

**From:** HSRHelp  
**Sent:** Monday, July 10, 2023 12:59 PM  
**To:** Walsh, Kathryn E; Rora, Karen E; Staffor, Kristin; Scheinberg, Samuel; Sir, Anna; Whitehead, Mary; Fetterman, Michelle  
**Subject:** FW: Question on Item 5 Revenue

**From:** Musick, Vesselina <vmusick@ftc.gov>  
**Sent:** Monday, July 10, 2023 12:58:53 PM (UTC-05:00) Eastern Time (US & Canada)  
**To:** [Redacted]  
**Cc:** HSRHelp <HSRHelp@ftc.gov>  
**Subject:** RE: Question on Item 5 Revenue

Confirmed.  
Kind regards,  
Vesselina Musick  
Attorney | Federal Trade Commission | Passenger Notification Office  
Direct +1 202 418 7200

**From:** [Redacted]  
**Sent:** Friday, July 7, 2023 10:00:29 AM (UTC-05:00) Eastern Time (US & Canada)  
**To:** HSRHelp@ftc.gov  
**Cc:** [Redacted]  
**Subject:** Question on Item 5 Revenue

Dear PNO,  
We hope you all enjoyed the holiday weekend.  
We have a revenue recognition question regarding Item 5(a). Our client is selling several of its foreign entities that are engaged in leasing. Based on your guidance, these assets are considered US assets based on where they are registered. It is our understanding, based on recent PNO guidance, that for Item 5(a) purposes, the revenue derived from the leasing of these movable assets is considered revenue from a "service" and therefore, whether the leasing is conducted or the revenue is booked are determinative, rather than the location of the customer and movable assets. In the present example, the entities in question (including a subsidiary of our client) are located in the U.S. and the leasing contracts are negotiated and signed outside the U.S. and the leasing revenue is booked through these non-U.S. entities. No leasing revenue is booked through a U.S. entity and no services are offered or performed in the US. Per Informal Staff Advice, revenue from these non-U.S. entities is not reported if the customer is located in the U.S. and otherwise considered U.S. assets for HSR reporting purposes. Therefore, we believe that no revenue from the leasing of these movable assets to our customers should be reported in Item 5(a). Can you please confirm that based on the facts my team described no leasing revenue should be reported in Item 5(a)?

**EE**

