**Verne, B. Michael**

ITEM 5

**To:** [redacted]
**Cc:** Berg, Karen E.; Walsh, Kathryn
**Subject:** RE: Questions

Hi [redacted] here is our take – answers in ***[bold italic]***

**From:** [redacted]
**Sent:** Thursday, October 20, 2011 12:55 PM
**To:** Verne, B. Michael
**Subject:** Questions

Hello Mike,

Please see the questions below and let me know whether you agree with the responses. Please assume that the filing party owns all of the plants that are mentioned.

1. A US engine plant sells engines to our car plant in Germany. The car plant in Germany will sell some cars (with the US-made engines) to the US and some to other countries. Also, some of these US engines are sold to third parties and some are to a US car plant.

   (a) Report the sales of all the engines made in the US plant under a 10-digit mfr code (add a footnote that indicates that some of these sales are intracompany and that some of the engines are incorporated in the cars that are made/sold in the US). ***[agree]***

   (b) For a car sold to the US from a German plant, report the entire amount of the car sales sold to the US under a 10-digit mfr code. ***[agree]***

   (c) For a car sold in Germany, do not report any of the car sales in Item 5. ***[agree]***

2. The Brazilian engine plant sells components to the US engine plant and the parts are used to make the US engines.

   (d) If the engine is sold to the car plant in Germany, it should be treated the same way as the situation above. Is that correct? ***[same as 1(b)]***

(e) The sales of the Brazilian component parts to the US are not reported as revenue in Item 5. ***[agree]***

3. The Brazilian engine plant has an export office in Miami, FL. The Brazilian plant sells an engine to the Miami office, who in turn sells the Engine to the car plant in Germany. None of the cars with Brazilian engines are sold back to the US. The engines never physically enter the US. Should any part of this product transfer be included in the Item 5 data? ***[Report the transfer from Miami to Germany as a wholesale code]***

4. A US engine plant sells an engine to a US car plant, and the car is sold in the US.

(f) The revenue of the engine plant will be eliminated (e.g., not separately reported) so that it isn't double counted with the revenue of the car plant sales in the US. ***[agree]***

(g) The engine plant should still be included in the list of subsidiaries, even though all of its reported revenue has been eliminated in consolidation with the reported car mfr revenue. Is this treatment correct? ***[agree]***

5. Are there any other things to note or be mindful of? ***[can't think of anything, but if you run into other scenarios feel free to run them by us]***

Thank you very much.

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