

Item 5

Verne, B. Michael

From: [REDACTED]  
 Sent: Wednesday, October 21, 2009 5:46 PM  
 To: Verne, B. Michael  
 Subject: Item 5 Questions

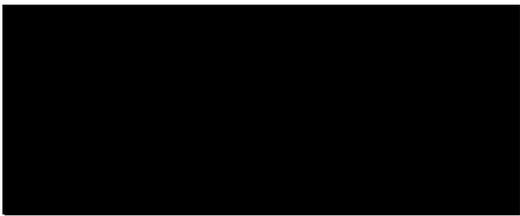
Hi Mike,

We're preparing an HSR filing for a client, "Company A," and some questions have come up as to whether or not the company's revenues are appropriately classified under NAICS manufacturing codes and the extent to which revenues attributable to goods manufactured outside the U.S. are reported under Item 5.

Company A is incorporated in and has its headquarters in the U.S. and does all of its product design, marketing and management of the manufacturing of its goods from its U.S. headquarters. However, it does not manufacture any of its products but rather out sources the manufacturing to third parties located outside the U.S. The entire manufacturing process takes place outside the U.S. and the finished goods are shipped back to the U.S. ready to sell - no other assembly or processing occurs once they arrive back in the U.S. Company A sells its products to customers of varying sizes, but also sells directly to consumers through its own retail stores located in the U.S. and outside the U.S. The following are the specific questions we need answered:

- ✓ 1. The Item 5 tip sheet indicates that goods of foreign manufacture are never reported under manufacturing codes in Item 5. As all of Company A's goods are of foreign manufacture, revenues derived from sales of these goods must be reported under the relevant wholesale NAICS code for the goods in question, correct?
- ALL 2. Company A's products are shipped to its customers and its own stores from Company A's two distribution centers located in the U.S. Are all revenues derived from sales of goods shipped from these U.S. distribution centers reported in Item 5 regardless of the location of the customer to whom they are being shipped, or are only those sales to U.S. customers reported in Item 5?
- ✓ 3. Some of Company A's larger customers pick up their shipments of Company's A goods up at the port of entry and once the shipment clears customs, title to the goods passes to the customer. The revenues derived from these sales are reported under the relevant wholesale NAICS code for the goods in question, correct?
- ✓ 4. With respect to Company A's retail sales from its own stores, only the sales of stores located in the U.S. should be reported in Item 5, correct?

Please let me know if you need any additional information. Thanks for your help. [REDACTED]



BW  
10/22/09

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