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Verne, B. Michael

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From: [REDACTED]  
Sent: Wednesday, November 09, 2005 2:47 PM  
To: Verne, B. Michael  
Subject: Used Durable Goods

Mike,

Company A sells "Brand X Airplane" it uses in its business (but not an airline or transport company, more like a tech or manufacturing company) to Company B for \$25 million. Company A also sells off the remainder of its fleet of Brand X Airplanes to others.

Company A then replaces its fleet with "Brand Y Airlines" within six months of the sale to Company B.

Is the airplane sold to Company B a used durable good?

YES  
B. Michael  
11/9/05

I believe it is because

- (1) it is used repeatedly and
- (2) has a useful life greater than one year and
- (3) was not acquired as part of an operating unit and
- (4) the acquired person replaced by acquisition all of the productive capacity of the airplane within six months of the sale.

Thanks, [REDACTED]