516,905 |
| Net assets available for benefits at beginning of year | 151,990,059 | 120,473,154 |
| Net assets available for benefits at end of year | \$ 169,623,478 | \$ 151,990,059 |

See accompanying notes.

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The Retirement and Savings Plan for Amgen Manufacturing, Limited

Notes to Financial Statements

December 31, 2011

1. Description of the Plan

The following description of The Retirement and Savings Plan for Amgen Manufacturing, Limited (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 January 1, 2002, most recently amended and restated effective January 1, 2012. The Plan is a defined contribution plan covering substantially all Puerto Rico resident employees of Amgen Manufacturing, Limited (the Company), a wholly owned subsidiary of Amgen Inc. (Amgen). The Plan, as amended and restated, is intended to qualify under Section 1081.01 of the New Puerto Rico Internal Revenue Code (the PR Code) (see Note 5, *Income Tax Status*) and section 407(d)(3)(A) of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Subject to certain limitations (as defined in the Plan), participants may elect to contribute up to 30% of their eligible compensation in pre-tax contributions and after-tax contributions or a combination of these types of contributions. A participant's pre-tax contributions are subject to PR Code and Plan limitations and could not exceed \$10,000 in 2011 and \$9,000 in 2010. Participants may elect to contribute after-tax contributions beginning January 1 of the year following the year the participant was hired. Participant after-tax contributions are subject to PR Code and Plan limitations and could not exceed \$1,500 in 2011 and 2010. Unless an employee has voluntarily enrolled in the Plan or has declined to participate in the Plan within the first 30 days of employment, all newly eligible participants are automatically enrolled in the Plan and contributions equal to 5% of their eligible compensation are withheld and contributed to the Plan as pre-tax contributions; such contributions are automatically increased by 1% per year until their contributions reach 10% of their eligible compensation. Participants may elect to adjust, cease or resume their contributions at any time.

Participants who are at least age 50 by the close of the Plan year may also elect to make certain additional pre-tax contributions, referred to as catch-up contributions, that are subject to PR Code and Plan limitations and could not exceed \$1,000 in 2011 and 2010. Participants may also contribute pre-tax and after-tax amounts representing distributions from certain other retirement plans qualified in Puerto Rico, referred to as rollover contributions (as defined in the Plan).

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The Retirement and Savings Plan for Amgen Manufacturing, Limited

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Contributions (continued)

Each pay period, the Company makes a non-elective contribution for all eligible participants, whether or not they have elected to make contributions to the Plan, equal to 4% of each participant's eligible compensation (Core Contributions). In addition, the Company makes a contribution equal to amounts contributed by the participant as pre-tax contributions, including catch-up contributions, of up to 5% of eligible compensation (Matching Contributions). Matching Contributions could not exceed \$11,000 in 2011 and \$9,000 in 2010.

Participants select the investments in which their contributions, including their Core Contributions and Matching Contributions (collectively Company Contributions), are to be invested, electing among various alternatives, including Amgen Inc. common stock (Amgen stock). Participants may direct a maximum of 20% of contributions to be invested in Amgen stock. In addition, participants may transfer amounts among the investment options at any time, subject to certain limitations. Notwithstanding the foregoing, if 20% or more of the value of a participant's Plan account is invested in Amgen stock, no transfers from other investment options can be made to invest in Amgen stock.

The accounts of participants who had never made an investment election are allocated to investments under a qualified default investment alternative which is intended to be compliant with ERISA regulations. At any time, participants may elect to alter the investments in their accounts made under a qualified default investment alternative.

Vesting

Participants who are or became eligible employees on or after January 1, 2007 are 100% vested with respect to their Company Contributions and earnings and losses (hereafter referred to as earnings) thereon. Participants who are not and do not become eligible employees on or after January 1, 2007 are subject to certain vesting conditions (as defined in the Plan) with regard to Company contributions and related earnings thereon. All participants are 100% vested with respect to their contributions and earnings thereon.

Participant Accounts

Each participant's account is credited with the participant's contributions and an allocation of (a) Company Contributions and (b) earnings. The benefit to which a participant is entitled is the benefit that can be provided from the vested portion of the participant's account.

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The Retirement and Savings Plan for Amgen Manufacturing, Limited

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Plan Investments

Participants can invest in any of 14 different asset classes as well as Amgen stock or may actively manage their account under a self-directed brokerage arrangement in which a wider array of investment options are available. The value of an investment in an asset class is determined by its underlying investment vehicles which may include one or more of the following: mutual funds, collective trust funds and portfolios which are separately managed exclusively for the benefit of Plan participants and their beneficiaries (separately managed portfolios). The separately managed portfolios are primarily composed of investments in publicly traded common and preferred stocks. The asset classes are designed to provide participants with choices among a variety of investment objectives.

Payments of Benefits

Subject to Plan limitations, upon termination of employment, including termination due to disability (as defined in the Plan), death or retirement, a participant or the participant's named beneficiary may elect to receive an amount equal to the value of his or her vested account balance in (a) a single payment in cash, (b) a single distribution in full shares of Amgen stock (with any fractional shares paid in cash), (c) a single distribution paid in a combination of cash and full shares of Amgen stock, or (d) a rollover distribution to an eligible retirement plan. If a participant dies before receiving the value of his or her vested account balance, the participant's beneficiary may elect to receive the distribution of remaining funds from among the alternatives described above, subject to certain Plan limitations.

Subsequent to termination of employment, participants may also elect to maintain their vested account balance in the Plan, provided that their account balance is greater than \$1,000.

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

Notes Receivable from Participants

Subject to certain restrictions, a participant can have up to two loans outstanding at any one time from his or her Plan account with a combined maximum loan amount which may not exceed the lesser of (a) 50% of the participant's account balance or (b) \$50,000 less certain adjustments, as applicable (as defined in the Plan). A participant's loan is secured by his or her Plan account balance. Loans made prior to January 1, 2006 bear interest at fixed rates based on the average borrowing rates of certain major banks. Loans made on or after January 1, 2006

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The Retirement and Savings Plan for Amgen Manufacturing, Limited

Notes to Financial Statements (continued)

1. Description of the Plan (continued)

Notes Receivable from Participants (continued)

bear interest at fixed rates based on the prime rate plus one percentage point as published in The Wall Street Journal determined as of the last day of the calendar quarter preceding origination or such other rate as may be required by law. Loans are generally payable in installments over periods ranging from one to five years, unless the loan is used to acquire a principal residence for which the term of the loan may be up to 20 years. 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. Upon termination, participants would receive distributions of their vested account balances.

Trustee and Custodian

Banco Popular de Puerto Rico is the Plan's trustee. Bank of America, N.A. and Northern Trust Company, N.A. are the Plan's custodians.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting.

Fair Value Measurement

The investments of the Plan are reported at fair value. Fair value is generally defined as the price that would be received to sell an asset or paid to transfer a liability (the exit price) in an orderly transaction between market participants at the measurement date (see Note 3, *Fair Value Measurements*).

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The Retirement and Savings Plan for Amgen Manufacturing, Limited

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

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 of the year (or date purchased if acquired during the Plan year) and the end of the year. Realized gains and losses from security transactions are recorded based on the weighted-average cost of securities sold.

Fully Benefit-Responsive Investment Contracts

The Plan holds units of collective trust funds that have investments in fully benefit-responsive investment contracts. Such contracts held directly or indirectly by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate qualified transactions related to these investments. The Statements of Net Assets Available for Benefits present these contracts at fair value with an adjustment to contract value. The Statements of Changes in Net Assets Available for Benefits are prepared on a contract value basis.

Notes Receivable from Participants

Notes receivable from participants are carried at their unpaid balance plus accrued but unpaid interest, as applicable.

Due from/to Brokers

Purchases and sales of investments are recorded on a trade-date basis. Due from brokers and due to brokers arise from unsettled sale and purchase transactions as of December 31, 2011 and 2010.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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 could differ from those estimates.

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The Retirement and Savings Plan for Amgen Manufacturing, Limited

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

In May 2011, a new accounting standard was issued that amends certain fair value measurement principles, clarifies the application of existing fair value measurement requirements and requires additional disclosures regarding fair value. This new standard is required to be applied prospectively beginning in 2012. The Company does not expect this new accounting standard to have a material effect on the Plan's financial statements.

3. Fair Value Measurements

The Plan uses various valuation approaches in determining the fair value of investments within a hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the investment based on market data obtained from independent sources. Unobservable inputs are inputs that reflect assumptions about the inputs that market participants would use in pricing the investment and are developed based on the best information available in the circumstances. The fair value hierarchy is divided into three levels based on the source of inputs as follows:

Level 1 Valuations based on unadjusted quoted prices in active markets for identical investments that the Plan has the ability to access;

Level 2 Valuations for which all significant inputs are observable, either directly or indirectly, other than level 1 inputs;

Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary among the various types of investments. To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. In certain cases, the inputs used for measuring fair value may fall into different levels of the fair value hierarchy. In such cases, for financial statement disclosure purposes, the level in the fair value hierarchy within which the fair value measurement is categorized is based on the lowest level of input used that is significant to the overall fair value measurement.

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The Retirement and Savings Plan for Amgen Manufacturing, Limited

Notes to Financial Statements (continued)

3. Fair Value Measurements (continued)

The following fair value hierarchy table presents information about each major class/category of the Plan's investments measured at fair value:

| | \$000,000,000 | \$000,000,000 | \$000,000,000 | \$000,000,000 |
|------------------------------------|---|---|--|----------------|
| | Fair value measurements at December 31, 2011 using | | | |
| | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
| Amgen stock | \$ 28,916,100 | \$ - | \$ - | \$ 28,916,100 |
| Cash and cash equivalents | 187,189 | - | - | 187,189 |
| Common and preferred stocks: | | | | |
| Large cap growth | 15,336,282 | - | - | 15,336,282 |
| Large cap value | 5,132,744 | - | - | 5,132,744 |
| Small-mid cap growth | 1,699,446 | - | - | 1,699,446 |
| Small-mid cap value | 12,569,986 | 10,939 | - | 12,580,925 |
| Other | 416,735 | - | - | 416,735 |
| Mutual funds: | | | | |
| High yield debt | 2,744,734 | - | - | 2,744,734 |
| Inflation indexed debt | 739,955 | - | - | 739,955 |
| International growth | 4,532,198 | - | - | 4,532,198 |
| International value | 5,922,320 | - | - | 5,922,320 |
| Real estate investment trust index | 4,111,878 | - | - | 4,111,878 |
| Collective trust funds: | | | | |
| Capital preservation | - | 15,774,230 | - | 15,774,230 |
| Emerging markets equity | - | 4,838,408 | - | 4,838,408 |
| Fixed income | - | 7,869,660 | - | 7,869,660 |
| Inflation indexed debt | - | 82,026 | - | 82,026 |
| International growth | - | 2,178,094 | - | 2,178,094 |
| International value | - | 582,082 | - | 582,082 |
| Large cap growth | - | 995,649 | - | 995,649 |
| Large cap index | - | 31,166,960 | - | 31,166,960 |
| Large cap value | - | 555,005 | - | 555,005 |
| Small-mid cap growth | - | 109,485 | - | 109,485 |
| Small-mid cap index | - | 6,398,169 | - | 6,398,169 |
| Small-mid cap value | - | 951,644 | - | 951,644 |
| Short term investments | - | 2,871,691 | - | 2,871,691 |
| | \$ 82,309,567 | \$ 74,384,042 | \$ - | \$ 156,693,609 |

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The Retirement and Savings Plan for Amgen Manufacturing, Limited

Notes to Financial Statements (continued)

3. Fair Value Measurements (continued)

| | \$000,000,000 | \$000,000,000 | \$000,000,000 | \$000,000,000 |
|---------------------------|---|---|--|---------------|
| | Fair value measurements at December 31, 2010 using | | | |
| | Quoted prices in active markets for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
| Amgen stock | \$ 24,251,842 | \$ - | \$ - | \$ 24,251,842 |
| Cash and cash equivalents | 44,099 | & | | |