

ASHLAND INC. POLITICAL ACTION COMMITTEE  
FOR EMPLOYEES ("PACE")  
50 E. RiverCenter Blvd.  
Covington, KY 41012

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2002 SEP 20 AM 10:19

September 19, 2002

FEDERAL EXPRESS

Colleen Manning, Reports Analyst  
Reports Analysis Division  
Federal Election Commission  
999 E Street NW  
Washington, DC 20463

Re: Identification Number C00075994

Dear Ms. Manning:

Please refer to your letter dated September 4, 2002 (reference: July Monthly Report [6/1/02-6/30/02]) to myself, Rebecca Gumm, Treasurer of the Ashland Inc. Political Action Committee for Employees ("PACE"). In your letter, you raised questions about contribution limits being exceeded by PACE based presumably on aggregated contributions made by PACE and the Arch Coal, Inc. Political Action Committee ("ARCHPAC") to "Allard for US Senate".

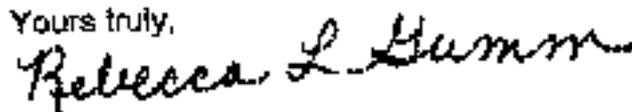
On several occasions, we have communicated with you explaining the disaffiliation between PACE and ARCHPAC. The FEC was first notified of the disaffiliation by letter dated April 17, 2000 (copy enclosed). In addition, I have enclosed a copy of the May 29, 2002 letter addressed to you from our legal counsel for PACE, J. Michael Peffer, wherein he explains the disaffiliation situation.

Mr. Peffer spoke to you on August 15, 2002 regarding this same issue in response to a letter you sent me dated August 7, 2002 (reference: June Monthly Report [5/1/02-5/31/02]). At that time, you told him you would see to it that the FEC computer records are updated to disaffiliate PACE and ARCHPAC. After receiving this current letter, Mr. Peffer's paralegal contacted you on September 12, 2002. You said at that time that the FEC's records were corrected to show the disaffiliation between PACE and ARCHPAC.

Additionally, the second part of your letter refers to the redesignation or refund that is required due to the fact that we erroneously reported a contribution for the primary election, when in fact the delivery date was after the primary. Per your instructions, we have requested a refund of the contribution, and we reflect this in the electronic filing of an Amendment to our original report. As requested in your letter, enclosed is a copy of the letter sent to the campaign.

Please let me know if you have any additional questions and/or concerns.

Yours truly,



Rebecca L. Gumm  
Treasurer

Enclosures



April 17, 2000

REGISTERED MAIL  
RETURN RECEIPT REQUESTED

Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

RE: Ashland Inc. Political Action Committee for  
Employees (PACE)  
FEC Id. No. C00075994

Gentlemen:

Please accept this letter as formal notice of a change in PACE's Statement of Organization to remove Arch Coal, Inc. Political Action Committee (Arch PAC) as an affiliated committee.

Your attention to this matter is greatly appreciated.

Very truly yours,

*JMP* *Rebecca L. Hanshaw*  
Rebecca L. Hanshaw  
Treasurer

/r/p

cc: Mary Ellen Hardy

(PACE)

**J. Michael Peffer**  
 Corp. Law Department  
 Senior Group Counsel

Tel: (859) 357-7522  
 Fax: (859) 357-7147  
 jmpeffer@ashland.com

May 29, 2002

**Registered Mail**  
**Return Receipt Requested**

Collen Manning  
 Reports Analyst  
 Reports Analysis Division  
 Federal Election Commission  
 Washington, D.C. 20463

RE: Identification Number: C00075994

Dear Ms. Manning:

Please refer to your letter dated May 22, 2002 to Rebecca Gumm, Treasurer of the Ashland Inc. Political Action Committee For Employees ("PACE"). In your letter, you raised questions about contribution limits being exceeded by PACE based presumably on aggregated contributions made by PACE and the Arch Coal, Inc. Political Action Committee ("ARCHPAC") to the "Talent For Senator Exploratory Committee". As legal counsel for PACE, please accept this letter as the response to your letter.

PACE and ARCHPAC were previously affiliated separate, segregated funds, Ashland Inc., PACE's connected organization, previously owned more than 50% of the outstanding shares of Arch Coal, Inc., ARCHPAC's connected organization. However, effective March 27, 2000, Ashland Inc. disposed of most of its stock in Arch Coal, Inc. (leaving Ashland Inc. holding only about 10% of Arch Coal, Inc.'s outstanding shares). Shortly

Collen Manning  
May 29, 2002  
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thereafter, by letter dated April 17, 2000, (copy enclosed), PACE notified the Federal Election Commission that PACE's Statement of Organization was amended to remove ARCHPAC as an affiliated committee. Consequently, PACE and ARCHCOAL ceased to be affiliated at that time.

The contributions in question were made in the Fall of 2001, more than one year after the affiliation ceased. Consequently, there appears to be no issue involving PACE relating to excessive contributions.

If you continue to have questions concerning this matter, please call me at (859) 357-7522.

Very truly yours,



J. Michael Peffer

JMP/rmw

Federal Election Commission

### ENVELOPE REPLACEMENT PAGE FOR INCOMING DOCUMENTS

The Commission has added this page to the end of this filing to indicate how it was received.

<input checked="" type="checkbox"/> Hand Delivered	Date of Receipt <i>9-30-02</i>
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<input type="checkbox"/> No Postmark	
<input type="checkbox"/> Postmark Illegible	
<input type="checkbox"/> Received from the House office of Records and Registration	Date of Receipt
<input type="checkbox"/> Received from the Senate Office of Public Records	Date of Receipt
<input type="checkbox"/> Other ( Specify):	Postmarked and/or Date of Receipt
<input type="checkbox"/> Electronic Filing	
<i>[Signature]</i> PREPARER	<i>9-20-02</i> DATE PREPARED