

During the course of an internal review, Amgen PAC officials learned of certain technical data entry errors that had been made with respect to the Amgen PAC bank account. Upon learning of these technical data entry errors, Amgen promptly brought the matter to the attention of the Federal Election Commission. The following details the nature of Amgen's subsequent actions and the basis for a series of amendments filed simultaneously with this submission to several Amgen PAC Reports filed between 2001 and 2004. As Amgen PAC officials have outlined in meetings and telephone conversations with Commission staff, the principal reason for the amendments is to correct unintentional technical data entry errors by corporate accounting staff and remedy actions taken by these individuals to re-balance the PAC accounts.

On June 29, 2005, Amgen informed the Federal Election Commission of the inadvertent transfers of funds into its PAC as a result of technical data entry errors by corporate accounting staff. At the same time, Amgen advised the Commission that Amgen PAC's outside PAC management vendor had identified an unexplained excess of \$3,004 in the Amgen PAC account as of December 31, 2003. By the vendor's estimate, as of April 22, 2005, the Amgen PAC account contained \$7,051.61 more than it should have, consisting of the \$3,004 in unaccounted for funds and \$4,047.61 in corporate funds deposited into the PAC account.

Also on June 29, 2005, Amgen PAC issued a refund check to Amgen in the amount of \$7,051.61. This disbursement appears on Amgen PAC's 2005 Mid-Year Report as a Line 29 disbursement. Amgen also told the Commission that it intended immediately to commence an audit of Amgen PAC's books and records by an outside, independent auditing firm and to put in place measures to prevent any further deposits of corporate funds into the PAC account. While the total amount of corporate funds deposited was quite small, Amgen nonetheless expressed to the Commission its commitment to investigate the problem and to take all necessary steps to ensure that it did not recur.

The independent auditing firm substantially completed the audit by July 25, 2005, after which Amgen reported the audit findings to the Commission. The audit findings validated the \$7,051.61 refund payment from Amgen PAC to Amgen and also revealed the need to file several amended reports with the Commission. Amended reports have since been filed, as described below in detail. Those amended reports show "Payroll Deduction Program Transfers" as "other income" on Line 17. Positive entries for Payroll Deduction Program Transfers on Line 17 represent corporate treasury funds transferred to Amgen PAC in excess of what should have been deposited based on employees' payroll deduction authorization forms. These transfers of corporate funds resulted from technical data entry errors by the corporate accounting staff who administer the payroll deduction program. Negative entries on Line 17 represent instances in which accounting staff intentionally withheld authorized payroll deduction transfers to the PAC

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account in an effort to correct previous transfers of corporate funds. Corporate accounting staff did not appreciate the legal restrictions on such transfers. Amgen consulted with Commission staff regarding this method of reporting, and explained that this was the most reasonable and accurate method available because it is not possible to tie the various transfers of corporate funds, or withholding of funds, to any particular contributor. Because the negative entries do not reflect payments from Amgen PAC, but rather funds the PAC never received, the discrepancies cannot be reported as disbursements from the PAC.

Amgen has trained its corporate accounting staff regarding the legal restrictions on the handling of payroll deductions and has implemented internal controls to ensure that inadvertent transfers do not take place in the future. Amgen intends to provide corporate accounting staff with additional training to ensure continued compliance.

Each of the amended reports is discussed in detail below. All amendments refer to changes to Column A of the reports, but necessary adjustments to year-to-date totals in Column B have also been made. In addition to disclosing the Payroll Deduction Program Transfers, Amgen PAC is also making additional amendments to its reports based on the findings of the outside, independent audit, as described below.

1. 2001 Year-End Report. This report has been amended to add an inadvertently omitted campaign contribution as an itemized disbursement on Line 23. On October 18, 2001, Amgen PAC issued a campaign contribution check in the amount of \$5,000 to Norm Coleman for Senate. Although this check was itemized as a voided check on the 2005 Mid-Year Report, it was inadvertently omitted from the original 2001 Year-End Report.

The resulting amended total for Column A of Line 23 is \$47,367.93, and total disbursements on Lines 31 and 32 of Column A increases to \$47,376.77. Amending this report results in a revised ending cash balance on Line 8 of \$64,795.51, which now matches the beginning balance reflected on Amgen PAC's 2002 First Quarter Report.

2. 2003 Year-End Report. This report has been amended to add a Payroll Deduction Program Transfer as "other income" on Line 17. The amount of the transfer, \$3,004, reflects the amount Amgen's outside PAC management vendor identified as a discrepancy between the FEC report ending balance and Amgen PAC's reconciled bank statement/check register balance on December 31, 2003 (the date of the last transfer of payroll deduction contribution funds in 2003).

This amendment results in amended Column A totals for Line 6(c) and Line 20 of \$93,661.00 and an amended Column A total for Line 6(d) of \$124,185.07. Also, because Amgen's outside PAC management vendor now itemizes donations only after a contributor has exceeded \$200.00 during a calendar year, the itemized contribution amount on Line 11(a)(i) in Column A drops from \$83,473.00 to \$74,893.00, while the unitemized amount on Line 11(a)(ii) in

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Column A rises correspondingly from \$7,204.00 to \$15,784.00. Total contributions on Line 11(d) in Column A remain at \$90,677.00. The resulting amended ending cash balance reflected on Line 8 is \$73,685.07, and this amount carries forward as the beginning balance for Amgen PAC's 2004 First Quarter Report.

3. 2004 First Quarter Report. This report has been amended to add two Payroll Deduction Program Transfers aggregating \$205.00 as "other income" on Line 17. The first transfer, in the amount of \$-10.00 on January 15, 2004, reflects funds withheld from Amgen PAC through payroll deduction deposit. The second transfer, in the amount of \$215.00 on February 27, 2004, reflects corporate funds deposited into Amgen PAC.

These amendments result in amended totals for Line 6(c) and Line 20 of \$45,225.00 and an amended total for Line 6(d) of \$118,910.07. Also, because Amgen's outside PAC management vendor now itemizes donations only after a contributor has exceeded \$200.00 during a calendar year, the itemized contribution amount on Line 11(a)(i) drops from \$26,810.00 to \$22,895.00, while the unitemized amount on Line 11(a)(ii) rises correspondingly from \$18,210.00 to \$22,125.00. Total contributions on Line 11(d) remain at \$45,020.00. The resulting amended ending cash balance reflected on Line 8 is \$92,356.56, and this amount carries forward as the beginning balance for Amgen PAC's 2004 Second Quarter Report.

4. 2004 Second Quarter Report. This report has been amended to add three Payroll Deduction Program Transfers aggregating \$50.00 as "other income" on Line 17. Transfers of \$-4.94 on April 30, 2004 and of \$-55.00 on May 31, 2004 reflect funds withheld from Amgen PAC through the payroll deduction deposit. A transfer of \$109.64 on June 30, 2004 reflects funds deposited into Amgen PAC.

These amendments result in amended Column A totals for Line 6(c) and Line 20 of \$51,106.50 and an amended Column A total for Line 6(d) of \$143,463.06. Also, because Amgen's outside PAC management vendor now itemizes donations only after a contributor has exceeded \$200.00 during a calendar year, the itemized contribution amount on Line 11(a)(i) in Column A drops from \$38,664.00 to \$36,948.00, while the unitemized amount on Line 11(a)(ii) in Column A rises correspondingly from \$12,392.50 to \$14,108.50. Total contributions on Line 11(d) in Column A remain at \$51,056.50. The resulting amended ending cash balance reflected on Line 8 is \$88,213.06, and this amount carries forward as the beginning balance for Amgen PAC's 2004 Third Quarter Report.

This report has also been amended to include the redesignation of part of \$1,500.00 contributed to Richard Burr's primary election campaign. The original contribution occurred on February 17, 2004 and is reported in the 2004 First Quarter (April) Report. \$553.51 of that contribution was redesignated to Richard Burr's general election campaign on April 5, 2004. That redesignation was filed in the original 2004 Second Quarter (July) Report filed July 14, 2004. However, it was inadvertently excluded from an Amended 2004 Second Quarter (July) Report filed August 25, 2004. This amendment includes the redesignation as it appeared in the original report.

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5. 2004 Third Quarter Report. This report has been amended to add a Payroll Deduction Program Transfer in the amount of \$5.00 as "other income" on Line 17. This amount reflects corporate funds deposited into Amgen PAC on August 9, 2004.

This amendment results in amended Column A totals for Line 6(c) and Line 20 of \$77,006.23 and an amended Column A total for Line 6(d) of \$165,219.29. Also, because Amgen's outside PAC management vendor now itemizes donations only after a contributor has exceeded \$200.00 during a calendar year, the itemized contribution amount on Line 11(a)(i) in Column A drops from \$57,126.44 to \$53,969.85, while the unitemized amount on Line 11(a)(ii) in Column A rises correspondingly from \$18,874.79 to \$22,031.38. Total contributions on Line 11(d) in Column A remain at \$76,001.23. The resulting amended ending cash balance reflected on Line 8 is \$25,973.29, and this amount carries forward as the beginning balance for Amgen PAC's 2004 Pre-General Report.

6. 2004 Pre-General Report. This report has been amended to reflect a new beginning balance of \$25,973.29, and a new ending cash balance of \$35,682.76, which carries forward as the beginning balance for Amgen PAC's 2004 Post-General Report. There are no changes to the itemized or unitemized contribution amounts for this reporting period.

7. 2004 Post-General Report. This report has been amended to add two Payroll Deduction Program Transfers aggregating \$-9,197.62 as "other income" on Line 17. The transfers of \$-30.00 on October 22, 2004 and \$-9,167.62 on November 19, 2004 reflect funds withheld from Amgen PAC through payroll deduction deposit.

These amendments result in amended Column A totals for Line 6(c) and Line 20 of \$21,067.39 and an amended Column A total for Line 6(d) of \$56,750.15. Also, because Amgen's outside PAC management vendor now itemizes donations only after a contributor has exceeded \$200.00 during a calendar year, the itemized contribution amount on Line 11(a)(i) in Column A drops from \$21,623.37 to \$21,366.51, while the unitemized amount on Line 11(a)(ii) in Column A rises correspondingly from \$8,641.64 to \$8,898.50. Total contributions on Line 11(d) in Column A remain at \$30,265.01. The resulting amended ending cash balance reflected on Line 8 is \$10,250.15, and this amount carries forward as the beginning balance for Amgen PAC's 2004 Year-End Report.

8. 2004 Year-End Report. This report has been amended to add a Payroll Deduction Program Transfer in the amount of \$12,682.98 as "other income" on Line 17. This amount reflects corporate funds deposited into Amgen PAC on December 31, 2004.

This amendment results in amended Column A totals for Line 6(c) and Line 20 of \$85,334.08 and an amended Column A total for Line 6(d) of \$95,584.23. Also, because Amgen's outside PAC management vendor now itemizes donations only after a contributor has exceeded \$200.00 during a calendar year, the itemized contribution amount on Line 11(a)(i) in Column A drops from \$58,747.93 to \$56,616.58, while the unitemized amount on Line 11(a)(ii) in Column A rises correspondingly from \$13,903.17 to \$16,034.52. Total contributions on Line

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11(d) in Column A remain at \$72,651.10.

Finally, the original filing listed an amount of \$1,000 in Column B for Line 17 that should have been in Column B on Line 16, and the amendment reflects that correction. The resulting amended ending cash balance reflected on Line 8 is \$94,384.23. This is the amount reported as the beginning balance on the 2005 Mid-Year Report filed July 30, 2005.

Throughout the audit process, Amgen has stayed in close contact with Commission staff and sought the staff's guidance. Amgen has advised the Commission that it is implementing a compliance and training program and taking other appropriate steps to ensure that its payroll deduction program is currently operated, and will continue to be operated, in full compliance with the law.