

1.0 PURPOSE

The purpose of this Business Practice (BP) is to describe the external rebate process and how all rebates calculated by an external rebate system such as the Contracts/Chargebacks System (CCS) are entered into the global ERP system for final processing, payment, and reconciliation advice.

2.0 SCOPE

This Business Practice applies to all external rebates.

3.0 ROLES AND RESPONSIBILITIES

Role	Responsibility
Management	Ensure that this procedure is followed and staff receive training
Staff	Complete required training
International Pricing Operations (IPO)	<ul style="list-style-type: none">• Create credit memo request• Execute payment run
Rebate Administrator	<ul style="list-style-type: none">• Creates credit memo request• Executes payment run

4.0 REFERENCES

Not Applicable

5.0 DEFINITIONS

Terms	Definition
A/R	Accounts Receivable
CCS/GP	Contracts and Chargebacks System/Government Pricing
CMA	Customer Master Adjustment
Chargeback	A return transaction that debits a depositor's account for an item that has been previously credited, such as a returned bad check
Customer Master and Alignment (CMA)	Database that electronically supports creating and changing customers
Electronic funds transfer (EFT)	Provides for electronic payments and collections
GCO	Global Commercial Operations
Government pricing	Pricing set by the federal government
IPO	International Pricing Operations

Terms	Definition
NDC	National Drug Code

6.0 EQUIPMENT

Not Applicable

7.0 MATERIALS

Not Applicable

8.0 SAFETY

Not Applicable

9.0 PRACTICE

A rebate is a value, either monetary- or product-based, returned to the customer based on an agreed-to performance metric. Amgen recognizes two types of rebates: external and internal.

All external rebate calculations are completed in the Contracts/Chargebacks System (CCS) by the Corporate Pricing or Rebate Administrator based on the appropriate financial policy. A rebate check is processed as an order in the global ERP system and must include the appropriate order type and reason codes. When a rebate request is generated and approved it is loaded into the global ERP system by the appropriate interface for final processing, payment, and reconciliation advice.

Examples of some rebates types are as follows:

- Fixed percentage
- Volume Performance Incentive
- Service Discount
- Contract Discount
- Capitation Agreements

The following steps refer to the process flow diagram in Appendix 1.

9.1 Rebate Request is Received and Processed in the External System by the Rebate Administrator or by IPO

The rebate request must contain the following information:

- Order type
- Reason codes

- Contract number
- Customer information (e.g., preferred payment information)
- Material information (National drug Code [NDC] level)
- Settlement request information (CCS, Europe, Canada)
- Rebate amount due
- Rebate terms (type of rebate, sales involved)

9.2 Approved Rebate Request is Loaded into the Global ERP System via the Appropriate Interface. Each Rebate Creates a Corresponding Order

The global ERP system verifies the order information against the following items:

- Material Master Data
- Customer Master Data
- Pricing

9.3 The Global ERP System Identifies the Payment Type: Rebate for Commercial or Medicaid, or Chargeback for Wholesalers

9.3.1 Orders (rebates) are loaded with an auto billing block

9.3.1.1 Global Commercial Operations (GCO) Finance reviews all rebates

- GCO Finance approves and releases billing block to Payment Factor
- Unapproved rebate requests remain in blocked status for additional review or are deleted

9.3.1.2 Payment Run verifies correct approvals, amounts, quantities, and aggregates batch for Payment Factor

- Payment Factor generates customer specific remittance (EFT, check, etc.)

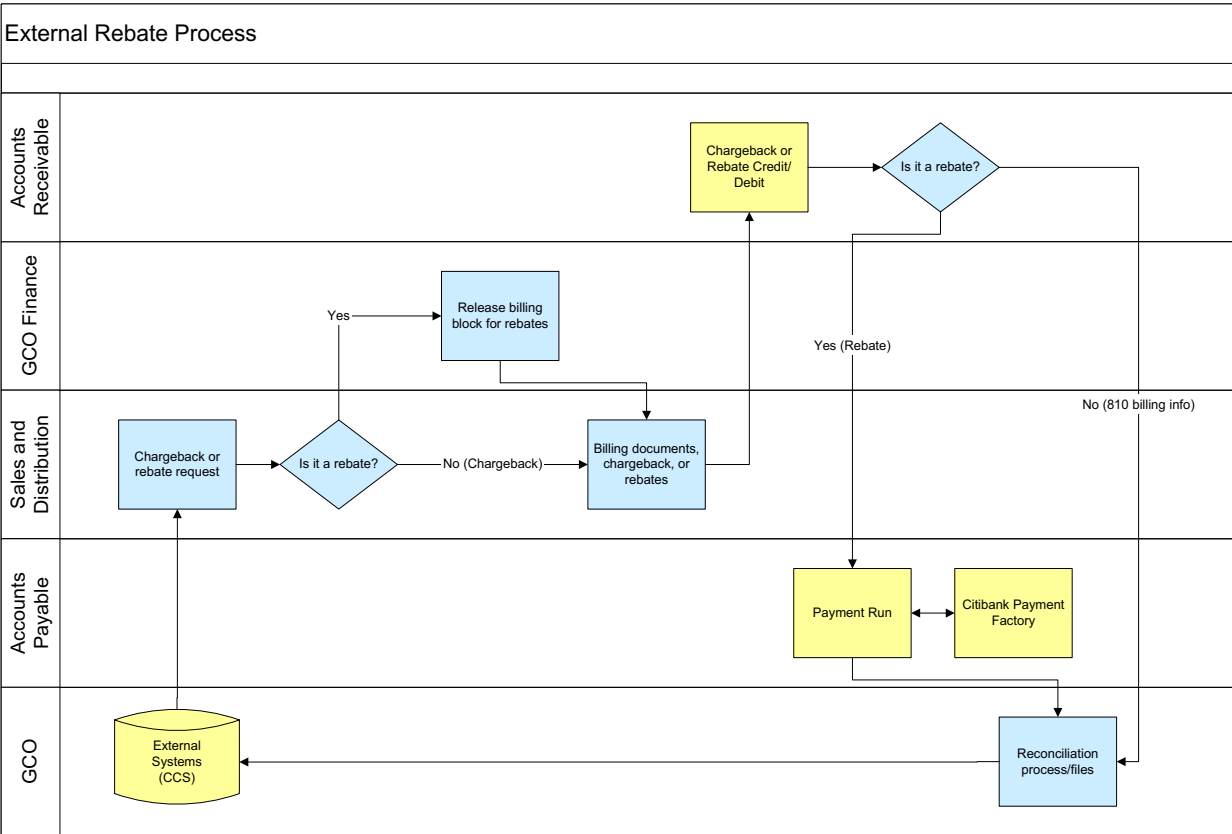
9.3.1.3 Payment Run sends reconciliation information to external source system

9.3.1.4 CCS generates a billing document

- Sends Credit/Debit note to Accounts Receivable (A/R)
- A/R sends chargeback advice to external system source system for reconciliation

APPENDIX 1

External Rebate Process



DOCUMENT HISTORY

Change	Justification
1. Migrated document into new BP template	Required for ERP North America implementation
2. 1.0 Purpose—expanded	Revised to accurately reflect the purpose of the document
3. 3.0 Roles and Responsibilities—expanded	Revised to include current roles and responsibilities
4. 5.0 Definitions—expanded	Revised to include all pertinent terms throughout the document
5. 9.0 Practice—updated	Replaced legacy content with current content because procedure has evolved
6. Appendix 1—updated	Revised to reflect procedure changes