

Verne, B. Michael

ITEM 5

From: [REDACTED]
Sent: Monday, December 19, 2011 8:48 AM
To: Verne, B. Michael
Subject: FW: item 5 foreign sales

Mike, please review the below item 5 scenarios that I sent last week; if possible today, thanks [REDACTED]

From: [REDACTED]
Sent: Friday, December 16, 2011 9:52 AM
To: 'Verne, B. Michael'
Subject: item 5 foreign sales

Mike, in view of the FR notice, that item 5 now requires foreign sales if manufactured outside the US and sold in the US at wholesale or retail level, or if sold directly to customers in the US, I would appreciate your view on my observations of the following:

1. Person A manufactures a product outside the US and ships to its US subsidiary for sale as is: report the sale as a product sold in or into the US at the transfer price;
2. Person A manufactures a product outside the US, receives an order from a US located customer and ships directly to that customer: report the sale of product sold into the US at the sales price;
3. Person A manufactures a product outside the US and that entity receives an order from outside the US to ship directly into the US, report as a sale into the US;
4. Person A manufactures a product outside the US and that entity receives an order form outside the US, product is shipped to foreign person who placed the order or to its customer: not reported no matter where ultimate customer is located, Person A not responsible for ultimate shipment of product it has sold and delivered outside US.

Thanks [REDACTED]

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AGREE -

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K. BELG CONCENS.

12/19/11