

Verne, B. Michael

ITEM 5

From: [REDACTED]
Sent: Thursday, November 01, 2007 3:53 PM
To: Verne, B. Michael
Subject: Item 5

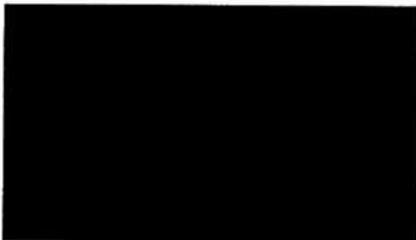
Mike:

Based on prior conversations, I understand that the PNO takes the view that products manufactured in Mexico in a maquiladora should be reported in Item 5 as if the manufacturing operation took place in the U.S. Does this mean that all revenues derived from the manufacture of products in a maquiladora plant, regardless of the location of the customer to whom the product is shipped, should be reported in Item 5.

Specifically, in the fact pattern we face, a not insignificant portion of the products manufactured in Mexico are shipped directly to a Canadian subsidiary of the reporting person which in turn sells the products to customers in Canada. If one follows the logic that all products produced in a maquiladora are viewed as derived from operations conducted within the U.S. then all revenues derived by the maquiladora should be reported in Item 5. But is this right?

Thanks for your help.

John



CORRECT -
BM
11/1/07

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