

Transfer Pricing Documentation Study

ABC Furniture Cayman

ABC Furniture (USA)

Fiscal Year Ended December 31, 2008

FINAL

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Executive Summary

I. Overview

ABC Furniture USA (hereafter "ABC (USA)" or "the Company") has prepared this study to document the arm's-length nature of the intercompany transaction between itself and its affiliate, ABC Furniture (BVI) (hereafter "ABC (BVI)"). ABC (USA), a wholly-owned subsidiary of ABC Furniture Cayman (hereafter "ABC (Cayman)") is a manufacturer and distributor of residential home furnishings, headquartered in the Cayman Islands.

II. Intercompany Transaction

The focus of this study pertains to the following intercompany transaction for the fiscal year ended December 31, 2008:

- ABC (USA) purchases furniture products from ABC (BVI) for distribution in North America.

A functional analysis has been conducted to identify and characterize the relevant intercompany transaction covered by this study. The functions performed, assets employed and risks assumed by each entity in connection with the specified intercompany transaction have been defined.

III. Methodology

The Comparable Profits Method ("CPM") was selected as the best method based on the availability of reliable data and because comparable uncontrolled transactions with which to apply the transactional methods could not be identified reliably. ABC (USA) has been selected as the tested party because it is the participant whose operating profit attributable to the controlled transaction can be verified using the most reliable data requiring the fewest and most reliable adjustments and for which reliable data regarding uncontrolled comparables can be located. ABC (USA) is also the least complex of the controlled taxpayers and hardly owns any valuable intangible property or unique assets that distinguish it from potential uncontrolled comparables.

ABC (USA) distributes products purchased from ABC (BVI), making its profitability dependent on the price it pays for these products. Independent companies with similar functions to those of the tested party were reliably identified. The profitability of the tested party was then compared to that of the independent companies, effectively measuring the arm's-length nature of the intercompany transaction.

The Internal Revenue Code Section 482 Regulations ("Section 482" or the "Regulations") require taxpayers that apply the CPM to use the Profit Level Indicator ("PLI") that would provide the most reliable indication of the operating profitability that would have been achieved if the same transaction had taken place between unrelated parties.

This analysis uses the operating margin ("OM") of the comparable companies to construct an arm's-length range of operating profitability, against which the tested party's operating profitability can be compared. The operating margin is defined as the pre-tax, pre-interest, pre-extraordinary items operating profit divided by sales revenue. Distribution activities do not usually require large capital investments; therefore, a measure of profitability relative to assets or costs is not as useful as a measure of profitability to sales revenue. Thus, this financial ratio examines profitability as a percentage of a firm's net sales, which directly relates to the conduct of its primary business function. The operating margin was chosen as the most reliable measure of profitability.

IV. Conclusions

The interquartile range of unadjusted tax-year operating margins has a lower quartile of -6.78 percent and an upper quartile of 2.80 percent, with a median of -2.89 percent. ABC (USA)'s tax year operating margin is -0.29 percent, which falls within the interquartile range established by the set of comparable companies.

The interquartile range of unadjusted three-year weighted average operating margins has a lower quartile of -4.04 and an upper quartile of 3.27 percent, with a median of 0.58 percent. ABC (USA)'s tax year operating margin is -0.22 percent, which falls within the interquartile range established by the set of comparable companies.

Regulatory Environment

Overview of Statutory Rules/Regulations/Circulars

Transfer pricing regulations in the United States are covered by Treas. Reg. § 1.482 ("Section 482") and Treas. Reg. § 1.6662-6 ("Section 6662").

Although the first sentence of Section 482 of the current Internal Revenue Code was originally drafted in connection with the tax laws providing for consolidated returns, today it forms the basis of the transfer pricing regulations in the United States. That sentence states:

In the case of two or more organizations, trades, or businesses (whether or not incorporated, whether or not organized in the United States, and whether or not affiliated) owned or controlled directly or indirectly by the same interests, the Secretary [of the Treasury] may distribute, apportion or allocate gross income, deductions, credits or allowances between or among such organizations, trades or businesses, if he determines that such distribution, apportionment or allocation is necessary in order to prevent evasion of taxes or clearly to reflect the income of any such organizations, trades, or businesses.(1)

Under broad powers conferred under the I.R.C. itself (see, e.g., section 7805 of the current Code), the Secretary of the Treasury may prescribe regulations for the enforcement of the Code. Like other Federal regulations, these "Treasury Regulations" (abbreviated "Treas. Reg.") are published in the Federal Register as well as in Title 26 of the Code of Federal Regulations ("26 C.F.R.").(2) It is the regulations concerning I.R.C. Section 482 that form the essence of transfer pricing tax law and the regulatory environment in the United States.

Taken as a whole with their detail in relating the tax implications of transactions among related entities, the thoroughness with which they describe rational, economically and statistically sound methods to determine and evaluate prices, and their wealth of illustrative examples, the Section 482 regulations provide a taxpayer enormous guidance in determining its transfer prices.

Arm's Length Principle

The most important and enduring feature of the transfer pricing regulations is the notion of the "arm's length principle," which is the idea that, for tax purposes, a transfer price(3) is to be determined or evaluated by comparing it to the price that would be paid in an identical (or, in practice, comparable) transaction were that transaction entered into between unrelated parties dealing at arm's length; i.e., an arm's length price.

In determining the true taxable income of a controlled taxpayer, the standard to be applied in every case is that of a taxpayer dealing at arm's length with an uncontrolled taxpayer. A controlled transaction meets the arm's length standard if the results of the transaction are consistent with the results that would have been realized if uncontrolled taxpayers had engaged in the same transaction under the same circumstances (arm's length result).(4)

Arm's Length Range

The regulations acknowledge that the application of a particular transfer pricing evaluation method may produce an array of discrete results, any one of which may be considered an arm's length price, and from which a range of reliable results may be determined. This range is the "arm's length range," and results of a controlled transaction falling within the arm's length range will not be subject to allocations under Section 482.(5) An arm's length range is generally determined by the application of a single pricing method (chosen with respect to the Best Method Rule) to two or more uncontrolled comparables (chosen with respect to their comparability and reliability, in accordance with the guidance provided in the regulations).(6)

Although generally data from uncontrolled comparables should be from the same tax year as the controlled transaction under review, the regulations provide that multiple years of data (from the tax year in question and from one or more years before or after) may be considered if the use of such data increases the reliability of the comparison.(7) Among other situations, the use of multiple-year data is appropriate to mitigate the effect of business cycles, product life cycles, or the lifetime of an intangible on the observed results of uncontrolled comparables, or where complete and accurate data for an uncontrolled comparable is unavailable in a particular year.(8) The use of multiple-year data is generally always appropriate when considering the comparability of risk, market share strategy, and when using the profit-based methods of evaluating transfer prices.(9)

Where data related to the uncontrolled comparables are not directly comparable to the data related to the controlled transaction under review, adjustments must be made, to the extent that data are available, to improve the reliability of the comparison.(10) The arm's length range will be derived only from those uncontrolled comparables that have, or through adjustments can be brought to, a similar level of comparability and reliability.(11) Where material differences among comparables cannot be reliably ascertained or where such differences cannot be reliably adjusted, an arm's length range is defined as the interquartile range of the results observed using the available data from the uncontrolled comparables.(12) The use of the interquartile range as the arm's length range is intended to increase the reliability of the observed range by eliminating the outlying observations of the results of uncontrolled comparables where the functions performed by the respective parties, the risks assumed by them, or differences in accounting practices among them are not completely known or where adjustments for them cannot be reliably made.

Controlled Transactions and Controlled Taxpayers

Certain terms peculiar to transfer pricing were introduced and defined in the United States; these terms have become commonly used outside the United States. They include "controlled transaction" to refer to a transaction between businesses under common control; "uncontrolled transaction," to refer to a transaction between wholly unrelated parties; "controlled taxpayer" to refer to an entity engaged in a controlled transaction; "uncontrolled taxpayer" to refer to an entity engaged in an uncontrolled transaction; "uncontrolled price" to refer to the consideration paid in an uncontrolled transaction (i.e., ostensibly, an arm's length price); and "uncontrolled comparable" to describe an uncontrolled taxpayer or an uncontrolled transaction that is similar to a controlled taxpayer or a controlled transaction under review, and to which a comparison is to be made in establishing an arm's length price.

Transfer Pricing Methods

The regulations provide guidance and set forth the general methodology for determining and evaluating arm's length prices for the transfer of tangible property, the license of intangible property, the provision of services, and loans by or between related parties. The regulations also provide various specific methods to be applied, depending on the facts and circumstances of a given transaction, to evaluate and determine an arm's length price of a related-party transaction by reference to comparable transactions between unrelated parties.

"Transactional" methods include those methods in which a transaction is directly compared to another transaction. "Profit" methods include those methods in which a transfer price is determined indirectly by comparing the margin a related-party transaction generates to the margins earned by independent businesses engaging in similar transactions, performing comparable functions and assuming comparable risks.

Following the best method rule, the arm's length result of a controlled transaction must be determined under the method that, under the facts and circumstances, provides the most reliable measure of the arm's length result.(13) The regulations provide guidance for determining which method among the several may provide the most reliable measure in a given situation;(14) they further allow that an arm's length result may be determined by any method without establishing the inapplicability of another

method, provided that if two or more methods render inconsistent results, the results of the more reliable method be used.⁽¹⁵⁾ In general, the reliability of any particular method depends upon the degree of comparability between the controlled transaction (or the controlled taxpayer) and any uncontrolled comparables, and the quality of the data and the assumptions used in making the comparison;⁽¹⁶⁾ it is presumed, however, that data based on the results of transactions between unrelated parties provide the most objective basis for determining whether the results of a controlled transaction are arm's length.⁽¹⁷⁾

Specified methods include:

- For tangible property transactions:

- comparable uncontrolled price method;
- resale price method;
- cost plus method;
- profit split methods; and
- comparable profits method.

- For intangible property transactions:

- comparable uncontrolled transaction method;
- profit split methods; and
- comparable profits method.

- For services transactions:

- services cost method;
- comparable uncontrolled services price method;
- gross services margin method;
- cost of services plus method; and
- profit split methods.

According to the regulations, transfer pricing economists may also elect to utilize customized "unspecified methods." Just like in the application of specified methods, it must be proven that the unspecified method produces the most reliable measure of the arm's length result. The unspecified method must take into account the general principle that uncontrolled taxpayers evaluate the terms of a transaction by considering the realistic alternatives to that transaction, and only enter into a particular transaction if none of the alternatives is preferable to it (18).

Documentation

The required documentation is divided into two categories, principal documents and background documents as described in paragraphs (d)(2)(iii)(B) and (C) of Section 6662. The documentation must

be in existence at the time an income tax return is filed, and must be supplied to the I.R.S. within thirty days of a request to review it.(19)

Required principal documentation includes:

1. an overview of the taxpayer's business, including an analysis of the economic factors that affect the pricing of its products and services;
2. a description of the taxpayer's organizational structure (including an organizational chart) covering all related parties engaged in transactions potentially relevant under Section 482, including foreign affiliates whose transactions directly or indirectly affect the pricing of property or services in the United States;
3. any documentation explicitly required by regulations under Section 482;
4. a description of the transfer pricing method selected and an explanation of why that method was selected;
5. a description of alternate transfer pricing methods that were considered and an explanation of why they were not selected;
6. a description of the controlled transactions being evaluated and of any internal data used to analyze those transactions;
7. a description of the comparables that were used, how comparability was evaluated, and what (if any) adjustments were made;
8. an explanation of the economic analysis and projections relied upon in developing the method;
9. a description or summary of any relevant data that the taxpayer obtains after the end of the taxable year and before filing a tax return, which would help determine if a taxpayer selected and applied a specified method in a reasonable manner; and
10. a general index of the principal and background documents and a description of the recordkeeping system used for cataloging and accessing those documents.

Background documents need not be provided to the I.R.S. in response to a request for principal documents. If the I.R.S. subsequently requests background documents, a taxpayer must provide that documentation to the I.R.S. (normally) within thirty days of the request.

Penalties/Adjustments

The transfer pricing documentation requirement in the United States is not a part of Section 482, nor the Treasury Regulations enforcing it, but rather a part of Section 6662 concerning penalties imposed for the underpayment of income tax resulting from inaccuracy-related misstatements of taxable income.

With respect to transfer pricing, penalties are imposed where allocations under Section 482 result in "substantial" or "gross" increases in taxable income, or where there are "substantial" or "gross" valuation misstatements with respect to the transfer prices themselves. Penalties are not imposed after an allocation under Section 482, however, if the taxpayer:

1. Establishes that it reasonably used a method of determining its transfer prices specified in Section 482 (or used another method that more reliably determined its transfer prices);

2. Sets forth the method and procedure followed in evaluating or determining its transfer prices in documentation that is in existence at the time it files its tax return, and
3. Provides such documentation to the I.R.S. within thirty days of a request for the documentation.(20)

Transfer pricing documentation is therefore required to prevent the imposition of penalties in the case of a Section 482 allocation.

These penalties can be considerable. In the case of an underpayment of income tax resulting from a "substantial" transfer pricing misstatement, the penalty is equal to twenty percent of the amount of the underpayment.(21) A "substantial" misstatement subject to the penalty provision exists if:

1. An income tax return understates taxable income and reports a transfer price for a transaction that is itself two hundred percent or more (or fifty percent or less) than the transfer price determined in accordance with Section 482, and such reported transfer price is the cause of the understatement of taxable income (the transactional penalty);(22) or
2. The net increase in taxable income for a given tax year as a result of distributions and allocations made pursuant to Section 482 exceeds the lesser of \$5,000,000 or ten percent of the taxpayer's gross receipts (the net adjustment penalty).(23)

The penalty is increased to forty percent of any underpayment of tax resulting from a "gross" transfer pricing misstatement; i.e., where an income tax understatement is the result of a reported transfer price that is four hundred percent or more (or twenty-five percent or less) than the transfer price determined in accordance with Section 482, or where the net increase in taxable income for a given tax year as a result of distributions and allocations made pursuant to Section 482 exceeds the lesser of \$20,000,000 or twenty percent of gross receipts.(24)

There is a reasonable cause and good faith exception to these penalties that may apply to some portion of an underpayment;(25) however, unless a taxpayer meets the requirements of Treas. Reg. § 1.6662-6(d) with respect to a net adjustment penalty, the taxpayer expressly cannot meet the requirements of the reasonable cause exception.(26) Conversely, if the requirements of Treas. Reg. § 1.6662-6(d) are met with respect to a portion of an underpayment that would give rise to a transactional penalty, the taxpayer will be considered to have acted with reasonable cause and in good faith, and the penalty will not apply.(27)

Treaties

Income tax treaties require the United States to offer foreign tax credits to offset double taxation. Or, instead of the tax credit, a deduction may be claimed by the taxpayer, though the deduction is usually not as favorable as the credit.

APAs

The legal basis for the APA is Rev. Proc. 2006-9. APAs may be performed multilaterally, bilaterally or unilaterally. The APA filing fee is \$22,500-\$50,000 for the original request, \$50,000 for a non-routine renewal, \$35,000 for small business APA request/renewal, and \$10,000 for amending APA request or a completed APA. The term of an APA agreement is normally five years, but may be lengthened as appropriate.

Language

The I.R.S. requires that transfer pricing documentation be written in English.

End Notes

(1) United States Code, Title 26, Sec. 482. Title 26 of the United States Code is better known as the Internal Revenue Code, or "I.R.C." Like many titles of the United States Code, the I.R.C. has not been enacted as positive law, but is an official compilation of Federal tax legislation and represents prima facie evidence of positive law.

A second sentence was added to Section 482 in 1986: "In the case of any transfer (or license) of intangible property (within the meaning of [I.R.C.] section 936(h)(3)(B)), the income with respect to such transfer shall be commensurate with the income attributable to the intangible."

(2) Citations to the Code of Federal Regulations are customarily made by title and section number, and to the Treasury Regulations by section number only; thus "26 C.F.R. § 1.482-3" and "Treas. Reg. § 1.482-3" are citations to the same regulations section, in this case the third numbered section of the I.R.C. Section 482 regulations.

(3) Although the phrase "transfer price" is neither defined nor, in fact, ever used in the I.R.C. Section 482 Treasury Regulations, a common definition of a transfer price is the price paid by one member of a group of related entities or businesses under common control to another member of the same group in consideration of a transfer of property, the use of property, or the provision of a service.

(4) Treas. Reg. § 1.482-1(b)(1).

(5) Treas. Reg. § 1.482-1(e)(1).

(6) Treas. Reg. § 1.482-1(e)(2).

(7) Treas. Reg. § 1.482-1(f)(2)(iii)(A).

(8) Treas. Reg. § 1.482-1(f)(2)(iii)(B).

(9) Ibid.

(10) Treas. Reg. § 1.482-1(d)(2).

(11) Treas. Reg. § 1.482-1(e)(2)(ii).

(12) Treas. Reg. § 1.482-1(e)(2)(iii)(B), -1(e)(2)(ii)(C). The regulation provides that a statistical method other than taking the interquartile range of observations may be used to determine an arm's length range if the use of some other statistical approach results in a more reliable measure.

(13) Treas. Reg. § 1.482-1(c)(1).

(14) See Treas. Reg. §§ 1.482-1(c)(2), -8.

(15) Treas. Reg. § 1.482-1(c)(1).

(16) Treas. Reg. § 1.482-1(c)(2).

(17) Ibid.

(18) Treas. Reg. § 1.482-3(e)(1))

(19) See Treas. Reg. § 1.6662-6(d)(2)(iii) passim.

(20) See I.R.C. section 6662(e)(3)(B). See also I.R.C. section 6664(c) and Treas. Reg. §§ 1.6662-6(d), 1.6664-4.

(21) I.R.C. section 6662(a). See also I.R.C. section 6662(b)(3) and (e)(1)(B).

(22) I.R.C. section 6662(e)(1)(B)(i). See also Treas. Reg. § 1.6662-6(a) and (b).

(23) I.R.C. section 6662(e)(1)(b)(ii). See also I.R.C. section (e)(3)(A) and Treas. Reg. § 1.6662-6(a) and (c). Although the I.R.C. describes the two situations in which the transfer pricing valuation misstatement penalties may arise, the names "transactional penalty" and "net adjustment penalty" and the distinctions between them are supplied by the Treasury Regulations.

(24) I.R.C. section 6662(h).

(25) I.R.C. section 6664(c); Treas. Reg. § 1.6664-4.

(26) Treas. Reg. § 1.6664-4T(f).

(27) Ibid.

Corporate Overview

The documentation requirement of Treas. Reg. § 1.6662-6(d) compels that a general description of each party to a controlled transaction under review be provided. The description normally includes a description of the entity's primary business, an overview of its corporate history, and information on the industry in which it operates. Taxpayers should also provide a description of their organizational structure, covering all affiliates that are involved in or have an impact on any transaction under review, including related foreign parties who enter into transactions that directly affect the transfer price of the transactions of the U.S. entity. The corporate relationships between or among the entities affecting the transfer pricing of any transaction under review are described below.

Overview of ABC Furniture Cayman

Corporate Overview

Principal Business Activity

ABC (Cayman) is a corporation organized in 1921 as a holding company, which through its subsidiaries is becoming a vertically integrated operating company that is one of the world's leading designers, manufacturers, sourcers, and retailers of home furnishings. ABC (Cayman) markets through a wide range of retail channels, from mass merchant stores to single-branded and independent dealers to specialized interior designers. ABC (Cayman) serves its customers through some of the best known and most respected brands in the furniture industry.

Through these brands, ABC (Cayman) designs, manufactures, sources, markets, and distributes (i) case goods, consisting of bedroom, dining room, and living room furniture, (ii) stationary upholstery products, consisting of sofas, loveseats, sectionals, and chairs, (iii) motion upholstered furniture, consisting of recliners and sleep sofas, (iv) occasional furniture, consisting of wood, metal and glass tables, accent pieces, home entertainment centers, and home office furniture, and (v) decorative accessories and accent pieces. ABC (Cayman)'s brands are featured in nearly every price and product category in the residential furniture industry.

External Structure

ABC (Cayman)'s operations are classified into two operating segments: wholesale and retail. These operating segments represent strategic business areas which, although they operate separately and provide their own distinctive services, enable us to more effectively offer our complete line of home furnishings and accessories.

The wholesale segment is principally involved in the development of the ABC brand, which encompasses the design, manufacture, domestic and off-shore sourcing, sale and distribution of a full range of home furnishings and accessories to a network of independently operated and ABC operated design centers as well as related marketing and brand awareness efforts. Wholesale revenue is generated upon the wholesale sale and shipment of our product to all retail design centers, including those operated by ABC.

The retail segment sells home furnishings and accessories to consumers through a network of Company-operated design centers. Retail revenue is generated upon the retail sale and delivery of our product to our customers.

While the manner in which ABC (Cayman)'s home furnishings and accessories are marketed and sold is consistent, the nature of the underlying recorded sales (i.e. wholesale versus retail) and the specific services that each operating segment provides (i.e. wholesale manufacturing, sourcing, and distribution versus retail selling) are different. Within the wholesale segment, we maintain revenue

information according to each respective product line (i.e. case goods, upholstery, or home accessories and other).

Products

ABC (Cayman) strategy has been to position ABC as a preferred brand with superior quality and value while, at the same time, providing consumers with a comprehensive, one-stop shopping solution for their home furnishing needs. In carrying out our strategy, we continue to expand our reach to a broader consumer base through a diverse selection of attractively priced products, many of which have been designed to complement one another, reflecting the recent trend toward more eclectic home decorating. Recent product introductions, as well as increased styles and fabric selections within our custom upholstery line, new finishes for, and redesigns of, previous product introductions, and expanded product offerings to accommodate today's home decorating trends, are serving to redefine ABC, positioning us as a leader in style.

In an effort to more effectively position ourselves as a provider of interior design solutions, we introduced a merchandising strategy which involves the grouping of our product offerings, previously categorized by collection, into seven distinct product "lifestyles", each reflecting the diversity and eclecticism that we believe represents the best in American design. In accordance with this merchandising strategy, new products are designed and developed to reflect unique elements applicable to many lifestyles.

All of ABC (Cayman)'s case goods, upholstered products, and home accessories are styled with distinct design characteristics. Home accessories play an important role in ABC (Cayman) marketing strategy as they enable ABC (Cayman) to offer the consumer the convenience of one-stop shopping by creating a comprehensive home furnishing solution. The interior of ABC (Cayman) design centers is designed to facilitate display of its product offerings in complete room settings in order to project the category lifestyle.

Key Corporate Assets

ABC (Cayman)'s global headquarters is located at 1959 Upper Water Street, Suite 900, George Town Cayman Islands.

ABC (Cayman) believe its properties are generally well-maintained, suitable for our present operations and adequate for current production requirements. Productive capacity and extent of utilization of our facilities are difficult to quantify with certainty because in any one facility maximum capacity and utilization varies periodically depending upon the product being manufactured, the degree of automation and the utilization of the labor force in the facility. In this context, ABC (Cayman) estimate the overall production capacity, in conjunction with our import capabilities, is sufficient to meet anticipated demand.

Overview of ABC Furniture USA

Corporate Overview

Principal Business Activity

ABC Furniture USA ("ABC(USA)") is a wholly-owned wholesale marketer/distributor of residential home furnishings (bedroom, dining room, entertainment centers, upholstered furnishings, etc.).

Distribution

Within the wholesale segment, ABC(USA) warehouses and distributes its products primarily through a national network of four primary distribution centers (three of which are owned) strategically located throughout the United States. These distribution centers hold finished product received from our manufacturing facilities and our third-party suppliers, for shipment to retail design centers and retail service centers. From time to time, ABC(USA) may also rent temporary warehouse space and/or utilize third-party logistics service providers to accommodate our additional storage needs. ABC(USA) stocks selected case goods, upholstery and accessories to provide for quick delivery of in-stock items and to allow for more efficient production runs.

Wholesale shipments are made utilizing ABC(USA)'s own fleet of trucks and trailers or through subcontracting agreements with independent carriers. Approximately 45% of our fleet (trucks and trailers) is leased under operating lease agreements with terms ranging from one to 72 months.

ABC(USA)'s policy is to sell its products at the same delivered cost to all Company-operated and independently operated design centers nationwide, regardless of their shipping point. The adoption of this policy has created pricing credibility with our customers and provided our retail network the opportunity to achieve more consistent margins as fluctuations attributable to the cost of shipping have been eliminated. Further, this policy has eliminated the need for our independent retailers to carry significant amounts of inventory in their own warehouses. As a result, ABC(USA) obtains more accurate information regarding product demand in order to better plan production runs and manage inventory levels.

Marketing

ABC(USA) believes that its ability to create high-quality marketing programs and coordinate advertising efforts for ABC design centers, including, from time to time, coordination of local market advertising, provides a competitive advantage over other home furnishing manufacturers and retailers. With a dedicated network of about 300 retail design centers taking advantage of such internally-developed marketing efforts, ABC(USA) believes it is better positioned to fulfill the ABC brand promise on a more consistent basis.

The objectives of ABC(USA) marketing campaign are to (i) communicate our position as both a leader in style and a full-service provider of home decorating and design solutions, and (ii) drive traffic into the retail design center network. In support of these objectives, several forms of media are utilized, including television (both national and local), direct mail, newspapers, magazines, radio, and our internet website. We also conduct a national email marketing campaign which serves to distribute electronic newsletters containing inspirational interior design ideas to a growing database of consumers

Key Employees

On June 30, 2008, ABC(USA) had approximately 4,300 employees (“associates”), less than one percent of whom are represented by unions. These collective bargaining agreements expire at various times within the next two years. ABC(USA) expects no significant changes in its relations with these unions and believes it maintains good relationships with its employees.

Economic Analysis

Competitor Analysis

In recent years, the home furnishings industry has faced numerous challenges, not the least of which is an influx of low-priced competition from overseas. As a result, ABC(USA) believes a trend toward product commoditization has developed. In fiscal 2008, the economic recession resulted in many small furniture retailers going out of business and other well-established competitors resorting to heavy discounts to liquidate inventory. Instead of following this trend, ABC(USA) differentiated itself as a preferred brand by adhering to a business strategy focused on providing (i) high-quality, well designed and often custom handmade products at good value, (ii) a comprehensive complement of home furnishing design solutions, including its complimentary design service, and (iii) excellence in customer service. ABC(USA) considers its vertical integration a significant competitive advantage in the current environment as it allows us to design, manufacture and source, distribute, market, and sell our products through one of the industry’s largest single-source retail networks.

Industry globalization has provided ABC(USA) an opportunity to adhere to a blended sourcing strategy, establishing relationships with certain manufacturers, both domestically and outside the United States, to source selected case goods, upholstery, and home accessory items. ABC(USA) intendsto continue to balance our domestic production with opportunities to source from foreign and domestic manufacturers, as appropriate, in order to maintain its competitive advantage.

Overview of ABC Furniture BVI

Corporate Overview

Principal Business Activity

ABC Furniture BVI (“ABC(BVI)”), based in the British Virgin Islands, is a wholly-owned manufacturer of residential home furnishings. ABC (BVI) is the brother/sister entity to ABC (USA) and is the primarily supplier of furniture products to ABC (USA).

ABC (BVI) also owns the US rights for certain intangible property (“IP”) for the ABC group of companies worldwide.

Manufacturing and Sourcing

ABC (BVI) has a blended manufacturing strategy including a mix of domestic production with products sourced from offshore. Our domestic production includes the operation of case goods, upholstery, and component manufacturing facilities, located in the United States. However, the vast majority of manufacturing activities occure at two main manufacturing facilities in China. These facilities total approximately 8.7 million square feet.

As stated above, a significant portion of ABC (BVI)'s products are being sourced from related party manufacturers located in China. ABC (BVI) designs and engineers these products, and then have them manufactured to our specifications by manufacturing entities in China. ABC (BVI) has informal strategic relationships with several of the larger foreign manufacturers whereby we have the ability to purchase, on a coordinated basis, a significant portion of the foreign manufacturers' capacity, subject to our quality control and delivery standards.

Raw Materials and Suppliers

The raw materials used in manufacturing ABC products include lumber, veneers, plywood, fiberboard, particleboard, steel, paper, hardware, adhesives, finishing materials, glass, mirrored glass, fabrics, leathers, metals, stone, synthetics and upholstered filling material (such as synthetic fibers, foam padding, and polyurethane cushioning).

The various types of wood used in ABC furniture products include cherry, oak, maple, pine, pecan, mahogany, alder, ash, poplar, and teak. ABC (BVI) purchases wood, fabrics, leathers, and other raw materials both domestically and abroad. ABC (BVI) believes its supply sources for these materials are adequate and interchangeable. In addition, by consolidating our purchasing of various raw materials and services, ABC (BVI) has been able to realize cost savings.

Organizational Structure

The documentation requirement further includes a description of the taxpayer's organizational structure covering all related parties potentially subject to allocations under I.R.C. section 482, and including foreign affiliates whose transactions directly or indirectly affect the pricing of property or services among entities in the United States. The group studied in this report is illustrated below.

ABC Furniture Cayman

ABC Furniture USA

Controlling Party: ABC Furniture Cayman (100%)

ABC Furniture BVI

Controlling Party: ABC Furniture Cayman (100%)

Controlled Transactions

In order to identify uncontrolled transactions comparable to any controlled transaction under review, it is necessary to collect detailed information on each controlled transaction. Specifically, the regulations require the following data to be taken into account when making this determination:

1. A detailed description of the property or service being transferred in each controlled transaction.
2. The economic conditions surrounding each controlled transaction, which will typically include information on the market conditions, the industry, and a competitor analysis.
3. A detailed description of any written contractual terms governing each controlled transaction. This information is especially important because the I.R.S. will impose its own interpretation of an agreement that is not memorialized.
4. A functional analysis that identifies the functions performed, the risks assumed, and any intangibles held by each of the parties.

This report contains this information for each controlled transaction reviewed in this study.

Documentation for the sale of Furniture from ABC(BVI) to ABC(USA)

Seller : ABC Furniture BVI

Buyer : ABC Furniture USA

Intercompany Transaction	Date	Amount (USD)
Furniture	31 December 2008	45,600,548

Transaction Description

Overview

ABC(USA) purchases the majority of its inventory, which consists of furniture products, from ABC(BVI). ABC (USA) resells these products in the North American market.

Functional Analysis Summary

Below is a summary of the functional analysis that was conducted for the controlled transaction above.

Functions	ABC Furniture BVI	ABC Furniture USA
Transportation Management	Yes	No
Warehouse Operations	No	Yes
Administrative/Executive	Yes	No
Installation and After Sales Service	No	Yes

Functions	ABC Furniture BVI	ABC Furniture USA
Billing and Collection	Yes	No
Manufacturing	Yes	No
Advertising	No	Yes
Sales	No	Yes
Packaging and Labeling	Yes	No
Quality Control	Yes	Yes
Marketing	No	Yes
Customer Claims/Complaints/Returns	No	Yes
Inventory Control Management	No	Yes
Assembly	Yes	No
Order Administration	No	Yes
Distribution Network Management	No	Yes

Risks	ABC Furniture BVI	ABC Furniture USA
Market Risk	Yes	Yes
Foreign Exchange Risk	Yes	No
Credit and Collection Risk	No	Yes

Intangibles	ABC Furniture BVI	ABC Furniture USA
Trademark/Trade Name	Yes	No
Key Employees	Yes	Yes
Customer Lists	No	Yes

Functional Analysis Details

Functions

Transportation Management

ABC (BVI) is responsible for managing the logistics process between the manufacturing sites in China and the shipping destinations of ABC (USA) in the US.

Warehouse Operations

All warehousing of the furniture products being transferred from ABC (BVI) to ABC (USA) is the responsibility of ABC (USA). ABC (BVI) does not have a role in warehousing in North America.

Manufacturing

Through two related entities in China, ABC (BVI) is responsible for manufacturing the furniture products that are sold to ABC (USA). ABC (USA) does not perform any manufacturing activities.

Advertising

ABC (USA) is responsible for all advertising activities and related functions in the North American market.

Sales

ABC (USA) performs all selling activities related to the furniture it buys from ABC (BVI). It has relationships with vendors and wholesalers who are located in Canada and the US.

Packaging and Labeling

All packaging and labeling of the furniture being transferred in this intercompany transaction is performed by ABC (BVI) through its Chinese manufacturing entities.

Quality Control

Both ABC (BVI) and ABC (USA) have a shared responsibility for performing quality control checks on the furniture products being transferred. ABC (BVI) performs various checks throughout the manufacturing process, while ABC (USA) has other areas to check before being sold to the end customer in North America.

Marketing

ABC (USA) is both a marketer and distribution of furniture products in North America. Therefore, ABC (USA) is responsible for all marketing activities related to North American sales of furniture.

Customer Claims/Complaints/Returns

Customer claims, complaints, and returns are dealt with by ABC (USA) representatives in North America.

Inventory Control Management

Inventory levels are managed by ABC (USA) at its warehouse locations across North America. Once the furniture products leave manufacturing facilities in China, ABC (BVI) is only responsible for logistics between the ABC (USA) warehouses.

Assembly

ABC (BVI) performs all assembly of the furniture products it sells to ABC (USA). Assembly is part of the manufacturing process; therefore, ABC (USA) plays no role in this function.

Legal

ABC (Cayman) is responsible for all legal matters for the ABC group of companies.

Risks

Foreign Exchange Risk

As the transaction is conducted in USD, ABC (BVI) bears the foreign exchange risk in this transaction.

Intangibles

Trademark/Trade Name

As the owner of the ABC IP in the US, ABC (BVI) is responsible for managing and maintaining trademark and trade name intangibles. ABC (USA) does not own any ABC IP.

Method Evaluation

Often more than one testing methodology is applied to a particular controlled transaction. To establish which method should be used to perform an arm's length analysis for the transaction, the Internal Revenue Code Section 482 regulations employ the Best Method Rule. The best method is defined as the method that provides the most reliable measure of an arm's length result under the facts and circumstances of the controlled transaction under review. There is no hierarchy for choosing methods. Furthermore, an arm's length result may be determined without disproving other applicable methods. However, if another method is subsequently shown to provide a more reliable result, this other method must be employed. Pursuant to the penalty regulations, a penalty will not be assessed if the taxpayer reasonably concludes that the method employed is the best method.

In determining what method is the most reliable, the two most important factors taxpayers must consider are:

- 1) The degree of comparability between the controlled transaction (or taxpayer) and any uncontrolled transactions or comparables. Regulation Section 1.482-1(d)(3) discusses in detail the specific factors that must be considered (e.g. functional analysis, contractual terms, risk, economic conditions, and property or services).
- 2) The completeness and accuracy of the underlying data used in the analysis, the reliability of the assumptions used in connection with the method, and the sensitivity of the results to deficiencies in the data used or the assumptions made (depending on the methodology employed).

In certain circumstances, one should also consider whether the results of an analysis using a particular method are consistent with the results of an analysis using another method. If two or more methods produce inconsistent results, a third method may be used as a tie-breaker.

The Best Method Rule requires the taxpayer to select the methodology that provides the most reliable measure of an arm's-length result under the facts and circumstances under review. Since the regulations do not present a hierarchy of methods when performing a transfer pricing analysis, it is necessary to evaluate all available testing methodologies. The penalty regulations require the taxpayer to document the testing methodology which is chosen to be the "best method." The penalty regulations also require taxpayers to discuss each alternative methodology that was not considered and an explanation of why it was not selected.

Below is a description of the best and supporting methodologies, as well as the methodologies not selected, for each controlled transaction under review in this report. This decision is based upon the documentation and economic analysis outlined in the previous sections of this report. For a detailed description of the regulatory environment with regards to the methods available for this analysis, refer to the section of this report entitled "Applicable Methods".

Method Evaluation for the sale of Furniture from ABC(BVI) to ABC(USA)

Seller : ABC Furniture BVI

Buyer : ABC Furniture USA

Intercompany Transaction	Date	Amount (USD)
Furniture	31 December 2008	45,600,548

Methods Applied

Best Method

Comparable Profits

The Comparable Profits Method (“CPM”) was selected as the best method based on the availability of reliable data and because comparable uncontrolled transactions with which to apply the transactional methods could not be identified reliably. ABD (USA) has been selected as the tested party because it is the participant whose operating profit attributable to the controlled transaction can be verified using the most reliable data requiring the fewest and most reliable adjustments and for which reliable data regarding uncontrolled comparables can be located. ABC (USA) is also the least complex of the controlled taxpayers and does not own valuable intangible property or unique assets that distinguish it from potential uncontrolled comparables.

ABC (USA) distributes products purchased from ABC (BVI), making its profitability dependent on the price it pays for these products. Independent companies with similar functions to those of the tested party were reliably identified. The profitability of the tested party was then compared to that of the independent companies, effectively measuring the arm’s-length nature of the intercompany transaction

Methods Not Applied

Comparable Uncontrolled Price

The Comparable Uncontrolled Price (“CUP”) method was not applied because comparable uncontrolled transactions could not be identified reliably.

Comparable Uncontrolled Transaction

The Comparable Uncontrolled Transaction (“CUT”) method was not applied because the controlled transaction did not involve the transfer of intangible goods and comparable uncontrolled transactions could not be identified reliably.

Cost Plus

The Cost Plus (“CP”) method is typically used as a transactional analysis in the comparison of controlled and uncontrolled transactions involving the manufacture, assembly and production of tangible goods within the same product category. The comparability of the uncontrolled transactions relies on the similarity of functions performed, risks assumed and intangibles held. The gross margin of the manufacturer involved in the controlled transaction is compared with the gross margins of manufacturers in the comparable uncontrolled transactions. Since the CP method is potentially suitable for manufacturers, it is generally not applicable to distributors and would not be the best method to analyze the intercompany transaction.

Profit Split

The Profit Split (“PS”) method is used in cases involving the co-development of a non-routine intangible asset, where the profits attributable to a non-routine intangible are split between two parties. As there is no co-development of any intangible asset between ABC (USA) and ABC (BVI), the PS method would not be the best method to analyze the intercompany transaction.

Resale Price

The Resale Price (“RSP”) method is applied in comparisons between resellers of tangible goods. This method is most often applied as a transactional analysis. The comparability of the uncontrolled transactions relies on the similarity of functions performed, risks assumed and intangibles held. The gross margin of the distributor involved in the controlled transaction is compared with the gross margins of distributors in comparable uncontrolled transactions. The RSP method was not applied as a transaction based analysis because comparable uncontrolled transactions could not be identified reliably.

The RSP method can also be applied as a profit based analysis, where a functional analysis is performed, characterizing the appropriate tested party, and comparables are identified with which to benchmark the tested party. Although ABC (USA) and other comparable firms may perform similar functions, other factors that have an effect on gross profit must be considered before applying the RSP method. These factors include cost structures, business experience, management efficiency and consistency in accounting practices. However, it is difficult, if not impossible, to establish that there are no material differences in accounting practices affecting the gross margins of these independent, comparable firms. As a result, it is concluded that the use of external comparable firms to assess the arm’s-length character of transfer prices under the RSP method would not produce reliable results.

Economic Analysis for the sale of Furniture from ABC(BVI) to ABC(USA)

Seller : ABC Furniture BVI

Buyer : ABC Furniture USA

Intercompany Transaction	Date	Amount (USD)
Furniture	31 December 2008	45,600,548

Once all the information on the controlled transaction(s) has been collected, it is necessary to conduct the economic analysis that will determine whether it has been conducted at arm's length. This section of the report will detail the economic analysis undertaken in conjunction the method employed in the course of testing the arm's length character of the controlled transaction(s) under review.

Profit Based Economic Analysis

There are two general approaches that can be used when employing a profit based methodology. The most common approach is to compare the profitability of one of the controlled taxpayers or one of its business segments involved in the controlled transaction(s) to the profitability of comparable uncontrolled taxpayers. A more sophisticated approach, which should only be used in specific circumstances, is to split the profit associated with the controlled transaction among the parties that have engaged in the transaction using various allocation methods. (This is typically done where non-routine, valuable intangibles are present). This section will describe the traditional profit based approach and then demonstrate its application in conjunction with the controlled transaction(s) being analyzed. If the profit split approach was applied in connection with the transaction(s) under review, this analysis will be detailed in the section of the report entitled "Profit Split Analysis."

The most common profit based approach is the Comparable Profits Method (CPM). The CPM can be used to test tangible, intangible, and service transfers. Unlike transactional methodologies, the CPM does not compare the controlled transaction to a comparable uncontrolled transaction. Instead, the profitability of a controlled taxpayer or one of its business units is compared to the profitability of comparable uncontrolled taxpayers. These uncontrolled taxpayers were identified in the "Comparable Taxpayers" section of this report.

The controlled transaction participant whose profitability is used in this comparison exercise is known as the tested party. In most cases, the tested party will be the least complex of the controlled taxpayers. The tested party's profit attributable to the controlled transaction(s) should also have the following features: (1) can be verified using the most reliable data, (2) requires the fewest adjustments and (3) for which reliable data regarding uncontrolled comparables can be located. Finally, the tested party should not hold valuable non-routine intangibles.

To determine profitability of the tested party and comparable uncontrolled taxpayers, the regulations require the employment of profit level indicators (PLIs). An arm's length range is established using the values associated with the comparable uncontrolled taxpayers. When the profitability of the tested party falls within this range, all of the tested party's controlled transactions are deemed to be at arm's length.

The regulations state that when employing the CPM, below the line profit measures, such as operating margin, should be used to construct the arm's length range. However, at times, it is advantageous to apply a gross margin analysis. When this measure of profitability is used, the analysis is very similar to the Cost Plus or Resale Price transactional methodologies, except the profitability is being compared to uncontrolled taxpayers rather than uncontrolled transactions. Therefore, although the actual analysis is conducted as if it were a CPM, typically it is referred to as a Modified Cost Plus

(MCP) or a Modified Resale Price (MRP) analysis (depending on whether the tested party is a manufacturer or a distributor).

Tested Party Identification

When applying the CPM, the first step is to select the tested party. In general, the tested party is considered to be either one of the entities involved in the transaction or its most narrowly identifiable business activity or business segment, which derives its revenue and incurs its costs in connection with the controlled transaction under review. The regulations state that the tested party should not hold any valuable, non-routine intangibles and should be the least complex entity in the relationship. In addition, the regulations state that it should be possible to construct financial statements that correspond directly to the controlled transaction(s) under review and that reliability of the economic analysis may suffer if such segmentation cannot be accomplished accurately.

Based on these criteria, the following tested party was identified:

ABC Furniture USA

The analysis described below, which encompasses steps two through four, will be conducted for this tested party.

Tested Party Documentation

Once the tested party is identified, it is necessary to document its activities so that comparable uncontrolled taxpayers can be identified.

First, it is important to gather general information such as a description of its structure, an overall description of its business and a review of its competitors, customers, and the industry in which it operates. In addition, it is necessary to identify the major functions the tested party performs, the risks it assumes, and the specialized assets it holds. This information is detailed below.

Business Description

Detailed Description

ABC(USA) is a wholesale marketer/distributor of residential home furnishings. ABC (USA) operates facilities in the US and markets and distributes products it purchases from ABC (BVI) in North America. Products include bedroom, dining room, entertainment centers, upholstered furnishings, etc.

Role of the Tested Party

ABC (USA)'s primary role in this intercompany transaction is to market and distribute ABC furniture products that it purchases directly from ABC (BVI). ABC (USA) has relationships with furniture outlets across the US and Canada who continuously purchase large amounts of furniture from ABC (USA).

The inventory purchased from ABC (BVI) is stored in ABC (USA) warehouses in North America, which is then sent to ABC (USA) customers.

An income statement and balance sheet that corresponds directly to the activities of the current tested party has been constructed below. The relevant profit level indicators (PLIs) are applied to this data and compared to the corresponding profit level indicators applied to the corresponding data of the comparable companies from which the arm's-length range is derived.

ABC Furniture USA

Income Statement

Description	2008	2007	2006	Average
Net Sales	62,317,782	62,250,436	65,383,028	63,317,082
Cost of Goods Sold	45,600,548	48,600,400	42,020,930	45,407,293
Gross Profit	16,717,234	13,650,036	23,362,098	17,909,789
Operating Expenses	16,895,282	13,589,560	23,659,213	18,048,018
Operating Income	-178,048	60,476	-297,115	-138,229
Interest Expense				
R and D Expense				
Advertising Expense				

Currency: USD

Balance Sheet

Description	2008	2007	2006	Average
Avg Total Assets	30,074,942	33,850,785	34,654,530	32,860,085
Avg Operating Assets	30,074,942	33,850,785	34,654,530	32,860,085
Avg Net Payables	1,203,772	1,008,609	955,663	1,056,014
Avg Net Receivables	11,611,386	11,846,706	11,817,755	11,758,615
Avg Net Inventory	4,316,686	5,087,437	5,084,158	4,829,427
Avg Net PPE	567,316	476,847	455,182	499,782

Currency: USD

Comparable Uncontrolled Taxpayer Identification

To determine the arm's length price of the current tested party's controlled transaction(s), it is necessary to compare the tested party's profitability to the profitability of comparable uncontrolled taxpayers. Based on an in-depth search and evaluation process, a group of companies has been identified as comparable to the tested party. The financial data associated with each of the taxpayers listed below will be used to construct the arm's length range. Below is an overview of the results of this search. For a detailed description of the identification and evaluation process, see the section of the report entitled "Appendix: Comparable Taxpayers."

Search of Disclosure/SEC, published June 2009 by Former Thomson Financial

Potentially Comparable Taxpayers Total: **151**

Criteria Set

Potentially Comparable Taxpayers: **80**

Search Criteria	
Primary US SIC:	Between 5000 - Whol: WHOLESALE TRADE - DURABLE GOODS and 5099 - Whol: Durable Goods, nec
And	
Keyword:	Contains distrib or Contains furni or Contains wholesale
And	
Inclusion Criteria	
Domiciled in:	United States or Canada

Criteria Set

Potentially Comparable Taxpayers: **149**

Search Criteria	
Secondary US SIC:	Between 5000 - Whol: WHOLESALE TRADE - DURABLE GOODS and 5099 - Whol: Durable Goods, nec
And	
Keyword:	Contains furni or Contains distrib or Contains wholesale
And	
Inclusion Criteria	
Domiciled in:	United States or Canada

Criteria Set

Potentially Comparable Taxpayers: **2**

Search Criteria	
Company Name:	Contains hooker furn or Contains flexsteel

Search of Worldscope, published June 2009 by Former Thomson Financial

Potentially Comparable Taxpayers Total: **975**

Criteria Set

Potentially Comparable Taxpayers: **447**

Search Criteria	
Secondary US SIC:	Between 5000 - Whol: WHOLESALE TRADE - DURABLE GOODS and 5099 - Whol: Durable Goods, nec
And	
Keyword:	Contains furni or Contains distrib or Contains wholesale
And	
Inclusion Criteria	
Domiciled in:	Canada or United States

Criteria Set

Potentially Comparable Taxpayers: **823**

Search Criteria	
Primary US SIC:	Between 5000 - Whol: WHOLESALE TRADE - DURABLE GOODS and 5999 - Ret: Miscellaneous Retail Stores, nec
And	
Keyword:	Contains wholesale or Contains furni or Contains distrib
And	
Inclusion Criteria	
Domiciled in:	Canada or United States

Total Pool of Potentially Comparable Taxpayers : **1126**

Bulk Rejections Summary

Bulk Rejections Total: **603**

Qualitative Rejections	Count
Net Sales missing for 2 or more years	603
Total Qualitative Rejections	603

Quantitative Rejections	Count
Total Quantitative Rejections	0

First Review Rejections Summary

First Review Rejections Total: **512**

First Review Rejection Reasons	Count
Duplicate Record	46
Functional differences	184
Primarily operates as a service provider	282
Total First Review Rejections	512

Second Review Rejections Summary

Second Review Rejections Total: **0**

Comparable Taxpayers

Total Accepted After Search and Evaluation: **11**

The financial data associated with each of the taxpayers listed below will be used to construct the arm's length range. For a detailed description of the identification and evaluation process, see the section of the report entitled "Appendix: Comparable Taxpayers."

BASSETT FURNITURE INDUSTRIES INC

BLUELINX HOLDINGS INC

CANWEL BUILDING MATERIALS INCOME FUND

DECORIZE INC

DESIGN WITHIN REACH, INC.

FLEXSTEEL INDUSTRIES INC

GOODFELLOW INC.

HOOKER FURNITURE CORP

HUTTIG BUILDING PRODUCTS INC

PATRICK INDUSTRIES INC

TAIGA BUILDING PRODUCTS LTD.

Perform the Arm's Length Analysis

Once comparable uncontrolled taxpayers have been identified, it is necessary to compare their profitability to the current tested party's profitability. This comparison analysis is conducted in three

steps. First, it is necessary to select the measure of profitability that will be used in the comparison (the profit level indicator (PLI)).

The decision to use a particular PLI depends on a number of factors, including: (1) the nature of the tested party's activities; (2) the reliability of available data with respect to uncontrolled taxpayers; and (3) the extent to which the PLI is likely to produce a reliable measure of tested party income (assuming the controlled transaction(s) had been conducted at arm's length).

Arm's Length Range

An arm's length range is a set of values calculated using the selected Profit Level Indicator ("PLI") and financial data of each comparable uncontrolled taxpayer. The results of the range calculation for this search are displayed below.

Profit Level Indicator (PLI): **Operating Margin**

Average Type: **Weighted Average**

Quartile Calculation Method: **IRS Quartile Calculation**

Comparable Taxpayer	2008	2007	2006	Average
BASSETT FURNITURE INDUSTRIES INC	-0.0571	-0.0674	-0.0014	-0.0404
BLUELINX HOLDINGS INC	-0.0032	-0.0005	0.0158	0.0058
CANWEL BUILDING MATERIALS INCOME FUND	0.0287	0.0303	0.0276	0.0288
DECORIZE INC		-0.0008	0.0025	0.0009
DESIGN WITHIN REACH, INC.	-0.0786	-0.0038	-0.0735	-0.0506
FLEXSTEEL INDUSTRIES INC		0.0187	0.0346	0.0268
GOODFELLOW INC.	0.0274	0.0343	0.0443	0.0355
HOOKEER FURNITURE CORP	0.0396	0.0937	-0.3515	0.0364
HUTTIG BUILDING PRODUCTS INC	-0.0545	-0.0086	-0.0037	-0.0182
PATRICK INDUSTRIES INC	-0.2160	-0.0049	0.0177	-0.0598
TAIGA BUILDING PRODUCTS LTD.		0.0409	0.0252	0.0327

	2008	2007	2006	Average
Minimum:	-0.2160	-0.0674	-0.3515	-0.0598
Lower Quartile:	-0.0678	-0.0049	-0.0037	-0.0404
Median:	-0.0289	-0.0005	0.0158	0.0058
Upper Quartile:	0.0280	0.0343	0.0276	0.0327
Maximum:	0.0396	0.0937	0.0443	0.0364

	2008	2007	2006	Average
Tested Party PLI:	-0.0029	0.0010	-0.0045	-0.0022
Outcome (Full Range):	In	In	In	In
Outcome (Interquartile Range):	In	In	Out	In

The interquartile range of unadjusted tax-year operating margins has a lower quartile of -6.78 percent and an upper quartile of 2.80 percent, with a median of -2.89 percent. ABC (USA)'s tax year operating margin is -0.29 percent, which falls within the interquartile range established by the set of comparable companies.

The interquartile range of unadjusted three-year weighted average operating margins has a lower quartile of -4.04 and an upper quartile of 3.27 percent, with a median of 0.58 percent. ABC (USA)'s tax year operating margin is -0.22 percent, which falls within the interquartile range established by the set of comparable companies.

Adjustments

Adjustment for Terms of Purchase (Payables)

If a comparable company has a different level of accounts payable than the tested party, then an adjustment is appropriate. The rationale is that a company with more (less) days payable than the tested party is implicitly being provided more (less) financing by its suppliers than the tested party. This implicit difference in financing cost should be reflected in differences between the cost of goods sold of the comparable company and the tested party. The adjustment is made to cost of goods sold.

Adjustments Summary

Adjustment	Adjustment Target	Application Type
Payables	Cost Of Goods Sold	Comparables

Interest Rates

Country or Comparable	Interest Rate Type	2008	2007	2006
Canada	Canadian Prime Lending Rate	4.73	6.1	5.81
United_States	US Prime Lending Rate	5.09	8.05	7.96

Adjusted Arm's-Length Range

The last step in the economic analysis is the construction of a final arm's length range. The chart below displays whether the tested party's profitability falls within the range for each year. In the cases where it does so, the controlled transaction undertaken by the tested party can be considered to have been conducted at arm's length.

Comparable Taxpayer	2008	2007	2006	Average
BASSETT FURNITURE INDUSTRIES INC	-0.0082	-0.0170	0.0348	0.0044
BLUELINX HOLDINGS INC	0.0172	0.0270	0.0502	0.0345
CANWEL BUILDING MATERIALS INCOME FUND	0.0619	0.0706	0.0760	0.0698
DECORIZE INC		0.0938	0.0803	0.0869
DESIGN WITHIN REACH, INC.	-0.0214	0.0542	-0.0017	0.0116
FLEXSTEEL INDUSTRIES INC		0.0377	0.0546	0.0464
GOODFELLOW INC.	0.0636	0.0694	0.0811	0.0716
HOOKE FURNITURE CORP	0.0577	0.1118	-0.1477	0.0689
HUTTIG BUILDING PRODUCTS INC	-0.0249	0.0341	0.0440	0.0233
PATRICK INDUSTRIES INC	-0.2071	0.0057	0.0333	-0.0481
TAIGA BUILDING PRODUCTS LTD.		0.0874	0.0651	0.0758

	2008	2007	2006	Average
Minimum:	-0.2071	-0.0170	-0.1477	-0.0481
Lower Quartile:	-0.0231	0.0270	0.0333	0.0116

	2008	2007	2006	Average
Median:	0.0045	0.0542	0.0502	0.0464
Upper Quartile:	0.0598	0.0874	0.0760	0.0716
Maximum:	0.0636	0.1118	0.0811	0.0869

	2008	2007	2006	Average
Tested Party PLI:	-0.0029	0.0010	-0.0045	-0.0022
Outcome (Full Range):	In	In	In	In
Outcome (Interquartile Range):	In	Out	Out	Out

The interquartile range of adjusted tax-year operating margins has a lower quartile of -2.31 percent and an upper quartile of 5.98 percent, with a median of 0.45 percent. ABC (USA)'s tax year operating margin is -0.29 percent, which falls within the interquartile range established by the set of comparable companies.

The interquartile range of adjusted three-year weighted average operating margins has a lower quartile of 1.16 percent and an upper quartile of 7.16 percent, with a median of 4.64 percent. ABC (USA)'s tax year operating margin is -0.22 percent.

Appendix: Legal Entity Financial Information

ABC Furniture USA

Income Statement

Description	2008	2007	2006	Average
Net Sales	62,317,782	62,250,436	65,383,028	63,317,082
Cost of Goods Sold	45,600,548	48,600,400	42,020,930	45,407,293
Gross Profit	16,717,234	13,650,036	23,362,098	17,909,789
Operating Expenses	16,895,282	13,589,560	23,659,213	18,048,018
Operating Income	-178,048	60,476	-297,115	-138,229
Interest Expense				
R and D Expense				
Advertising Expense				

Currency: USD

Balance Sheet

Description	2008	2007	2006	Average
Avg Total Assets	30,074,942	33,850,785	34,654,530	32,860,085
Avg Operating Assets	30,074,942	33,850,785	34,654,530	32,860,085
Avg Net Payables	1,203,772	1,008,609	955,663	1,056,014
Avg Net Receivables	11,611,386	11,846,706	11,817,755	11,758,615
Avg Net Inventory	4,316,686	5,087,437	5,084,158	4,829,427
Avg Net PPE	567,316	476,847	455,182	499,782

Currency: USD

Appendix: Applicable Methods

This section will first provide background information on the transfer pricing regulatory environment and the methods available for analyzing inter-company transactions.

History

The U.S. tax law on transfer pricing is contained in Section 482 of the Internal Revenue Code and the regulations there under. The U.S. statute reflects the international standard requiring taxpayers who are controlled by the same interests to deal with each other at arm's length. The statute was amplified by regulations promulgated in 1968. These regulations provided guidance and set forth the methods that should be employed when establishing an arm's length price for the rendition of services, the transfer of tangible goods, the license of intangible property, and related party loans. In January 1992, the IRS issued proposed regulations under Section 482 that would have substantially modified the 1968 regulations. In response to many negative comments received by the IRS, these proposed regulations were withdrawn and substantially revised temporary, proposed regulations were issued on January 21, 1993. Final regulations under Section 482 were issued in July, 1994, effective for taxable years beginning after October 6, 1994. However, taxpayers may elect to apply these regulations to any open taxable year.

Final Section 482 Regulations

The final regulations provide that the purpose of Section 482 is "to ensure that taxpayers clearly reflect income attributable to controlled transactions, and to prevent the avoidance of taxes with respect to such transactions." Section 482 places a controlled taxpayer on a "tax parity with an uncontrolled taxpayer by determining the true taxable income of the controlled taxpayer." The final regulations retain the basic arm's length standard contained in previous regulatory standards. A controlled transaction meets this arm's length standard if the results of the transaction are consistent with the results that would have been realized if uncontrolled taxpayers had engaged in the same transaction under the same circumstances.

Most recently, the regulations of 1994 have been followed by the introduction Section 482-9 containing a new set of rules, which guide the analysis and documentation of intercompany services and intangible property transactions. These new services regulations were first proposed in 2003 and after nearly 3 years of deliberation among the legislative and business community were issued in a temporary form in 2006 pending any further corrections. The provisions of Section 482-9 are mandatory for years beginning on or after January 1, 2008 and elective for years beginning on or after September 10, 2003.

To determine whether a tangible, intangible or service transaction has been conducted at arm's length, the regulations provide a number of different testing methodologies. These methodologies generally fall into two broad categories. The first are transactional methods, which include:

the Comparable Uncontrolled Price method (CUP)

the Resale Price method (RP)

the Cost Plus method (CP+)

the Comparable Uncontrolled Transaction method (CUT)

the Comparable Uncontrolled Service Price method (CUSP)

the Gross Services Margin Method (GSMM)

the Cost of Services Plus Method (CSPM)

When one of these methodologies is employed, the arm's length character of a controlled transaction under review is established by comparing the unit price, gross margin, or royalty realized in connection with the controlled transaction to the same financial measure associated with an uncontrolled transaction, that is comparable to the controlled transaction.

Although transactional methodologies are typically the most reliable measures of an arm's length price, they are rarely used due to the scarcity of comparable uncontrolled transactions. Since the identification of one or more uncontrolled transactions is difficult, the regulations offer an alternative profit based approach to determine whether a controlled transaction has been conducted at arm's length. In the United States, the most popular profit based methodology is the Comparable Profits Method (CPM). Countries that have adopted the OECD regulations use a variation of this methodology known as the Transactional Net Margin Method (TNMM). Intercompany services transactions may also be analyzed using the Services Cost Method (SCM) introduced as part of the regulations of 2006. Finally, the Residual Profit Split method (RPS) is gaining in popularity among practitioners.

In general, when a profit based methodology is employed, the profitability of one of the parties to a controlled transaction is compared to the profitability of other similar, unrelated legal entities that have not engaged in related party transfers. If the profitability of the legal entity involved in the controlled transaction is similar to that of the unrelated legal entities, then the assumption can be made that the controlled transaction was conducted at arm's length. If not, then this can be an indicator that the controlled transaction was priced incorrectly.

To determine whether a controlled transaction has been conducted at arm's length, it is necessary to carefully compare the controlled transaction or the controlled taxpayer to comparable uncontrolled transactions or taxpayers. When making this comparison, the regulations require that you take into account the following factors:

1. Property or services transferred in the transaction;
2. Economic conditions that affect the prices that would be charged or paid;
3. Contractual terms;
4. Functions performed; and
5. Significant risks undertaken.

Uncontrolled transactions or taxpayers that are not exactly the same can still be used as comparables if material differences (those that would affect the price) can be adjusted for. The regulations provide that as the degree of comparability between the controlled transactions or taxpayers increases so will the reliability of the analysis.

Multiple testing methodologies might be employed to test the arm's length character of the controlled transaction(s) being analyzed in this transfer pricing study. The regulations state that taxpayers should use the methodology that provides the most reliable measure of an arm's length result under the facts and circumstances. As discussed above, this concept is known as the Best Method Rule.

Specific Methodologies

As noted above, the regulations provide specific methods that can be used to evaluate whether transactions between or among members of the controlled group satisfy the arm's length standard. The regulations state that the following six methods can be used to test tangible transactions: (1) the Comparable Uncontrolled Price method (CUP), (2) the Resale Price method (RP), (3) the Cost Plus method (CP+), (4) the Comparable Profits Method (CPM), (5) the Profit Split method (PS) and (6) unspecified methods. For intangible transactions, the regulations specify three methods: (1) the Comparable Uncontrolled Transaction method (CUT), (2) the Comparable Profits Method (CPM) and (3) unspecified methods. For services transactions, the regulations provide for the following seven methods: (1) Services Cost method (SCM), (2) Comparable Uncontrolled Services Price method (CUSP), (3) Gross Services Margin method (GSMM), (4) Cost of Services Plus method (CSPM), (5) Comparable Profits method (CPM), (6) Profit Split method and (7) Unspecified methods. Each method will be described in detail below.

Comparable Uncontrolled Price (CUP)

When employing the Comparable Uncontrolled Price (CUP) methodology, the unit price charged for the tangible property transferred in a controlled transaction is compared to the unit price charged for the same (or very similar) tangible property transferred in a comparable uncontrolled transaction. The CUP method is the most reliable measure of an arm's length price where there are no material differences that would affect the price between the controlled and uncontrolled transactions, or where there are only minor differences for which adjustments can be made.

The regulations state that when applying the CUP method to a transaction, the basic comparability factors outlined in Regulation Section 1.482-1(d)(3) must be adhered to (i.e. property or services transferred, functions performed, contractual terms, economic conditions, and risks assumed). However, the regulations emphasize that product similarity is the most important factor to be taken into account. In addition, because even minor differences in the contractual terms or economic conditions could materially affect the price charged in uncontrolled transactions, comparability under the CUP method depends on close similarity with respect to these other factors as well.

Resale Price Method (RP)

The Resale Price method (RP) determines whether the amount paid between a manufacturer and distributor in a controlled transaction is the arm's length price, by comparing the gross profit margin realized by the distributor (in connection with the controlled transaction) to the gross margin realized by it or a similar distributor in a comparable uncontrolled transaction.

Since a distributor's gross profit provides compensation for the resale functions that it performs in relation to the product(s) under review, comparability under the RP is particularly dependent on the similarity of functions performed, the risks assumed, and the contractual terms of the controlled and comparable uncontrolled transactions (or adjustments must be made to account for the effects of any such differences). However, all of the comparability factors listed in the regulations must still be considered.

Cost Plus Method (CP+)

The Cost Plus method (CP+) measures an arm's length price by adding the appropriate gross profit to the controlled taxpayer's costs of producing the property involved in the controlled transaction. The appropriate gross profit is computed by multiplying the controlled taxpayer's cost of producing the transferred property by the gross profit markup, expressed as a percentage of cost, earned in comparable uncontrolled transactions.

Since a manufacturer's gross profit provides compensation for the production functions that it performs in relation to the product(s) under review, comparability under the CP+ is particularly dependent on the similarity of functions performed, the risks assumed, and the contractual terms of the controlled and comparable uncontrolled transactions (or adjustments must be made to account for the effects of any such differences). However, all of the comparability factors listed in the regulations must still be considered.

Comparable Uncontrolled Transaction Method (CUT)

The Comparable Uncontrolled Transaction method (CUT) determines whether the amount charged in a controlled transfer of intangible property is the arm's length price by comparing this controlled transaction to a very similar uncontrolled transaction. The uncontrolled transaction should involve a transfer of comparable intangible property under comparable circumstances.

When determining the comparability between the controlled and uncontrolled transactions, the basic comparability factors listed in the regulations must be considered. However, the regulations emphasize that the controlled and uncontrolled transactions should involve the same or comparable intangible property. The regulations further provide that when determining comparability, the intangible property in both the controlled and uncontrolled transactions must: (1) be used in connection with similar products or processes within the same general industry or market; and (2) have similar profit potential. In addition, the economic conditions and the contractual terms surrounding the controlled and uncontrolled transactions should be very similar (or adjustments should be made to account for any material differences).

Comparable Uncontrolled Services Price Method (CUSP)

Comparable Uncontrolled Services Price method (CUSP) "evaluates whether the amount charged in a controlled services transaction is arm's length by reference to the amount charged in a comparable uncontrolled services transaction."

Just like the CUP method, the CUSP method emphasizes the relative similarity of the controlled services to the uncontrolled transaction and the presence or absence of nonroutine intangibles. Section 1.482-9 also provides, consistent with the best method rule, that the CUSP method generally provides the most direct and reliable measure of an arm's length result if the uncontrolled transaction either has no differences from the controlled services transaction or has only minor differences that have a definite and reasonably ascertainable effect on price, and appropriate adjustments may be made for such differences. If such adjustments cannot be made, or if there are more than minor differences between the controlled and uncontrolled transactions, the CUSP method may be used, but the reliability of the results as a measure of the arm's length price will be reduced. Further, if there are material differences for which reliable adjustments cannot be made, this method ordinarily will not provide a reliable measure of an arm's length result.

Gross Services Margin Method (GSMM)

The Gross Services Margin method (GSMM) evaluates whether the amount charged in a controlled services transaction is arm's length by reference to the gross profit margin realized in comparable uncontrolled transactions.

This method could be used where a controlled taxpayer performs activities in connection with a "related uncontrolled transaction" between a member of the controlled group and an uncontrolled taxpayer. For example, the method may be used where a controlled taxpayer renders services to another member of the controlled group in connection with a transaction between that other member and an uncontrolled party (agent services), or where a controlled taxpayer contracts to provide

services to an uncontrolled taxpayer and another member of the controlled group actually performs the services (intermediary function).

Cost of Services Plus Method (CSPM)

The Cost of Services Plus method (CSPM) evaluates whether the amount charged in a controlled services transaction is arm's length by reference to the gross services profit markup realized in comparable uncontrolled transactions. The CSPM method is usually used in cases where the controlled service provider provides the same or similar services to both controlled and uncontrolled parties. This method is ordinarily not used in cases where the controlled services transaction involves a contingent payment arrangement.

The applicability of the CSPM method is largely dependent on the comparability of the functions performed and, therefore, of the costs incurred by the taxpayer in providing the services to a controlled entity as opposed to those incurred in providing the services to the uncontrolled parties. If this method is applied based on external comparable transactions (those taking place between two uncontrolled parties) the regulations include an additional requirement to consider the results expressed as a markup on total services costs of the taxpayer.

Comparable Profits Method (CPM)

The Comparable Profits Method (CPM) can be used to test prices paid for tangible property, intangible property and related party services. Unlike transactional methods, the CPM does not compare the controlled transaction to a comparable uncontrolled transaction. Instead, the profitability of a controlled taxpayer or one of its business units is compared to the profitability of comparable uncontrolled taxpayers. The controlled transaction participant whose profitability is being evaluated is known as the "tested party." In most cases, the tested party will be the least complex of the controlled taxpayers, and will be the party whose profit attributable to the controlled transaction(s) can be verified using the most reliable data, requiring the fewest adjustments, and for which reliable data regarding uncontrolled comparables can be located. When the profitability of the tested party falls within the arm's length range established by the profitability of the comparable uncontrolled taxpayers, then all of the tested party's controlled transactions are deemed to be at arm's length.

Since the CPM does not take into account the actual controlled transaction(s) undertaken by the tested party, the product- or service-specific data necessary to apply the CUP, RP, CP+, CUT, CUSP, GSMM or CSPM methods is not required. Instead, the financial data associated with the tested party's controlled transactions is used. To determine profitability for the tested party and comparable uncontrolled taxpayers, the regulations explicitly include three profit level indicators (PLIs) that can be used. Where the tested party is concerned, the PLI employed should be applied solely to the financial data that corresponds to the controlled transaction(s) under review.

While all the comparability factors listed in the regulations must still be considered, comparability under the Comparable Profits Method (CPM) is particularly dependent on resources employed and risks assumed. It is also important to consider the functions performed by the tested party and the comparable uncontrolled taxpayers.

Services Cost Method (SCM)

Under the Services Cost method (SCM) the taxpayer may charge at cost for services it provides for the benefit of a related entity or related entities, if:

- a. The service in question does not constitute, in the taxpayer's business judgment, contribution to the success or failure of the taxpayer's business ("Business Judgment Rule").

and

b. The functions performed by the taxpayer performing the service do not constitute explicitly “excluded transactions”, which the taxpayer can determine by reference to the list of various transactions, contained in Section 1.482-9.

and

c. The service in question is included in an annual list of Specified Covered Services to be published and periodically updated in a Revenue Procedure.

or

d. The service is a Low-Margin Covered Service, which is established via a CPM-like comparables analysis.

When the conditions (a) and (b) above are satisfied, and the taxpayer elects to assess the arm’s length nature of the service charge by using the Low-Margin Covered Service definition under the SCM, the analysis entails a search for independent comparable companies, similar to research ordinarily undertaken for the purposes of the CPM analysis. Once a set of comparable companies is identified, their Net Cost Plus markups are used as PLIs in order to construct a range and verify whether the median is at or below a certain allowed level (currently, 7 percent). Despite many similarities, unlike a traditional CPM analysis, SCM differs considerably in that it does not require benchmarking and is exclusively applicable in those instances where the taxpayer providing the service inter-company is a US-based entity.

Profit Split Method (PS)

The Profit Split method (PS) evaluates whether the allocation of the combined profit or loss attributable to one or more controlled transactions is at arm’s length by reference to the relative value of each controlled taxpayer’s contribution. The combined operating profit must be derived from the most narrowly identifiable business activity of the controlled taxpayers for which data is available that includes the controlled transactions. The relative value of each related entity’s contribution to the success of the venture must be determined in a manner that reflects the functions performed, the risks assumed and the resources employed by each partner.

Two profit split methods are allowed by the regulations: (1) the comparable profit split and (2) the residual profit split. The comparable profit split is derived from the combined operating profit of uncontrolled taxpayers whose transactions and activities are similar to those of the controlled taxpayers in the relevant business activity. Under this method, each uncontrolled taxpayer’s percentage of the combined operating profit or loss is used to allocate the combined operating profit or loss of the relevant business activity.

The residual profit split allocates the combined operating profit of the taxpayers involved in the controlled transaction(s) under review using a two-step process. First, operating income is allocated to each party to provide a market return for its routine business contributions. The market returns should be determined by referring to the returns achieved by uncontrolled taxpayers engaged in similar activities. Second, the residual profit (i.e. the profit attributable to the valuable intangible property owned by the group) should be allocated based on the relative value of their contributions of intangible property to the relevant business activity that was not deemed a routine contribution.

Appendix: Comparable Taxpayers

This section of the report contains the results of a search for comparable taxpayers. It thoroughly documents the search and evaluation process and provides expository information about each of the taxpayers that are considered comparable.

A search for comparable taxpayers is completed in four steps. In the first step, commercial or proprietary databases containing company information disclosed in public filings are searched for potentially comparable taxpayers. These queries often result in a sample containing hundreds of companies, which must be reduced to a manageable size before the companies can be evaluated individually. Therefore, the second step is to perform bulk rejections, through which clearly dissimilar taxpayers are removed from the sample by filtering. In the third step, information associated with the each of the remaining comparable taxpayers is reviewed at a high-level, followed by another removal of dissimilar taxpayers from the sample. In the fourth and final step, the business activities of the remaining taxpayers in the sample are compared in detail to those of the business unit being benchmarked.

The search detailed below has been used to benchmark the tested party selected in the following controlled transaction(s).

- The sale of Furniture from ABC(BVI) to ABC(USA)

Comparable Taxpayer Search and Evaluation

The following comparable data search and evaluation process has been conducted using the following database:

Disclosure/SEC, published June 2009 by Former Thomson Financial
Worldscope, published June 2009 by Former Thomson Financial

Step One: Commercial Database Search

In order to find companies to be included in a set of comparables, it is necessary to search commercial or proprietary databases that contain company information that has been disclosed in public filings. The tables below detail the search criteria that were employed and the number of potentially comparable companies that were identified.

Occasionally, specific comparable taxpayers can be identified using alternate data sources. The total number of comparable taxpayers from alternate data sources appears beneath the tables below.

Search of Disclosure/SEC, published June 2009 by Former Thomson Financial

Potentially Comparable Taxpayers Total: **151**

Criteria Set

Potentially Comparable Taxpayers:

80

Search Criteria	
Primary US SIC:	Between 5000 - Whol: WHOLESALE TRADE - DURABLE GOODS and 5099 - Whol: Durable Goods, nec
And	
Keyword:	Contains distrib or Contains furni or Contains wholesale
And	
Inclusion Criteria	
Domiciled in:	United States or Canada

Criteria Set

Potentially Comparable Taxpayers:

149

Search Criteria	
Secondary US SIC:	Between 5000 - Whol: WHOLESALE TRADE - DURABLE GOODS and 5099 - Whol: Durable Goods, nec
And	
Keyword:	Contains furni or Contains distrib or Contains wholesale
And	
Inclusion Criteria	
Domiciled in:	United States or Canada

Criteria Set

Potentially Comparable Taxpayers:

2

Search Criteria	
Company Name:	Contains hooker furn or Contains flexsteel

Search of Worldscope, published June 2009 by Former Thomson FinancialPotentially Comparable Taxpayers Total: **975**

Criteria SetPotentially Comparable Taxpayers: **447**

Search Criteria	
Secondary US SIC:	Between 5000 - Whol: WHOLESALE TRADE - DURABLE GOODS and 5099 - Whol: Durable Goods, nec
And	
Keyword:	Contains furni or Contains distrib or Contains wholesale
And	
Inclusion Criteria	
Domiciled in:	Canada or United States

Criteria SetPotentially Comparable Taxpayers: **823**

Search Criteria	
Primary US SIC:	Between 5000 - Whol: WHOLESALE TRADE - DURABLE GOODS and 5999 - Ret: Miscellaneous Retail Stores, nec
And	
Keyword:	Contains wholesale or Contains furni or Contains distrib
And	
Inclusion Criteria	
Domiciled in:	Canada or United States

Total Pool of Potentially Comparable Taxpayers: 1126

Step Two: Bulk Rejection of Uncontrolled Taxpayers

The database search such as the one conducted in step one establishes a broad sample of companies that are potentially comparable. By performing bulk rejections, groups of taxpayers that do not meet minimum defined comparability criteria can be removed from this sample. Specifically, two types of bulk rejections can be applied. The first type, qualitative rejections, removes taxpayers for whom critical financial data is not available. The second type, quantitative rejections, removes taxpayers from the sample based upon filters such as gross sales, assets and number of employees.

Below is a summary of the bulk rejections that were applied to the sample of comparable taxpayer data established in step one. See the rejection matrix of this report titled "Potential Comparable

Taxpayers Eliminated by Bulk Rejections” for a detailed listing of the taxpayers that were bulk rejected and their corresponding rejection reasons.

Bulk Rejections Summary

Bulk Rejections Total: **603**

Qualitative Rejections	Count
Net Sales missing for 2 or more years	603
Total Qualitative Rejections	603

Quantitative Rejections	Count
Total Quantitative Rejections	0

Step Three: First Review Rejection of Uncontrolled Taxpayers

The purpose of the first review process is to eliminate taxpayers from the data set that are not engaged in business activities comparable to those being benchmarked. In order to remove these taxpayers from consideration, the available information about each potential comparable taxpayer must be reviewed.

Below is a summary of the reasons for which potential comparable taxpayers were rejected during the first review. The number rejected for each reason is also provided. Note that though it is possible for a taxpayer to meet multiple rejection criteria, a taxpayer can be rejected only once. See the rejection matrix of this report titled “Potential Comparable Taxpayers Eliminated in First Review” for a detailed listing of the taxpayers that were rejected and their corresponding rejection reasons.

First Review Rejections Summary

First Review Rejections Total: **512**

First Review Rejection Reasons	Count
Duplicate Record	46
Functional differences	184
Primarily operates as a service provider	282
Total First Review Rejections	512

Step Four: Second Review Rejection of Uncontrolled Taxpayers

The taxpayers that remain after bulk rejections and the first comparability review are most likely to be comparable. To make the final determination of each taxpayer’s comparability, an in-depth evaluation of the taxpayer’s activities must be conducted using detailed data from public filings, annual reports and industry analysis reports.

Below is a summary of the companies that were rejected as a result of this detailed evaluation and the rejection reason for each.

Second Review Rejections Summary

Second Review Rejections Total: **0**

Final Set of Comparable Taxpayers

Comparable Taxpayers

Total Accepted After Search and Evaluation: **11**

BASSETT FURNITURE INDUSTRIES INC

The Group's principal activities are to manufacture and market home furnishings. The Group's operations comprise of three segments: wood, upholstery and import. The wood segment manufactures wood furniture that includes bedroom and dining suites and accent pieces. The upholstery segment manufactures upholstered frames and cuts with a variety of frame and fabric options, including sofas, chairs, and love seats. The import segment sources the required raw material, principally from Asia, and distributes the finished products through a network of retailers, both independent and those affiliated to the Group. The retailers consist of department and furniture stores across the United States. The Group's major customer is the JC Penney Company. As of 31-Dec-2008 the Group's Retail segment consisted of 31 Company-owned stores in Florida, Georgia, Maryland, Massachusetts, New Mexico, New York, North Carolina, South Carolina, and Texas.

BLUELINX HOLDINGS INC

The Group's principal activity is the distribution of building products. The Group's principal product categories include: Structural Products and Specialty Products. Structural Products include plywood, oriented strand board and other wood products used in residential construction projects. Specialty Products include roofing, insulation, engineered wood products and vinyl products. The main customers comprise of building materials dealers, industrial users of building products and others. The products are sold through three main distribution channels: Warehouse Sales, Reload Sales and Direct Sales. The Group operates in the United States.

CANWEL BUILDING MATERIALS INCOME FUND

Distributes hardware, building materials and home renovation products^INDUSTRIAL MATERIALS^Canwel Building Materials Income Fund. The Group's principal activity is the distribution of hardware, building materials and home renovation products. It services the new home construction, home renovation and industrial markets by supplying the retail lumber and building materials industry, hardware stores, industrial and furniture manufacturers and similar concerns across Canada. The Group operates through four operating divisions: CanWel Building Materials Division, Surewood Forest Products Division, Surewood Treating Division and CanWel Hardware Division. CanWel Building Materials is involved in the warehousing and distribution of a variety of items including lumber, panelboards, siding, roofing, insulation, engineered wood products, mouldings, milled items, paneling, ceiling tiles, storage items, adhesives, fasteners and flooring. Surewood Forest Products distributes a variety of lumber, panel and building materials products. CanWel Hardware offers construction materials and allied products.

DECORIZE INC

The Group's principal activities are to manufacture and sell imported home furnishings and home accent items. The products of the Group are sourced from a network of manufacturing partners in the Far East, principally from China, The Philippines, Thailand and Vietnam. It has two state-of-the-art warehouses situated in the Far East that directly ships to retail customers in the United States. The Group does business under the names 'decorize.com', 'GuildMaster' and 'Faith Walk'. The Faith Walk focuses on designing hand-painted furniture and accessories. The GuildMaster focuses on designing wall art and special designer collections. The decorize.com focuses on designing and customizing furniture, accent pieces and accessories to meet the design needs of large retailers.

DESIGN WITHIN REACH, INC.

Retails distinctive modern design products to both residential and commercial customers^CONSUMER DURABLES^Design Within Reach, Inc.. The Group's principal activity is retailing distinctive modern design products. It markets and sells its products to both residential and commercial customers through three integrated sales channels, consisting of our phone, studios and website. It offers products in numerous categories, including chairs, tables, workspace, outdoor furniture, lighting, floor

coverings, bedroom furnishings and related accessories, bathroom fixtures, fans and other home and office accessories. The Group sells its products directly to customers principally throughout the United States. The Company opened its first international studio in Canada in the first quarter 2008.

FLEXSTEEL INDUSTRIES INC

The Group's principal activity is to design, manufacture and market a broad line of upholstered and wooden furniture for residential, recreational vehicle, and commercial markets. Products offered by the Group includes sofas, loveseats, chairs, reclining and rocker-reclining chairs, swivel rockers, sofa beds, convertible bedding units, occasional tables, desks, dining tables and chairs and bedroom furniture. Its products are also sold to furniture dealers, department stores, recreational vehicle manufacturers and hospitality and healthcare facilities. The Group's products are also sold to several national and regional chains, some of which sell on a private label basis. The Group's products are sold throughout the United States by its internal sales force and various independent representatives.

GOODFELLOW INC.

Remanufacturing, distribution and brokerage of lumber and wood products. ^{INDUSTRIAL MATERIALS} Goodfellow Inc.. The Group's principal activities are the remanufacturing, distribution and brokerage of lumber and wood products. The products of the Group include panel products, pressure treated products, dimension lumber, specialty product, hardwood, western softwoods and eastern white pine. The Group sells to over 7000 customers represent three main sectors; retail trade, industrial and manufacturing. It operates 11 distribution centers, five processing plants in Canada and four distribution centers in the United States.

HOOKER FURNITURE CORP

The Group's principal activity is to design, import, manufacture and market residential household furniture for sale to wholesale and retail merchandisers located principally in North America. The Group offers furniture in various types of wood, metal, leather and fabric, as well as veneer and rattan, often accented with marble, stone, slate, ceramic, glass, brass and/or hand-painted finishes. Its wood furniture product categories include home entertainment, home office, accent, dining, bedroom and bath furniture under the Hooker Furniture brand and youth furniture sold under the Opus Designs by Hooker brand. Its customers include independent furniture stores, specialty retailers, department stores, catalog merchants, interior designers and national and regional chains.

HUTTIG BUILDING PRODUCTS INC

The Group's principal activity is distributing millwork, building materials and wood products used in new residential construction and in home improvement, remodeling and repair work. Its products fall into three categories, Millwork in which includes doors, windows, moulding, stair parts and columns, General Building Products in which include composite decking, connectors, fasteners, housewrap, roofing products and insulation, and Wood Products in which include engineered wood products, such as floor systems, as well as wood panels and lumber. Its key brands include Thermo-Tru, Masonite, HB&G, Woodgrain, Windsor, LJ Smith, Typar, Timbertech, Simpson Strong-Tie, Owens Corning, CertainTeed and Grace. The Group distributes its products through 30 wholesale centers serving 45 states. Its distribution centers sell principally to building materials dealers, national buying groups, home centers and industrial users, including makers of manufactured homes.

PATRICK INDUSTRIES INC

The Group's principal activities are to manufacture and supply building products and materials to the manufactured housing and recreational vehicle industries. The Group operates in four segments: Primary Manufactured Products: vinyl, paper, foil and high pressure laminate all these products are utilized to produce furniture, shelving, wall, counter, and cabinet product. Distribution: Distributes primarily pre-finished wall and ceiling panels, articleboard, hardboard and vinyl siding. Engineered Solutions: Includes aluminum extrusion, distribution and fabrication operations. Other Component Manufactured Products: Includes aluminum extrusion, distribution and fabrication operations. The Group operates twelve warehouse and distribution centers and fifteen manufacturing plants located in Alabama, Arizona, California, Georgia, Florida and other places. The Group acquired American Hardwoods Inc in Jan 2007 and Adorn Holdings Inc in May 2007.

TAIGA BUILDING PRODUCTS LTD.

Distributes building products including lumber, panel boards, insulation and engineered wood products ^{INDUSTRIAL & CONSUMER CONSTRUCTION} Taiga Building Products Ltd.. The Group's principal activity is to distribute building products. The products include dimension lumber, panel products including plywood, particle board, and oriented strand board, engineered wood products, roofing materials, mouldings, composite decking, polyethylene sheeting and insulation. It maintains 14 distribution centres throughout Canada.

Potential Comparable Taxpayers Eliminated by Bulk Rejections

Potential Comparable Taxpayer	Bulk Rejection Reason
360 GLOBAL WINE COMPANY	Net Sales missing for 2 or more years
800-JR CIGAR, INC.	Net Sales missing for 2 or more years
ABITIBI-PRICE INC.	Net Sales missing for 2 or more years
ACCESSTEL, INC.	Net Sales missing for 2 or more years
ACE HARDWARE CORPORATION	Net Sales missing for 2 or more years
ACR GROUP, INC.	Net Sales missing for 2 or more years
ACTIS GLOBAL VENTURES, INC.	Net Sales missing for 2 or more years
ACUSON CORPORATION	Net Sales missing for 2 or more years
ADVANCED MARKETING SERVICES, INC.	Net Sales missing for 2 or more years
AG SERVICES OF AMERICA, INC.	Net Sales missing for 2 or more years
AGRIBIOTECH, INC.	Net Sales missing for 2 or more years
AGROPUR COOPERATIVE AGRO-ALIMENTAIRE	Net Sales missing for 2 or more years
AGS COMPUTERS, INC.	Net Sales missing for 2 or more years
AIC INTERNATIONAL, INC.	Net Sales missing for 2 or more years
AIRBOMB.COM INC	Net Sales missing for 2 or more years
ALBERTSON'S, INC.	Net Sales missing for 2 or more years
ALEC BRADLEY CIGAR CORPORATION	Net Sales missing for 2 or more years
ALL AMERICAN SEMICONDUCTOR, INC.	Net Sales missing for 2 or more years
ALL COMMUNICATIONS CORP NJ	Net Sales missing for 2 or more years
ALL STAR GAS CORPORATION	Net Sales missing for 2 or more years
ALLIANT COMPUTER SYSTEMS CORPORATION	Net Sales missing for 2 or more years
ALLOU HEALTH CARE, INC.	Net Sales missing for 2 or more years
ALPHA MOTORSPORT, INC.	Net Sales missing for 2 or more years
ALT ULTRASOUNDS INC.	Net Sales missing for 2 or more years
ALVEY SYSTEMS, INC.	Net Sales missing for 2 or more years
AMERICAN AIRCARRIERS SUPPORT, INC	Net Sales missing for 2 or more years
AMERICAN TIRE DISTRIBUTORS INC	Net Sales missing for 2 or more years
AMERIQUEST TECHNOLOGIES, INC.	Net Sales missing for 2 or more years
AMES DEPARTMENT STORES, INC.	Net Sales missing for 2 or more years
AMOSKEAG CO.	Net Sales missing for 2 or more years
AMS HOMECARE INC.	Net Sales missing for 2 or more years
ANDRX CORPORATION	Net Sales missing for 2 or more years
ANICOM, INC.	Net Sales missing for 2 or more years

Potential Comparable Taxpayer	Bulk Rejection Reason
ANTHEM ELECTRONICS, INC.	Net Sales missing for 2 or more years
APOGENT TECHNOLOGIES INC.	Net Sales missing for 2 or more years
APPLICA INCORPORATED	Net Sales missing for 2 or more years
APS HOLDING CORPORATION	Net Sales missing for 2 or more years
ARMATRON INTERNATIONAL, INC.	Net Sales missing for 2 or more years
ARTWORK & BEYOND, INC.	Net Sales missing for 2 or more years
ASAHI/AMERICA, INC.	Net Sales missing for 2 or more years
ASHFORD.COM, INC.	Net Sales missing for 2 or more years
ASHLAND INC	Net Sales missing for 2 or more years
ASTREX, INC.	Net Sales missing for 2 or more years
ATLANTIC PREMIUM BRANDS, LTD.	Net Sales missing for 2 or more years
AURORA FOODS INC.	Net Sales missing for 2 or more years
AUTOLINE GROUP, INC. (THE)	Net Sales missing for 2 or more years
AUTOSTRADA MOTORS, INC.	Net Sales missing for 2 or more years
AUTOTRADECENTER, INC.	Net Sales missing for 2 or more years
AVIALL INC DE	Net Sales missing for 2 or more years
AVIALL INCORPORATED	Net Sales missing for 2 or more years
AVIATION DISTRIBUTORS, INC.	Net Sales missing for 2 or more years
AXM PHARMA, INC.	Net Sales missing for 2 or more years
BARNETT INC.	Net Sales missing for 2 or more years
BARNEYS NEW YORK, INC.	Net Sales missing for 2 or more years
BECOMING ART INC.	Net Sales missing for 2 or more years
BELL MICROPRODUCTS INC.	Net Sales missing for 2 or more years
BENVEST CAPITAL INC.	Net Sales missing for 2 or more years
BERGEN BRUNSWIG CORPORATION	Net Sales missing for 2 or more years
BIG 5 CORP.	Net Sales missing for 2 or more years
BIG BUCK BREWERY & STEAKHOUSE, INC.	Net Sales missing for 2 or more years
BIG O TIRES, INC.	Net Sales missing for 2 or more years
BINDLEY WESTERN INDUSTRIES, INC.	Net Sales missing for 2 or more years
BIOENVISION INC	Net Sales missing for 2 or more years
BIOIMMUNE INCORPORATED	Net Sales missing for 2 or more years
BIONOVA HOLDING CORPORATION	Net Sales missing for 2 or more years
BIOZHEM COSMECEUTICALS, INC.	Net Sales missing for 2 or more years
BIRD CORPORATION	Net Sales missing for 2 or more years
BLAIR CORPORATION	Net Sales missing for 2 or more years

Potential Comparable Taxpayer	Bulk Rejection Reason
BLUE MOON GROUP, INC.	Net Sales missing for 2 or more years
BOISE CASCADE OFFICE PRODUCTS CORP.	Net Sales missing for 2 or more years
BOLIVAR MINING CORP.	Net Sales missing for 2 or more years
BOLLINGER INDUSTRIES, INC.	Net Sales missing for 2 or more years
BOMBAY COMPANY INCORPORATED (THE)	Net Sales missing for 2 or more years
BOOLE & BABBAGE, INC.	Net Sales missing for 2 or more years
BORMAN'S INCORPORATED	Net Sales missing for 2 or more years
BOYDS COLLECTION, LTD. (THE)	Net Sales missing for 2 or more years
BRADLEES, INC.	Net Sales missing for 2 or more years
BRANDS SHOPPING NETWORK INCORPORATED	Net Sales missing for 2 or more years
BRAZOS SPORTSWEAR, INC.	Net Sales missing for 2 or more years
BRIAZZ, INC.	Net Sales missing for 2 or more years
BRIDGE TECHNOLOGY, INC.	Net Sales missing for 2 or more years
BRISTOL RETAIL SOLUTIONS, INC.	Net Sales missing for 2 or more years
BROOKSTONE, INC.	Net Sales missing for 2 or more years
BROTHERS GOURMET COFFEES, INC.	Net Sales missing for 2 or more years
BT OFFICE PRODUCTS INTERNATIONAL, INC.	Net Sales missing for 2 or more years
BULOVA CORPORATION	Net Sales missing for 2 or more years
BURLINGTON COAT FACTORY WAREHOUSE CORPOR	Net Sales missing for 2 or more years
BUSINESS RESOURCE GROUP	Net Sales missing for 2 or more years
BUTTREY FOOD AND DRUG STORES COMPANY	Net Sales missing for 2 or more years
C.D. SMITH HEALTHCARE, INC.	Net Sales missing for 2 or more years
CAL BAY INTERNATIONAL, INC.	Net Sales missing for 2 or more years
CALDOR CORPORATION (THE)	Net Sales missing for 2 or more years
CALLOWAY'S NURSERY, INC.	Net Sales missing for 2 or more years
CALMAT CO.	Net Sales missing for 2 or more years
CAMERON ASHLEY BUILDING PRODUCTS, INC.	Net Sales missing for 2 or more years
CARA OPERATIONS LTD	Net Sales missing for 2 or more years
CARSON PIRIE SCOTT & CO.	Net Sales missing for 2 or more years
CARSON PIRIE SCOTT & COMPANY	Net Sales missing for 2 or more years
CD WAREHOUSE, INC.	Net Sales missing for 2 or more years
CEDAR MOUNTAIN DISTRIBUTORS, INC.	Net Sales missing for 2 or more years
CELEBRITY, INC.	Net Sales missing for 2 or more years
CENTRE CAPITAL CORPORATION	Net Sales missing for 2 or more years

Potential Comparable Taxpayer	Bulk Rejection Reason
CENTRINITY INC.	Net Sales missing for 2 or more years
CHELSEA INDUSTRIES, INC.	Net Sales missing for 2 or more years
CHILD WORLD, INCORPORATED	Net Sales missing for 2 or more years
CHINA HOLDINGS INC NV	Net Sales missing for 2 or more years
CHINA PHARMACEUTICALS CORPORATION	Net Sales missing for 2 or more years
CHIPS & TECHNOLOGIES, INC.	Net Sales missing for 2 or more years
CHRONIMED INC.	Net Sales missing for 2 or more years
CHS ELECTRONICS, INC.	Net Sales missing for 2 or more years
CIRCLE K CORPORATION (THE)	Net Sales missing for 2 or more years
CIRCUIT CITY STORES, INC.	Net Sales missing for 2 or more years
CLAIRE'S STORES, INC.	Net Sales missing for 2 or more years
CLST HOLDINGS INC	Net Sales missing for 2 or more years
CML GROUP, INC.	Net Sales missing for 2 or more years
COEUR D' ALENES COMPANY (THE)	Net Sales missing for 2 or more years
COLLECTIBLE CONCEPTS GROUP INC	Net Sales missing for 2 or more years
COLLECTIBLE CONCEPTS GROUP, INC.	Net Sales missing for 2 or more years
COLOR SPOT NURSERIES, INC.	Net Sales missing for 2 or more years
COMMTRON CORP.	Net Sales missing for 2 or more years
COMPGEEKS, INC.	Net Sales missing for 2 or more years
COMPOSITE SOLUTIONS, INC.	Net Sales missing for 2 or more years
COMPREHENSIVE HEALTHCARE SOLUTIONS INC	Net Sales missing for 2 or more years
COMPREHENSIVE HEALTHCARE SOLUTIONS, INC.	Net Sales missing for 2 or more years
CONCEPTS DIRECT, INC.	Net Sales missing for 2 or more years
CONSOLIDATED RESOURCES GROUP, INC.	Net Sales missing for 2 or more years
CONSOLTEX GROUP INC.	Net Sales missing for 2 or more years
CONTROL DEVICES, INC.	Net Sales missing for 2 or more years
CONVERSION TECHNOLOGIES INTL INC	Net Sales missing for 2 or more years
CONVEX COMPUTER CORPORATION	Net Sales missing for 2 or more years
COORSTEK, INC.	Net Sales missing for 2 or more years
CORNERSTONE PROPANE PARTNERS, L.P.	Net Sales missing for 2 or more years
CORPORATE EXPRESS, INC.	Net Sales missing for 2 or more years
COSMO COMMUNICATIONS CORP	Net Sales missing for 2 or more years
COSMO COMMUNICATIONS CORPORATION	Net Sales missing for 2 or more years
COSTCO WHOLESALE CORPORATION	Net Sales missing for 2 or more years

Potential Comparable Taxpayer	Bulk Rejection Reason
COST-U-LESS, INC.	Net Sales missing for 2 or more years
CRAFTMATIC INDUSTRIES, INC.	Net Sales missing for 2 or more years
CREATIVE TECHNOLOGIES CORP.	Net Sales missing for 2 or more years
CROWLEY, MILNER AND COMPANY	Net Sales missing for 2 or more years
CROWN BOOKS CORPORATION	Net Sales missing for 2 or more years
CTI MOLECULAR IMAGING INC	Net Sales missing for 2 or more years
CTI MOLECULAR IMAGING, INC.	Net Sales missing for 2 or more years
CUIDAO HOLDING CORP.	Net Sales missing for 2 or more years
CULINAR INC.	Net Sales missing for 2 or more years
CUMETRIX DATA SYSTEMS CORP.	Net Sales missing for 2 or more years
CUSTOMER SPORTS, INC.	Net Sales missing for 2 or more years
CYBERIAN OUTPOST, INC.	Net Sales missing for 2 or more years
D & K HEALTHCARE RESOURCES, INC.	Net Sales missing for 2 or more years
DAISYTEK INTERNATIONAL CORPORATION	Net Sales missing for 2 or more years
DARK DYNAMITE, INC.	Net Sales missing for 2 or more years
DATA SYSTEMS NETWORK CORPORATION	Net Sales missing for 2 or more years
DATEC GROUP LIMITED	Net Sales missing for 2 or more years
DAYTONABRANDS, INC.	Net Sales missing for 2 or more years
DELIA*S CORP.	Net Sales missing for 2 or more years
DELIA*S INC.	Net Sales missing for 2 or more years
DENNINGHOUSE INC.	Net Sales missing for 2 or more years
DIAMOND SHAMROCK, INC.	Net Sales missing for 2 or more years
DIBRELL BROTHERS, INCORPORATED	Net Sales missing for 2 or more years
DIPPY FOODS, INCORPORATED	Net Sales missing for 2 or more years
DISTINCTIVE DEVICES, INC.	Net Sales missing for 2 or more years
DOCPLANET.COM, INC.	Net Sales missing for 2 or more years
DOMCO TARKETT INCORPORATED	Net Sales missing for 2 or more years
DONNA KARAN INTERNATIONAL INC	Net Sales missing for 2 or more years
DURR-FILLAUER MEDICAL, INC.	Net Sales missing for 2 or more years
DVD EXPRESS, INC.	Net Sales missing for 2 or more years
DYNAMIC HEALTH PRODUCTS, INC.	Net Sales missing for 2 or more years
DYNATEC INTERNATIONAL, INC.	Net Sales missing for 2 or more years
E & B MARINE, INC.	Net Sales missing for 2 or more years
EAGLE FOOD CENTERS, INC.	Net Sales missing for 2 or more years
EAGLE SUPPLY GROUP, INC.	Net Sales missing for 2 or more years

Potential Comparable Taxpayer	Bulk Rejection Reason
EARTHBLOCK TECHNOLOGIES INC	Net Sales missing for 2 or more years
ECHLIN INC.	Net Sales missing for 2 or more years
ECO SOIL SYSTEMS, INC.	Net Sales missing for 2 or more years
ECOST.COM, INC.	Net Sales missing for 2 or more years
EGM INTERNATIONAL, INC.	Net Sales missing for 2 or more years
EKCO GROUP, INC.	Net Sales missing for 2 or more years
ELANTEC SEMI CONDUCTOR INCORPORATED	Net Sales missing for 2 or more years
ELDER-BEERMAN STORES CORPORATION	Net Sales missing for 2 or more years
ELECTRONICS BOUTIQUE HOLDINGS CORPORATION	Net Sales missing for 2 or more years
ELKCORP	Net Sales missing for 2 or more years
EMACHINES, INC.	Net Sales missing for 2 or more years
EMCO LTD	Net Sales missing for 2 or more years
EMEMBERDIRECT INC.	Net Sales missing for 2 or more years
EMJ DATA SYSTEMS LTD.	Net Sales missing for 2 or more years
ENERGY VISION INTERNATIONAL INC.	Net Sales missing for 2 or more years
ENESCO GROUP INCORPORATED	Net Sales missing for 2 or more years
ENTEX INFORMATION SERVICES, INC.	Net Sales missing for 2 or more years
ENTRE COMPUTER CENTERS, INC.	Net Sales missing for 2 or more years
ERO INDUSTRIES, INC.	Net Sales missing for 2 or more years
ESKIMO PIE CORPORATION	Net Sales missing for 2 or more years
ESQUIRE RADIO & ELECTRONICS, INC.	Net Sales missing for 2 or more years
ETOYS INC.	Net Sales missing for 2 or more years
EUPA INTERNATIONAL CORPORATION	Net Sales missing for 2 or more years
EUROPA TRADE AGENCY LTD.	Net Sales missing for 2 or more years
EUROPEAN MICRO HOLDINGS, INC.	Net Sales missing for 2 or more years
EVANS, INC.	Net Sales missing for 2 or more years
EVOLVE ONE INCORPORATION	Net Sales missing for 2 or more years
EVTC, INC.	Net Sales missing for 2 or more years
EXCELLENCY INVESTMENT REALTY TRUST INC	Net Sales missing for 2 or more years
EXCELLENCY INVESTMENT REALTY TRUST, INC.	Net Sales missing for 2 or more years
EXCELLIGENCE LEARNING CORP.	Net Sales missing for 2 or more years
EXPERT SYSTEMS, INC.	Net Sales missing for 2 or more years
FACTORY 2-U STORES INCORPORATED	Net Sales missing for 2 or more years
FAMILYMEDS GROUP, INC.	Net Sales missing for 2 or more years

Potential Comparable Taxpayer	Bulk Rejection Reason
FARM HOUSE FOODS CORP	Net Sales missing for 2 or more years
FEMINIQUE CORPORATION	Net Sales missing for 2 or more years
FFP MARKETING COMPANY, INC.	Net Sales missing for 2 or more years
FGI GROUP INC.	Net Sales missing for 2 or more years
FIELDS AIRCRAFT SPARES, INC.	Net Sales missing for 2 or more years
FINGERHUT COMPANIES, INC.	Net Sales missing for 2 or more years
FIRST YEARS INC. (THE)	Net Sales missing for 2 or more years
FISHER FOODS, INC.	Net Sales missing for 2 or more years
FISHER SCIENTIFIC INTERNATIONAL INC.	Net Sales missing for 2 or more years
FLEMING COS INC	Net Sales missing for 2 or more years
FLOORING AMERICA, INC.	Net Sales missing for 2 or more years
FNF INDUSTRIES, INC.	Net Sales missing for 2 or more years
FOCUS AFFILIATES, INC.	Net Sales missing for 2 or more years
FORD MOTOR COMPANY OF CANADA LIMITED	Net Sales missing for 2 or more years
FRANK'S NURSERY & CRAFTS, INC.	Net Sales missing for 2 or more years
FRESENIUS USA, INC.	Net Sales missing for 2 or more years
FRESH AMERICA CORP.	Net Sales missing for 2 or more years
FRESH BRANDS, INC.	Net Sales missing for 2 or more years
FRIENDLY ICE CREAM CORPORATION	Net Sales missing for 2 or more years
FRONTLINE CAPITAL GROUP	Net Sales missing for 2 or more years
FURR'S RESTAURANT GROUP, INC.	Net Sales missing for 2 or more years
FUTUREBIOTICS, INC.	Net Sales missing for 2 or more years
GARY PLAYER GOLF, INC.	Net Sales missing for 2 or more years
GEERLINGS & WADE, INC.	Net Sales missing for 2 or more years
GENERAL NUTRITION COMPANIES, INC.	Net Sales missing for 2 or more years
GENERAL NUTRITION, INCORPORATED	Net Sales missing for 2 or more years
GENESIS DIRECT, INC.	Net Sales missing for 2 or more years
GEORGIA PACIFIC CORP	Net Sales missing for 2 or more years
GEORGIA-PACIFIC CORPORATION	Net Sales missing for 2 or more years
GESCO INDUSTRIES INC.	Net Sales missing for 2 or more years
GIANT FOOD, INC.	Net Sales missing for 2 or more years
GIRASOLAR, INCORPORATION	Net Sales missing for 2 or more years
GLOBAL LIFE SCIENCES, INC.	Net Sales missing for 2 or more years
GLOBAL MOTORSPORT GROUP, INC.	Net Sales missing for 2 or more years
GOODY PRODUCTS, INC.	Net Sales missing for 2 or more years

Potential Comparable Taxpayer	Bulk Rejection Reason
GRAND UNION COMPANY (THE)(OLD)	Net Sales missing for 2 or more years
GRAPHICS TECHNOLOGIES, INC.	Net Sales missing for 2 or more years
GREENSTONE HOLDINGS, INC.	Net Sales missing for 2 or more years
GT BICYCLES, INC.	Net Sales missing for 2 or more years
GUEST SUPPLY, INC.	Net Sales missing for 2 or more years
GULF SOUTH MEDICAL SUPPLY, INC.	Net Sales missing for 2 or more years
HAHN AUTOMOTIVE WAREHOUSE, INC.	Net Sales missing for 2 or more years
HALSTEAD ENERGY CORP.	Net Sales missing for 2 or more years
HANDY HARDWARE WHOLESALE, INC.	Net Sales missing for 2 or more years
HANNAFORD BROS. CO.	Net Sales missing for 2 or more years
HARRIS STEEL GROUP INC.	Net Sales missing for 2 or more years
HARVEY ELECTRONICS, INC.	Net Sales missing for 2 or more years
HAVANA REPUBLIC, INCORPORATED (THE)	Net Sales missing for 2 or more years
HAWKER PACIFIC AEROSPACE	Net Sales missing for 2 or more years
HAYES - DANA INC.	Net Sales missing for 2 or more years
HEATING OIL PARTNERS INCOME FUND	Net Sales missing for 2 or more years
HEILIG-MEYERS COMPANY	Net Sales missing for 2 or more years
HERBALIFE INTERNATIONAL INCORPORATED	Net Sales missing for 2 or more years
HESPERIA HOLDING INC	Net Sales missing for 2 or more years
HESPERIA HOLDING, INC.	Net Sales missing for 2 or more years
HIA INC	Net Sales missing for 2 or more years
HIA, INC.	Net Sales missing for 2 or more years
HOLIDAY RV SUPERSTORES, INCORPORATED	Net Sales missing for 2 or more years
HOLOGRAPHIC STORAGE LTD.	Net Sales missing for 2 or more years
HOLT'S CIGAR HOLDINGS, INC.	Net Sales missing for 2 or more years
HOUSE OF FABRICS, INC.	Net Sales missing for 2 or more years
HOUSE2HOME, INC.	Net Sales missing for 2 or more years
HOUSEHOLD DIRECT, INCORPORATED	Net Sales missing for 2 or more years
HTE INCORPORATED	Net Sales missing for 2 or more years
HUDSON FOODS, INC.	Net Sales missing for 2 or more years
HUGHES SUPPLY INC	Net Sales missing for 2 or more years
HUGHES SUPPLY, INCORPORATED	Net Sales missing for 2 or more years
HY & ZEL'S INC	Net Sales missing for 2 or more years
I I C INDUSTRIES INC.	Net Sales missing for 2 or more years
ICT TECHNOLOGIES INC	Net Sales missing for 2 or more years

Potential Comparable Taxpayer	Bulk Rejection Reason
IEMI	Net Sales missing for 2 or more years
IL FORNAIO (AMERICA) CORPORATION	Net Sales missing for 2 or more years
IMAGISTICS INTERNATIONAL INCORPORATED	Net Sales missing for 2 or more years
INCOMNET, INC.	Net Sales missing for 2 or more years
INMAC CORP.	Net Sales missing for 2 or more years
INNOSERV TECHNOLOGIES, INC.	Net Sales missing for 2 or more years
INNOVATIVE VALVE TECHNOLOGIES, INC.	Net Sales missing for 2 or more years
INTEGRATED SURGICAL SYSTEMS INC	Net Sales missing for 2 or more years
INTELLIGENT ELECTRONICS, INC.	Net Sales missing for 2 or more years
INTERCHANGE MEDICAL, INC.	Net Sales missing for 2 or more years
INTERMARK, INC.	Net Sales missing for 2 or more years
INTERMETCO LTD.	Net Sales missing for 2 or more years
INTERNATIONAL AIRLINE SUPPORT GROUP, INC	Net Sales missing for 2 or more years
INTERNATIONAL COSMETICS MARKETING COMPAN	Net Sales missing for 2 or more years
INTERNATIONAL RESEARCH & DEVELOPMENT	Net Sales missing for 2 or more years
J. JILL GROUP, INC. (THE)	Net Sales missing for 2 or more years
J.B. WILLIAMS HOLDINGS, INC.	Net Sales missing for 2 or more years
JAYARK CORPORATION	Net Sales missing for 2 or more years
JLK DIRECT DISTRIBUTION INC.	Net Sales missing for 2 or more years
JLM INDUSTRIES, INC.	Net Sales missing for 2 or more years
JNI CORPORATION	Net Sales missing for 2 or more years
JORGENSEN (EARLE M.) COMPANY	Net Sales missing for 2 or more years
JTS CORPORATION	Net Sales missing for 2 or more years
JUST FOR FEET, INC.	Net Sales missing for 2 or more years
K&G MEN'S CENTER, INC.	Net Sales missing for 2 or more years
KAHALA CORP. FL	Net Sales missing for 2 or more years
KANEB SERVICES LLC	Net Sales missing for 2 or more years
KELLY, DOUGLAS & CO. LTD.	Net Sales missing for 2 or more years
KENT ELECTRONICS CORPORATION	Net Sales missing for 2 or more years
KEVCO, INC.	Net Sales missing for 2 or more years
KEYSTONE AUTOMOTIVE INDUSTRIES, INC.	Net Sales missing for 2 or more years
KIDS STUFF, INC.	Net Sales missing for 2 or more years
KNOX NURSERY, INC.	Net Sales missing for 2 or more years
K-TEL INTERNATIONAL, INC.	Net Sales missing for 2 or more years

Potential Comparable Taxpayer	Bulk Rejection Reason
KUHLMAN COMPANY, INC.	Net Sales missing for 2 or more years
LAMONTS APPAREL, INC.	Net Sales missing for 2 or more years
LEADING EDGE PACKAGING, INC.	Net Sales missing for 2 or more years
LEHIGH GROUP, INC., (THE)	Net Sales missing for 2 or more years
LEROUX STEEL INCORPORATED	Net Sales missing for 2 or more years
LET'S TALK CELLULAR & WIRELESS, INC.	Net Sales missing for 2 or more years
LEVITZ FURNITURE INCORPORATED	Net Sales missing for 2 or more years
LIFESTYLE FURNISHINGS INTERNATIONAL LTD.	Net Sales missing for 2 or more years
LIONEL CORPORATION (THE)	Net Sales missing for 2 or more years
LIUSKI INTERNATIONAL, INC.	Net Sales missing for 2 or more years
LOEHMANN'S HOLDINGS INC.	Net Sales missing for 2 or more years
LURIA (L.) & SON, INC.	Net Sales missing for 2 or more years
LXU HEALTHCARE, INC.	Net Sales missing for 2 or more years
MACHEEZMO MOUSE RESTAURANTS, INC.	Net Sales missing for 2 or more years
MAGIC LANTERN GROUP, INC.	Net Sales missing for 2 or more years
MANCHESTER TECHNOLOGIES INC	Net Sales missing for 2 or more years
MANCHESTER TECHNOLOGIES, INC.	Net Sales missing for 2 or more years
MARKET AMERICA, INC.	Net Sales missing for 2 or more years
MARKETING SPECIALISTS CORPORATION	Net Sales missing for 2 or more years
MARSHALL INDUSTRIES	Net Sales missing for 2 or more years
MARTIN LAWRENCE LIMITED EDITIONS, INC.	Net Sales missing for 2 or more years
MASONITE INTERNATIONAL CORPORATION	Net Sales missing for 2 or more years
MATCO RAVARY INCORPORATION	Net Sales missing for 2 or more years
MATTHEWS STUDIO EQUIPMENT GROUP	Net Sales missing for 2 or more years
MAY DEPARTMENT STORES COMPANY (THE)	Net Sales missing for 2 or more years
MCCARTHY GRENACHE, INC.	Net Sales missing for 2 or more years
MCSI INCORPORATED	Net Sales missing for 2 or more years
MEDALIST INDUSTRIES, INC.	Net Sales missing for 2 or more years
MEDIABAY, INC.	Net Sales missing for 2 or more years
MEDIAG3, INCORPORATION	Net Sales missing for 2 or more years
MEDISYSTEM TECHNOLOGIES INC.	Net Sales missing for 2 or more years
MEDSEARCH TECHNOLOGIES INCORPORATED	Net Sales missing for 2 or more years
MERCANTILE STORES COMPANY, INC.	Net Sales missing for 2 or more years
METALS USA, INC.	Net Sales missing for 2 or more years

Potential Comparable Taxpayer	Bulk Rejection Reason
MICHAEL FOODS INCORPORATED	Net Sales missing for 2 or more years
MICROAGE, INC.	Net Sales missing for 2 or more years
MILITARY RESALE GROUP, INC.	Net Sales missing for 2 or more years
MILLENNIUM SPORTS MANAGEMENT, INC	Net Sales missing for 2 or more years
MOORE MEDICAL CORP.	Net Sales missing for 2 or more years
MOORE-HANDLEY, INC.	Net Sales missing for 2 or more years
MORGAN PRODUCTS LTD.	Net Sales missing for 2 or more years
MOTORCARS AUTO GROUP, INC.	Net Sales missing for 2 or more years
MSI ELECTRONICS, INC.	Net Sales missing for 2 or more years
MULTI-GLASS INTERNATIONAL CORPORATION	Net Sales missing for 2 or more years
MULTIGRAPHICS, INC.	Net Sales missing for 2 or more years
N2K INC.	Net Sales missing for 2 or more years
NATIONAL HOME CENTERS, INC.	Net Sales missing for 2 or more years
NATIONAL PROPANE PARTNERS, L.P.	Net Sales missing for 2 or more years
NATIONAL VISION, INC.	Net Sales missing for 2 or more years
NATIONSRENT, INC.	Net Sales missing for 2 or more years
NATIONWIDE CAPITAL CORPORATION	Net Sales missing for 2 or more years
NBI, INC.	Net Sales missing for 2 or more years
NEBCO EVANS HOLDING COMPANY	Net Sales missing for 2 or more years
NEBO PRODUCTS, INC.	Net Sales missing for 2 or more years
NEIMAN-MARCUS GROUP INCORPORATED	Net Sales missing for 2 or more years
NESCO, INC.	Net Sales missing for 2 or more years
NETAIR.COM, INCORPORATED	Net Sales missing for 2 or more years
NEW WORLD BRANDS, INC.	Net Sales missing for 2 or more years
NEXELL THERAPEUTICS INC.	Net Sales missing for 2 or more years
NICHOLS (S.E.) INC.	Net Sales missing for 2 or more years
NICKLEBYS.COM, INC.	Net Sales missing for 2 or more years
NINE WEST GROUP INC.	Net Sales missing for 2 or more years
NOEL GROUP, INC.	Net Sales missing for 2 or more years
NOLAND COMPANY	Net Sales missing for 2 or more years
NOMA INDUSTRIES LIMITED	Net Sales missing for 2 or more years
NOODLE KIDOODLE, INC.	Net Sales missing for 2 or more years
NORTH FACE, INC. (THE)	Net Sales missing for 2 or more years
NORTH PITTSBURGH SYSTEMS, INC	Net Sales missing for 2 or more years

Potential Comparable Taxpayer	Bulk Rejection Reason
NORTHSTAR ENERGY CORPORATION (EXCHANGE A	Net Sales missing for 2 or more years
NSA INTERNATIONAL, INC.	Net Sales missing for 2 or more years
NSP PHARMA CORP	Net Sales missing for 2 or more years
NU-KOTE HOLDING, INC.	Net Sales missing for 2 or more years
OCIS CORP.	Net Sales missing for 2 or more years
ODD JOB STORES, INC.	Net Sales missing for 2 or more years
OFFICEMAX, INC.	Net Sales missing for 2 or more years
OGDEN GOLF CO CORPORATION	Net Sales missing for 2 or more years
OLCO PETROLEUM GROUP INC	Net Sales missing for 2 or more years
OREGON BAKING COMPANY	Net Sales missing for 2 or more years
OSHAWA GROUP LIMITED (THE)	Net Sales missing for 2 or more years
OSHKOSH B'GOSH INC	Net Sales missing for 2 or more years
PACIFIC MAGTRON INTERNATIONAL CORP.	Net Sales missing for 2 or more years
PACIFIC TECHNOLOGY, INC.	Net Sales missing for 2 or more years
PAIVIS, CORP.	Net Sales missing for 2 or more years
PAMECO CORPORATION	Net Sales missing for 2 or more years
PAMIDA, INC.	Net Sales missing for 2 or more years
PANNILL KNITTING COMPANY, INCORPORATED	Net Sales missing for 2 or more years
PARK PHARMACY CORPORATION	Net Sales missing for 2 or more years
PARTY CITY CORPORATION	Net Sales missing for 2 or more years
PAYLESS CASHWAYS, INC.	Net Sales missing for 2 or more years
PC EPHONE, INC.	Net Sales missing for 2 or more years
PC SERVICE SOURCE, INC.	Net Sales missing for 2 or more years
PCC GROUP, INC.	Net Sales missing for 2 or more years
PEABODYS COFFEE INC.	Net Sales missing for 2 or more years
PEEBLES INC.	Net Sales missing for 2 or more years
PEERLESS CARPET CORPORATION	Net Sales missing for 2 or more years
PENN TRAFFIC COMPANY (THE)	Net Sales missing for 2 or more years
PENTACON, INC.	Net Sales missing for 2 or more years
PEOPLEPC INC.	Net Sales missing for 2 or more years
PET QUARTERS, INC.	Net Sales missing for 2 or more years
PETCO ANIMAL SUPPLIES, INCORPORATED	Net Sales missing for 2 or more years
PETROLEUM HEAT & POWER CO., INC.	Net Sales missing for 2 or more years
PHAR-MOR, INC.	Net Sales missing for 2 or more years

Potential Comparable Taxpayer	Bulk Rejection Reason
PICK UPS PLUS INC	Net Sales missing for 2 or more years
PIERCING PAGODA, INC.	Net Sales missing for 2 or more years
PIERRE FOODS, INC.	Net Sales missing for 2 or more years
PORTAGE PARTNERS LTD.	Net Sales missing for 2 or more years
PORTLAND BREWING COMPANY	Net Sales missing for 2 or more years
PRIMESOURCE CORPORATION	Net Sales missing for 2 or more years
PRINT DATA CORPORATION	Net Sales missing for 2 or more years
PRIORITY HEALTHCARE CORPORATION	Net Sales missing for 2 or more years
PRODUCTEXPRESS.COM EBUSINESS SERVICES	Net Sales missing for 2 or more years
PROVIDE COMMERCE, INC.	Net Sales missing for 2 or more years
PROVIGO INC.	Net Sales missing for 2 or more years
PROVISION HOLDING INCORPORATION	Net Sales missing for 2 or more years
PSC INC.	Net Sales missing for 2 or more years
PTI HOLDING INC.	Net Sales missing for 2 or more years
PUEBLO INTERNATIONAL, INC.	Net Sales missing for 2 or more years
QKL STORES INCORPORATION	Net Sales missing for 2 or more years
QUALIX GROUP, INC.	Net Sales missing for 2 or more years
QUESTRON TECHNOLOGY, INC.	Net Sales missing for 2 or more years
R.B. INDUSTRIES, INC.	Net Sales missing for 2 or more years
RANKIN AUTOMOTIVE GROUP, INC.	Net Sales missing for 2 or more years
RB & W CORPORATION	Net Sales missing for 2 or more years
RDO EQUIPMENT CO.	Net Sales missing for 2 or more years
REDCELL POWER CORPORATION	Net Sales missing for 2 or more years
RENTAL SERVICE CORPORATION	Net Sales missing for 2 or more years
REPUBLIC AUTOMOTIVE PARTS, INC.	Net Sales missing for 2 or more years
RETROSPETTIVA, INC.	Net Sales missing for 2 or more years
REXEL, INC.	Net Sales missing for 2 or more years
RHODES, INCORPORATED	Net Sales missing for 2 or more years
RICHEY ELECTRONICS, INC.	Net Sales missing for 2 or more years
RICHFOOD HOLDINGS, INC.	Net Sales missing for 2 or more years
RIGHTON INTERNATIONAL CORPORATION	Net Sales missing for 2 or more years
RIO ALGOM LIMITED	Net Sales missing for 2 or more years
RISER FOODS, INC.	Net Sales missing for 2 or more years
RIVER OAKS INDUSTRIES, INC.	Net Sales missing for 2 or more years
ROBERDS, INC.	Net Sales missing for 2 or more years

Potential Comparable Taxpayer	Bulk Rejection Reason
ROLLAND INC.	Net Sales missing for 2 or more years
RONCO CORPORATION	Net Sales missing for 2 or more years
ROOM PLUS, INC.	Net Sales missing for 2 or more years
ROSEDALE DECORATIVE PRODUCTS, LTD.	Net Sales missing for 2 or more years
ROUNDY'S, INC.	Net Sales missing for 2 or more years
ROWE COMPANIES (THE)	Net Sales missing for 2 or more years
RUSHNET, INC.	Net Sales missing for 2 or more years
S & K FAMOUS BRANDS, INC.	Net Sales missing for 2 or more years
S.E. ASIA TRADING COMPANY, INC.	Net Sales missing for 2 or more years
SA RECOVERY, CORPORATION	Net Sales missing for 2 or more years
SAFESCRIPT PHARMACIES, INC.	Net Sales missing for 2 or more years
SALANT CORPORATION	Net Sales missing for 2 or more years
SALMON EXPRESS INC.	Net Sales missing for 2 or more years
SAVOIR TECHNOLOGY GROUP, INC.	Net Sales missing for 2 or more years
SCIQUEST, INC.	Net Sales missing for 2 or more years
SCOTTY'S INCORPORATED	Net Sales missing for 2 or more years
SEAWAY FOOD TOWN, INC.	Net Sales missing for 2 or more years
SEL-DRUM INTERNATIONAL, INC.	Net Sales missing for 2 or more years
SEL-LEB MARKETING, INC.	Net Sales missing for 2 or more years
SEQUESTER HOLDINGS INCORPORATED	Net Sales missing for 2 or more years
SERENGETI EYEWEAR, INC.	Net Sales missing for 2 or more years
SERVICE MERCHANDISE COMPANY, INCORPORATE	Net Sales missing for 2 or more years
SETO HOLDINGS, INC.	Net Sales missing for 2 or more years
SEVENTH GENERATION, INC.	Net Sales missing for 2 or more years
SHARPER IMAGE CORPORATION	Net Sales missing for 2 or more years
SHOPKO STORES INCORPORATED	Net Sales missing for 2 or more years
SILCORP LIMITED	Net Sales missing for 2 or more years
SILVER STAR FOODS INCORPORATED	Net Sales missing for 2 or more years
SKLAR CORPORATION	Net Sales missing for 2 or more years
SMITH CORONA CORPORATION	Net Sales missing for 2 or more years
SNAP N' SOLD CORPORATION	Net Sales missing for 2 or more years
SOCKEYE SEAFOOD GROUP, INC.	Net Sales missing for 2 or more years
SODAK GAMING, INC.	Net Sales missing for 2 or more years
SODISCO-HOWDEN GROUP INC.	Net Sales missing for 2 or more years
SONUS CORP.	Net Sales missing for 2 or more years

Potential Comparable Taxpayer	Bulk Rejection Reason
SOUTHDOWN, INC.	Net Sales missing for 2 or more years
SPECIALTY CHEMICAL RESOURCES, INC.	Net Sales missing for 2 or more years
SPEIZMAN INDUSTRIES, INC.	Net Sales missing for 2 or more years
SPIEGEL INCORPORATED	Net Sales missing for 2 or more years
SPORT SUPPLY GROUP, INC.	Net Sales missing for 2 or more years
SPORTAN UNITED INDUSTRIES, INC.	Net Sales missing for 2 or more years
SPORTSMAN'S GUIDE, INC.(THE)	Net Sales missing for 2 or more years
ST. JOHN KNITS INTERNATIONAL, INCORPORAT	Net Sales missing for 2 or more years
STAR MARKETS COMPANY, INC.	Net Sales missing for 2 or more years
STAR STRUCK LTD	Net Sales missing for 2 or more years
STEEGO CORPORATION	Net Sales missing for 2 or more years
STEEL CITY PRODUCTS, INC.	Net Sales missing for 2 or more years
STEINBERG INC.	Net Sales missing for 2 or more years
STERLING ELECTRONICS CORPORATION	Net Sales missing for 2 or more years
STEWART & STEVENSON SERVICES, INC.	Net Sales missing for 2 or more years
STRATEGIC DISTRIBUTION, INC.	Net Sales missing for 2 or more years
STRAWBRIDGE & CLOTHIER	Net Sales missing for 2 or more years
STROUDS, INC.	Net Sales missing for 2 or more years
STYLESITE MARKETING, INC.	Net Sales missing for 2 or more years
SUBARU OF AMERICA INC.	Net Sales missing for 2 or more years
SUCCESSORIES, INC.	Net Sales missing for 2 or more years
SUNSOURCE L.P.	Net Sales missing for 2 or more years
SUPER FOOD SERVICES, INC.	Net Sales missing for 2 or more years
SUPERIOR GALLERIES, INC.	Net Sales missing for 2 or more years
SUPERMARKETS GENERAL HOLDINGS CORP	Net Sales missing for 2 or more years
SURGE COMPONENTS, INC.	Net Sales missing for 2 or more years
SWISS ARMY BRANDS INC	Net Sales missing for 2 or more years
SYNDICATED FOOD SERVICE INTERNATIONAL, I	Net Sales missing for 2 or more years
SYNOVA HEALTHCARE GROUP, INC.	Net Sales missing for 2 or more years
SYSTEMED INC.	Net Sales missing for 2 or more years
T J T INC	Net Sales missing for 2 or more years
T.J.T., INC.	Net Sales missing for 2 or more years
TAIGA FOREST PRODUCTS LTD.	Net Sales missing for 2 or more years
TBC CORPORATION	Net Sales missing for 2 or more years

Potential Comparable Taxpayer	Bulk Rejection Reason
TCBY ENTERPRISES, INC.	Net Sales missing for 2 or more years
TCC INDUSTRIES, INC.	Net Sales missing for 2 or more years
TCG INTERNATIONAL INC.	Net Sales missing for 2 or more years
TECH SQUARED INC.	Net Sales missing for 2 or more years
TELECOMM INDUSTRIES CORP.	Net Sales missing for 2 or more years
TELETRACK ENVIRONMENTAL SYSTEMS, INCORP	Net Sales missing for 2 or more years
TERRACE FOOD GROUP, INC.	Net Sales missing for 2 or more years
TESMA INTERNATIONAL INC.	Net Sales missing for 2 or more years
TEXAS EQUIPMENT CORPORATION	Net Sales missing for 2 or more years
THREE D DEPARTMENTS, INC.	Net Sales missing for 2 or more years
TNR TECHNICAL INC	Net Sales missing for 2 or more years
TNR TECHNICAL, INC.	Net Sales missing for 2 or more years
TODAY'S MAN, INC.	Net Sales missing for 2 or more years
TORPEDO SPORTS USA, INC.	Net Sales missing for 2 or more years
TOTAL LOGISTICS, INC.	Net Sales missing for 2 or more years
TRANSPORTATION COMPONENTS, INC.	Net Sales missing for 2 or more years
TRAVIS BOATS & MOTORS, INC.	Net Sales missing for 2 or more years
TREECON RESOURCES INC.	Net Sales missing for 2 or more years
TREND-LINES, INC.	Net Sales missing for 2 or more years
TRICELL, INCORPORATION	Net Sales missing for 2 or more years
TRIO TECH INTERNATIONAL	Net Sales missing for 2 or more years
TRIO-TECH INTERNATIONAL	Net Sales missing for 2 or more years
TRISTAR AEROSPACE CO	Net Sales missing for 2 or more years
TROPICAL BEVERAGE, INC.	Net Sales missing for 2 or more years
TRUE VALUE CO	Net Sales missing for 2 or more years
TRUSERV CORPORATION	Net Sales missing for 2 or more years
TUBBY'S, INC.	Net Sales missing for 2 or more years
TWEETER HOME ENTERTAINMENT GROUP	Net Sales missing for 2 or more years
U.S. FOODSERVICE	Net Sales missing for 2 or more years
U.S. OFFICE PRODUCTS COMPANY	Net Sales missing for 2 or more years
U.S.A. FLORAL PRODUCTS, INC.	Net Sales missing for 2 or more years
UAP INC.	Net Sales missing for 2 or more years
uBID, INC.	Net Sales missing for 2 or more years
ULTIMATE ELECTRONICS INC	Net Sales missing for 2 or more years
ULTRAMAR CORP.	Net Sales missing for 2 or more years

Potential Comparable Taxpayer	Bulk Rejection Reason
ULTRAMAR DIAMOND SHAMROCK CORPORATION	Net Sales missing for 2 or more years
UNICAN SECURITY SYSTEMS LTD.	Net Sales missing for 2 or more years
UNIMARK GROUP, INC. (THE)	Net Sales missing for 2 or more years
UNISOURCE WORLDWIDE, INC.	Net Sales missing for 2 or more years
UNITED GROCERS, INC.	Net Sales missing for 2 or more years
UNITED RETAIL GROUP, INC.	Net Sales missing for 2 or more years
UNITED STATES SHOE CORPORATION (THE)	Net Sales missing for 2 or more years
UNITED SYSTEMS TECHNOLOGY, INC.	Net Sales missing for 2 or more years
UNIVAR CORPORATION	Net Sales missing for 2 or more years
UNIVERSAL AUTOMOTIVE INDUSTRIES, INC.	Net Sales missing for 2 or more years
UNIVERSAL INTERNATIONAL, INC.	Net Sales missing for 2 or more years
UNIVERSAL MFG. CO.	Net Sales missing for 2 or more years
USN CORPORATION	Net Sales missing for 2 or more years
UTG COMMUNICATIONS INTERNATIONAL, INCORP	Net Sales missing for 2 or more years
VALESC HOLDINGS, INC.	Net Sales missing for 2 or more years
VALLEN CORPORATION	Net Sales missing for 2 or more years
VALLEY NATIONAL GASES INCORPORATED	Net Sales missing for 2 or more years
VALUE AMERICA, INC.	Net Sales missing for 2 or more years
VALUE HOLDINGS, INC.	Net Sales missing for 2 or more years
VARIFLEX, INC.	Net Sales missing for 2 or more years
VENTURE STORES, INC.	Net Sales missing for 2 or more years
VERDANT BRANDS, INC.	Net Sales missing for 2 or more years
VERIZON NORTH, INC.	Net Sales missing for 2 or more years
VERTICAL HEALTH SOLUTIONS INC	Net Sales missing for 2 or more years
VIBRANT HEALTH INTERNATIONAL	Net Sales missing for 2 or more years
VIKING OFFICE PRODUCTS, INC.	Net Sales missing for 2 or more years
VONS COMPANIES, INC., (THE)	Net Sales missing for 2 or more years
VWR SCIENTIFIC PRODUCTS CORPORATION	Net Sales missing for 2 or more years
WAJAX LTD	Net Sales missing for 2 or more years
WASHINGTON ENERGY COMPANY	Net Sales missing for 2 or more years
WATERCOLOR HOLDINGS CORP	Net Sales missing for 2 or more years
WAXMAN INDUSTRIES, IN	Net Sales missing for 2 or more years
WEBVAN GROUP INCORPORATED	Net Sales missing for 2 or more years
WEINER'S STORES, INC.	Net Sales missing for 2 or more years

Potential Comparable Taxpayer	Bulk Rejection Reason
WELCOME HOME, INC.	Net Sales missing for 2 or more years
WESTBURNE INC	Net Sales missing for 2 or more years
WESTERN BEEF, INC.	Net Sales missing for 2 or more years
WETTERAU INCORPORATED	Net Sales missing for 2 or more years
WHITEWING ENVIRONMENTAL CORPORATION	Net Sales missing for 2 or more years
WICKES INC.	Net Sales missing for 2 or more years
WI-FI TV, INC.	Net Sales missing for 2 or more years
WILLCOX & GIBBS, INCORPORATED	Net Sales missing for 2 or more years
WILMAR INDUSTRIES, INC.	Net Sales missing for 2 or more years
WILTEL COMMUNICATIONS GROUP, INC.	Net Sales missing for 2 or more years
WORLD OF SCIENCE, INC.	Net Sales missing for 2 or more years
WORLDWIDE HOLDINGS CORP	Net Sales missing for 2 or more years
WYLE ELECTRONICS	Net Sales missing for 2 or more years
WYNN'S INTERNATIONAL, INC.	Net Sales missing for 2 or more years
XDOGS, INC.	Net Sales missing for 2 or more years
XEROX CANADA INCORPORATED	Net Sales missing for 2 or more years
YOUNKERS, INC.	Net Sales missing for 2 or more years
ZIONS COOPERATIVE MERCANTILE INSTITUTION	Net Sales missing for 2 or more years
ZONDERVAN CORPORATION (THE)	Net Sales missing for 2 or more years

Potential Comparable Taxpayers Eliminated in First Review

Potential Comparable Taxpayer	Rejection Reason
1-800-FLOWERS.COM, INC.	Primarily operates as a service provider
99 CENTS ONLY STORES	Primarily operates as a service provider
A M CASTLE & CO	Functional differences
A.M. CASTLE & COMPANY	Functional differences
ABATIX CORP	Duplicate Record
ABATIX CORP.	Functional differences
ABERCROMBIE & FITCH CO	Primarily operates as a service provider
ABLE ENERGY, INC.	Functional differences
ABM INDUSTRIES INCORPORATED	Functional differences
ACE MARKETING & PROMOTIONS, INC.	Functional differences
ACETO CORPORATION	Primarily operates as a service provider
ACL SEMICONDUCTORS, INC.	Functional differences

Potential Comparable Taxpayer	Rejection Reason
ACME UNITED CORP	Functional differences
ACME UNITED CORPORATION	Functional differences
ADAMS RESOURCES & ENERGY, INC.	Functional differences
ADVANCE AUTO PARTS, INC.	Functional differences
ADVANCED ENVIRONMENTAL RECYCLING TEC INC	Functional differences
ADVANCED ENVIRONMENTAL RECYCLING TECHNOL	Functional differences
AFFYMETRIX INC	Functional differences
AFFYMETRIX, INC.	Functional differences
AGILYSYS INC	Duplicate Record
AGILYSYS, INC.	Primarily operates as a service provider
AIRGAS INC	Primarily operates as a service provider
AIRGAS, INC.	Primarily operates as a service provider
ALLERGY RESEARCH GROUP, INCORPORATED	Functional differences
ALR TECHNOLOGIES INC	Functional differences
AMCON DISTRIBUTING CO	Functional differences
AMCON DISTRIBUTING COMPANY	Functional differences
AMERICAN EAGLE OUTFITTERS INCORPORATED	Primarily operates as a service provider
AMERICAN HOME FOOD PRODUCTS INC	Primarily operates as a service provider
AMERICAN HOME FOOD PRODUCTS, INC.	Primarily operates as a service provider
AMERICAN INTERNATIONAL INDUSTRIES INC	Functional differences
AMERICAN INTERNATIONAL INDUSTRIES INCORP	Functional differences
AMERIGAS PARTNERS, L.P.	Functional differences
AMERISOURCEBERGEN CORPORATION	Functional differences
AMEXDRUG CORPORATION	Functional differences
ANDERSONS, INC., (THE)	Functional differences
ANDOVER MEDICAL, INCORPORATION	Functional differences
ANIMAL HEALTH INTERNATIONAL INC	Duplicate Record
ANIMAL HEALTH INTERNATIONAL INC	Duplicate Record
ANIXTER INTERNATIONAL INC	Primarily operates as a service provider
ANIXTER INTERNATIONAL INCORPORATED	Functional differences
APPLE INC	Primarily operates as a service provider
APPLE INC.	Primarily operates as a service provider
APPLIED INDUSTRIAL TECHNOLOGIES INC	Primarily operates as a service provider
APPLIED INDUSTRIAL TECHNOLOGIES, INC.	Primarily operates as a service provider

Potential Comparable Taxpayer	Rejection Reason
ARDEN GROUP, INC.	Functional differences
ARK RESTAURANTS CORP.	Functional differences
ARROW ELECTRONICS INC	Functional differences
ARROW ELECTRONICS, INC.	Functional differences
ASHLAND INC.	Functional differences
AUDIOVOX CORPORATION	Primarily operates as a service provider
AUTOZONE, INC.	Primarily operates as a service provider
AVNET INC	Primarily operates as a service provider
AVNET, INC.	Primarily operates as a service provider
BALLANTYNE OF OMAHA, INC.	Duplicate Record
BARNES GROUP INC	Functional differences
BARNES GROUP INC.	Functional differences
BASSETT FURNITURE INDUSTRIES, INCORPORAT	Functional differences
BEACON ROOFING SUPPLY INC	Functional differences
BEACON ROOFING SUPPLY, INC.	Functional differences
BED BATH & BEYOND INC.	Primarily operates as a service provider
BELL INDUSTRIES INC CA	Functional differences
BELL INDUSTRIES INCORPORATED	Functional differences
BEST BUY CO., INC.	Primarily operates as a service provider
BESTAR INC.	Functional differences
BIG 5 SPORTING GOODS CORPORATION	Functional differences
BIG LOTS, INC.	Primarily operates as a service provider
BIOMEDICAL TECHNOLOGY SOLUTIONS HOLDINGS	Functional differences
BIOSYNERGY INC	Primarily operates as a service provider
BIOSYNERGY, INC.	Primarily operates as a service provider
BJ'S RESTAURANTS, INC.	Functional differences
BJ'S WHOLESALE CLUB INCORPORATED	Primarily operates as a service provider
BLUE NILE, INC.	Functional differences
BLUEFLY, INC.	Functional differences
BLUELINX HOLDINGS INC.	Functional differences
BMTC GROUP INC.	Functional differences
BOB EVANS FARMS, INC.	Primarily operates as a service provider
BON-TON STORES, INC. (THE)	Primarily operates as a service provider
BOOKS-A-MILLION INC	Primarily operates as a service provider

Potential Comparable Taxpayer	Rejection Reason
BRICK GROUP INCOME FUND (THE)	Functional differences
BRIDGFORD FOODS CORPORATION	Functional differences
BRIGHTPOINT INC	Functional differences
BRIGHTPOINT, INC.	Functional differences
BROWN SHOE COMPANY, INC.	Primarily operates as a service provider
BUCK-A-ROO\$ HOLDING CORPORATION	Functional differences
BUILDING MATERIALS HOLDING CORPORATION	Functional differences
CABELA'S INCORPORATED	Functional differences
CANTEL MEDICAL CORP	Primarily operates as a service provider
CANTEL MEDICAL CORP.	Primarily operates as a service provider
CAPITAL BEVERAGE CORPORATION	Duplicate Record
CARDINAL HEALTH, INC.	Duplicate Record
CARTER'S, INC.	Functional differences
CE FRANKLIN LTD	Functional differences
CE FRANKLIN LTD.	Functional differences
CENTERPLATE, INC.	Functional differences
CENTRAL EUROPEAN DISTRIBUTION CORPORATIO	Functional differences
CENVEO, INC.	Functional differences
CHAMPION INDUSTRIES INC	Functional differences
CHAMPION INDUSTRIES, INC.	Functional differences
CHARLOTTE RUSSE HOLDING, INC.	Functional differences
CHEESECAKE FACTORY INCORPORATED (THE)	Functional differences
CHENIERE ENERGY PARTNERS L P	Functional differences
CHINA ARMCO METALS INCORPORATION	Functional differences
CHINA GROWTH DEVELOPMENT, INCORPORATION.	Functional differences
CHINA HOLDINGS INCORPORATION	Functional differences
CHINA VOICE HOLDING CORPORATION	Primarily operates as a service provider
CHIQUITA BRANDS INTERNATIONAL, INC.	Functional differences
CIRCUIT CITY STORES, INC.	Duplicate Record
CITI TRENDS, INC.	Primarily operates as a service provider
CKX, INC.	Functional differences
CLICKABLE ENTERPRISES INC	Functional differences
CLIFFORD CHINA ESTATES INCORPORATION	Duplicate Record
CLST HOLDINGS, INC.	Functional differences

Potential Comparable Taxpayer	Rejection Reason
COAST DISTRIBUTION SYSTEM INC	Functional differences
COAST DISTRIBUTION SYSTEM, INC (THE)	Primarily operates as a service provider
COAST WHOLESALE APPLIANCES INCOME FUND	Functional differences
COASTAL CONTACTS INC	Functional differences
COLABOR INCOME FUND	Duplicate Record
COLEMAN CABLE INC	Primarily operates as a service provider
COLLECTIVE BRANDS, INCORPORATION.	Primarily operates as a service provider
COLONIAL COMMERCIAL CORP.	Primarily operates as a service provider
COLUMBIA SPORTSWEAR COMPANY	Primarily operates as a service provider
COMMERCIAL METALS CO	Functional differences
COMMERCIAL METALS COMPANY	Functional differences
COMMERCIAL SOLUTIONS INC	Functional differences
CONN'S, INC.	Primarily operates as a service provider
CONSULIER ENGINEERING INC	Primarily operates as a service provider
CONSULIER ENGINEERING, INC.	Primarily operates as a service provider
CORE-MARK HOLDING COMPANY, INC.	Primarily operates as a service provider
COST PLUS, INC.	Primarily operates as a service provider
COSTCO WHOLESALE CORPORATION	Duplicate Record
COUNSEL CORPORATION	Primarily operates as a service provider
CRAFTMADE INTERNATIONAL INC	Primarily operates as a service provider
CRAFTMADE INTERNATIONAL, INC.	Primarily operates as a service provider
CROWN CRAFTS INC	Primarily operates as a service provider
CROWN CRAFTS, INC.	Primarily operates as a service provider
CUMMINS INC	Primarily operates as a service provider
CUMMINS INC.	Primarily operates as a service provider
DECORIZE, INC.	Functional differences
DEI HOLDINGS INC	Functional differences
DEI HOLDINGS, INCORPORATION	Functional differences
DELEK US HOLDINGS, INC.	Primarily operates as a service provider
DGSE COMPANIES, INC.	Primarily operates as a service provider
DGSE COS INC	Primarily operates as a service provider
DIEDRICH COFFEE, INC.	Primarily operates as a service provider
DILLARD'S, INC.	Duplicate Record
DOMARK INTERNATIONAL, INCORPORATION	Functional differences
DOMINO' S PIZZA, INC.	Primarily operates as a service provider

Potential Comparable Taxpayer	Rejection Reason
DORMAN PRODUCTS INC	Functional differences
DORMAN PRODUCTS, INC.	Primarily operates as a service provider
DREAMS, INC.	Primarily operates as a service provider
DRIVE PRODUCTS INCOME FUND	Primarily operates as a service provider
DRYCLEAN USA, INC.	Primarily operates as a service provider
DUCKWALL-ALCO STORES, INC.	Primarily operates as a service provider
DXP ENTERPRISES INC	Primarily operates as a service provider
DXP ENTERPRISES, INC.	Primarily operates as a service provider
E COM VENTURES, INC.	Functional differences
EARTHBLOCK TECHNOLOGIES, INC.	Functional differences
EASYHOME LTD.	Primarily operates as a service provider
EDUCATIONAL DEVELOPMENT CORPORATION	Primarily operates as a service provider
EMAK WORLDWIDE INC	Functional differences
EMAK WORLDWIDE, INC.	Functional differences
EMERGING VISION, INC.	Primarily operates as a service provider
EMPIRE CO LTD	Primarily operates as a service provider
EMPIRE RESOURCES INC DE	Primarily operates as a service provider
EMPIRE RESOURCES, INC.	Primarily operates as a service provider
EMYS SALSA AJI DISTRIBUTION COMPANY INCO	Functional differences
EN POINTE TECHNOLOGIES INC	Functional differences
EN POINTE TECHNOLOGIES, INC.	Functional differences
ENABLE HOLDINGS, INCORPORATION	Primarily operates as a service provider
ENDO PHARMACEUTICALS HOLDINGS INCORPORAT	Primarily operates as a service provider
ENERGY TRANSFER PARTNERS, LP	Primarily operates as a service provider
ETHAN ALLEN INTERIORS INC	Primarily operates as a service provider
ETHAN ALLEN INTERIORS INC.	Primarily operates as a service provider
EURO GROUP OF COMPANIES, INC.	Functional differences
EVOLUTION FUELS, INCORPORATION	Functional differences
EXPRESS SCRIPTS, INC.	Primarily operates as a service provider
FAIRCHILD CORP	Functional differences
FAIRCHILD CORPORATION (THE)	Functional differences
FALCONSTOR SOFTWARE INC	Primarily operates as a service provider
FALCONSTOR SOFTWARE, INC.	Primarily operates as a service provider
FASTENAL CO	Primarily operates as a service provider

Potential Comparable Taxpayer	Rejection Reason
FASTENAL COMPANY	Primarily operates as a service provider
FERRELLGAS PARTNERS, L.P.	Primarily operates as a service provider
FINISH LINE, INC. (THE)	Primarily operates as a service provider
FINISHMASTER, INC.	Functional differences
FIRST AVIATION SERVICES INC.	Functional differences
FIVE STAR PRODUCTS INC	Duplicate Record
FIVE STAR PRODUCTS, INC.	Functional differences
FOOTSTAR, INC.	Primarily operates as a service provider
FORTUNE INDUSTRIES INC	Primarily operates as a service provider
FORTUNE INDUSTRIES, INC.	Primarily operates as a service provider
FORZANI GROUP LTD. (THE)	Primarily operates as a service provider
FRESH HARVEST PRODUCTS, INC	Functional differences
FUTUREMED HEALTHCARE INCOME FUND	Primarily operates as a service provider
GENESCO INC	Primarily operates as a service provider
GENESIS PHARMACEUTICALS ENTERPRISES INC.	Duplicate Record
GENUINE PARTS CO	Primarily operates as a service provider
GENUINE PARTS COMPANY	Primarily operates as a service provider
GEORGE WESTON LIMITED	Primarily operates as a service provider
GLOBAL ROAMING DISTRIBUTION, INCORPORATI	Functional differences
GLOWPOINT, INC.	Primarily operates as a service provider
GOLDEN VALLEY DEVELOPMENT, INC.	Primarily operates as a service provider
GOODYEAR TIRE & RUBBER CO	Primarily operates as a service provider
GOODYEAR TIRE & RUBBER COMPANY (THE)	Primarily operates as a service provider
GOTTSCHALKS INC.	Functional differences
GRAYBAR ELECTRIC CO INC	Primarily operates as a service provider
GRAYBAR ELECTRIC COMPANY, INC.	Primarily operates as a service provider
GROUP 1 AUTOMOTIVE, INC.	Primarily operates as a service provider
GROWERS DIRECT COFFEE COMPANY, INC.	Functional differences
HANCOCK FABRICS INCORPORATED	Primarily operates as a service provider
HANDLEMAN CO	Primarily operates as a service provider
HANDLEMAN COMPANY	Primarily operates as a service provider
HANSEN NATURAL CORPORATION	Primarily operates as a service provider
HAROLD'S STORES, INC.	Functional differences
HART STORES INCORPORATED	Primarily operates as a service provider

Potential Comparable Taxpayer	Rejection Reason
HARTMARX CORPORATION	Functional differences
HAVERTY FURNITURE COMPANIES INCORPORATIO	Primarily operates as a service provider
HAWKINS, INC.	Primarily operates as a service provider
HEALTHCARE PROVIDERS DIRECT INC	Duplicate Record
HEALTHCARE PROVIDERS DIRECT INC	Duplicate Record
HEI, INC.	Functional differences
HELIX BIOPHARMA CORP	Functional differences
HENRY SCHEIN INC	Functional differences
HENRY SCHEIN, INC.	Primarily operates as a service provider
HENYA FOOD CORPORATION	Functional differences
HIBBETT SPORTS INCORPORATED	Primarily operates as a service provider
HOME SYSTEM GROUP	Primarily operates as a service provider
HOUSTON WIRE & CABLE CO	Primarily operates as a service provider
HOUSTON WIRE & CABLE COMPANY	Primarily operates as a service provider
HUBBELL INC	Primarily operates as a service provider
HUBBELL INCORPORATED	Primarily operates as a service provider
HUTTIG BUILDING PRODUCTS, INC.	Primarily operates as a service provider
ICC WORLDWIDE INC	Functional differences
ICC WORLDWIDE, INCORPORATION	Functional differences
ICONIX BRAND GROUP, INC.	Primarily operates as a service provider
IKON OFFICE SOLUTIONS INC	Duplicate Record
IKON OFFICE SOLUTIONS INCORPORATED	Functional differences
INDUSTRIAL DISTRIBUTION GROUP INC	Duplicate Record
INDUSTRIAL DISTRIBUTION GROUP, INC.	Functional differences
INERGY HOLDINGS, L.P.	Functional differences
INERGY, L.P.	Functional differences
INFOSONICS CORP	Primarily operates as a service provider
INFOSONICS CORPORATION	Primarily operates as a service provider
INGLES MARKETS INCORPORATED	Functional differences
INGRAM MICRO INC	Duplicate Record
INGRAM MICRO INC	Duplicate Record
INSIGHT ENTERPRISES INC	Duplicate Record
INSIGHT ENTERPRISES INCORPORATED	Duplicate Record
INTEGRATED SURGICAL SYSTEMS, INC.	Primarily operates as a service provider
INTELLIGENT LIVING CORP	Duplicate Record

Potential Comparable Taxpayer	Rejection Reason
INTELLIGENT LIVING CORP	Duplicate Record
INTERLINE BRANDS INC DE	Duplicate Record
INTERLINE BRANDS, INC.	Primarily operates as a service provider
INTERNATIONAL CELLULAR ACCESSORIES	Primarily operates as a service provider
INTERNATIONAL PAPER COMPANY	Primarily operates as a service provider
INTERNATIONAL VINEYARD, INCORPORATION	Primarily operates as a service provider
INTERNET INFINITY, INC.	Primarily operates as a service provider
IRIDEX CORPORATION	Primarily operates as a service provider
J. CREW GROUP, INC.	Primarily operates as a service provider
JACO ELECTRONICS INC	Functional differences
JACO ELECTRONICS, INC.	Functional differences
JAVA DETOUR, INC.	Functional differences
JEAN COUTU GROUP (PJC) INC (THE)	Primarily operates as a service provider
JENNIFER CONVERTIBLES, INC.	Functional differences
JEWETT CAMERON TRADING CO LTD	Functional differences
JEWETT-CAMERON TRADING COMPANY LTD.	Functional differences
KAMAN CORP	Primarily operates as a service provider
KAMAN CORPORATION	Primarily operates as a service provider
KENNETH COLE PRODUCTIONS INCORPORATED	Primarily operates as a service provider
KOHL'S CORPORATION	Primarily operates as a service provider
K-SWISS INC.	Primarily operates as a service provider
LAWSON PRODUCTS INC	Primarily operates as a service provider
LAWSON PRODUCTS, INC.	Primarily operates as a service provider
LAZARE KAPLAN INTERNATIONAL INC	Functional differences
LAZARE KAPLAN INTERNATIONAL INC.	Functional differences
LEON'S FURNITURE LIMITED	Primarily operates as a service provider
LOBLAW COMPANIES LIMITED	Functional differences
MACY'S, INCORPORATION	Primarily operates as a service provider
MADACY ENTERTAINMENT INCOME FUND	Functional differences
MADE IN AMERICA ENTERTAINMENT, INC.	Functional differences
MAIDENFORM BRANDS, INC.	Primarily operates as a service provider
MAMMATECH CORPORATION	Functional differences
MANHATTAN ASSOCIATES INC	Primarily operates as a service provider
MANHATTAN ASSOCIATES INCORPORATED	Primarily operates as a service provider
MARKETING WORLDWIDE CORP	Functional differences

Potential Comparable Taxpayer	Rejection Reason
MARKETING WORLDWIDE CORPORATION	Functional differences
MARSHALL HOLDINGS INTERNATIONAL, INC	Functional differences
MAX NUTRITION, INCORPORATION	Functional differences
MCKESSON CORP DE	Primarily operates as a service provider
MCKESSON CORPORATION	Primarily operates as a service provider
MDU RESOURCES GROUP INC	Primarily operates as a service provider
MDU RESOURCES GROUP, INC.	Primarily operates as a service provider
MEDIFAST, INC.	Primarily operates as a service provider
MENDOCINO BREWING COMPANY, INC.	Primarily operates as a service provider
MERIDIAN BIOSCIENCE INC	Functional differences
MERIDIAN BIOSCIENCE, INC.	Functional differences
METRO INCORPORATED	Functional differences
MIDNIGHT CANDLE COMPANY	Primarily operates as a service provider
MOJO SHOPPING, INCORPORATION	Functional differences
MOVADO GROUP INC	Primarily operates as a service provider
MOVADO GROUP, INC.	Primarily operates as a service provider
MULTI-MEDIA TUTORIAL SERVICES, INC	Functional differences
MWI VETERINARY SUPPLY INC	Functional differences
MWI VETERINARY SUPPLY, INC.	Functional differences
MYERS INDUSTRIES INC	Primarily operates as a service provider
MYERS INDUSTRIES, INC.	Primarily operates as a service provider
NASH FINCH COMPANY	Primarily operates as a service provider
NASHUA CORP	Primarily operates as a service provider
NASHUA CORPORATION	Primarily operates as a service provider
NATIONAL OILWELL VARCO INC	Primarily operates as a service provider
NATIONAL OILWELL VARCO, INC.	Primarily operates as a service provider
NATURAL HEALTH TRENDS CORP.	Primarily operates as a service provider
NATURALLY ADVANCED TECHNOLOGIES INCORPOR	Primarily operates as a service provider
NATURE OF BEAUTY LTD	Primarily operates as a service provider
NAVARRE CORP	Duplicate Record
NAVARRE CORPORATION	Duplicate Record
NEO MATERIAL TECHNOLOGIES INCORPORATED	Primarily operates as a service provider
NITCHES, INC.	Functional differences
NORTH AMERICAN NATURAL GAS, INC.	Functional differences

Potential Comparable Taxpayer	Rejection Reason
NORTH WEST CO FUND (THE)	Primarily operates as a service provider
NTN BUZZTIME INC	Primarily operates as a service provider
NTN BUZZTIME, INC.	Primarily operates as a service provider
NU HORIZONS ELECTRONICS CORP	Primarily operates as a service provider
NU HORIZONS ELECTRONICS CORP.	Primarily operates as a service provider
NU SKIN ENTERPRISES INC	Primarily operates as a service provider
NYER MEDICAL GROUP INC	Primarily operates as a service provider
NYER MEDICAL GROUP, INC.	Primarily operates as a service provider
O'CHARLEY'S INC.	Primarily operates as a service provider
OFFICE DEPOT INC	Functional differences
OFFICE DEPOT, INC.	Primarily operates as a service provider
OFFICEMAX INCORPORATED	Primarily operates as a service provider
OMNICARE INCORPORATED	Primarily operates as a service provider
ONYX CHINA, INCORPORATION	Duplicate Record
OSHKOSH CORP	Functional differences
OSHKOSH CORPORATION	Functional differences
OVERSTOCK.COM, INC	Primarily operates as a service provider
OWENS & MINOR INC NEW	Primarily operates as a service provider
OWENS & MINOR, INCORPORATED	Primarily operates as a service provider
OXFORD INDUSTRIES, INCORPORATED	Primarily operates as a service provider
PACCAR INC	Duplicate Record
PACCAR INC	Duplicate Record
PAPA JOHNS INTERNATIONAL INC	Primarily operates as a service provider
PARENT COMPANY	Functional differences
PATRICK INDUSTRIES, INC.	Primarily operates as a service provider
PATTERSON COMPANIES, INC.	Primarily operates as a service provider
PATTERSON COS INC	Primarily operates as a service provider
PCTEL INC	Primarily operates as a service provider
PCTEL INCORPORATED	Primarily operates as a service provider
PENNEY [J C] CO INC	Primarily operates as a service provider
PENSKE AUTOMOTIVE GROUP INC	Duplicate Record
PENSKE AUTOMOTIVE GROUP INC	Duplicate Record
PEP BOYS MANNY MOE & JACK	Primarily operates as a service provider
PERFORMANCE FOOD GROUP COMPANY	Functional differences
PERFUMANIA HOLDINGS, INCORPORATION	Primarily operates as a service provider

Potential Comparable Taxpayer	Rejection Reason
PERICOM SEMICONDUCTOR CORP	Duplicate Record
PERICOM SEMICONDUCTOR CORPORATION	Duplicate Record
PERRY ELLIS INTERNATIONAL, INC.	Primarily operates as a service provider
PETMED EXPRESS, INC.	Duplicate Record
PHOENIX FOOTWEAR GROUP, INC.	Primarily operates as a service provider
PIER 1 IMPORTS, INC.	Primarily operates as a service provider
PIZZA INN, INC.	Primarily operates as a service provider
PIZZA PIZZA ROYALTY INCOME FUND	Primarily operates as a service provider
POLO RALPH LAUREN CORPORATION	Primarily operates as a service provider
POOL CORP	Primarily operates as a service provider
POOL CORPORATION	Primarily operates as a service provider
PREAXIA HEALTH CARE PAYMENT SYSTEMS INC.	Duplicate Record
PRESTIGE BRANDS HOLDINGS, INCORPORATION	Primarily operates as a service provider
PREVU, INCORPORATED	Functional differences
PRO-FAC COOPERATIVE, INC.	Primarily operates as a service provider
PROFESSIONAL VETERINARY PRODUCTS, LTD.	Functional differences
PSS WORLD MEDICAL INC	Primarily operates as a service provider
PSS WORLD MEDICAL INCORPORATED	Primarily operates as a service provider
QUIKSILVER INC	Functional differences
QUIKSILVER, INC.	Functional differences
RAVEN MOON ENTERTAINMENT INC	Functional differences
REGAL LIFE CONCEPTS INCORPORATION.	Primarily operates as a service provider
RELIANCE STEEL & ALUMINUM CO	Primarily operates as a service provider
RELIANCE STEEL & ALUMINUM CO.	Primarily operates as a service provider
REMEDENT, INC.	Primarily operates as a service provider
RENASANT FINANCIAL PARTNERS LIMITED	Functional differences
RENT A CENTER INC NEW	Primarily operates as a service provider
RENT A CENTER INCORPORATED	Primarily operates as a service provider
RESTORATION HARDWARE, INC.	Functional differences
REX STORES CORPORATION	Primarily operates as a service provider
RICHELIEU HARDWARE LTD	Functional differences
ROCKY MOUNTAIN CHOCOLATE FACTORY, INC.	Primarily operates as a service provider
RONA INC	Primarily operates as a service provider
RUSS BERRIE & CO INC	Duplicate Record

Potential Comparable Taxpayer	Rejection Reason
RUSS BERRIE & COMPANY, INC.	Duplicate Record
RUSSEL METALS INCORPORATED	Primarily operates as a service provider
SAFEWAY INC	Primarily operates as a service provider
SAKS INCORPORATED	Primarily operates as a service provider
SALLY BEAUTY HOLDINGS, INC.	Functional differences
SCANSOURCE INC	Primarily operates as a service provider
SCANSOURCE, INC.	Primarily operates as a service provider
SCHNITZER STEEL INDUSTRIES INC	Functional differences
SCHNITZER STEEL INDUSTRIES, INC.	Primarily operates as a service provider
SCHOOL SPECIALTY, INC.	Primarily operates as a service provider
SCIELE PHARMA, INC.	Functional differences
SCIVANTA MEDICAL CORP.	Functional differences
SEARS CANADA INC	Primarily operates as a service provider
SEARS HOLDINGS CORPORATION	Primarily operates as a service provider
SED INTERNATIONAL HOLDINGS, INC.	Primarily operates as a service provider
SHERWIN-WILLIAMS COMPANY (THE)	Primarily operates as a service provider
SHOE CARNIVAL, INC.	Primarily operates as a service provider
SILICON STORAGE TECHNOLOGY, INC.	Primarily operates as a service provider
SILVER PEARL ENTERPRISES, INC.	Primarily operates as a service provider
SKINNY NUTRITIONAL CORP.	Primarily operates as a service provider
SMARTIRE SYSTEMS INC.	Functional differences
SMF ENERGY CORPORATION	Primarily operates as a service provider
SOBEYS INCORPORATED	Primarily operates as a service provider
SOYO GROUP INC	Functional differences
SOYO GROUP INC.	Functional differences
SPARTAN STORES INC	Primarily operates as a service provider
SPORT SUPPLY GROUP INC TX	Primarily operates as a service provider
STAGE STORES, INC.	Primarily operates as a service provider
STANDARD MANAGEMENT CORPORATION	Functional differences
STAPLES, INC.	Primarily operates as a service provider
STAR GAS PARTNERS, L.P.	Functional differences
STATER BROS. HOLDINGS INC.	Functional differences
STERLING CONSTRUCTION CO INC	Primarily operates as a service provider
STERLING CONSTRUCTION COMPANY INCORPORAT	Primarily operates as a service provider
STEVEN MADDEN, LTD.	Primarily operates as a service provider

Potential Comparable Taxpayer	Rejection Reason
STRIKEFORCE TECHNOLOGIES INC	Primarily operates as a service provider
STRIKEFORCE TECHNOLOGIES, INC.	Primarily operates as a service provider
STRONGCO INCOME FUND	Primarily operates as a service provider
SUBURBAN PROPANE PARTNERS LP	Functional differences
SUMMER INFANT, INC.	Primarily operates as a service provider
SUPERVALU INC.	Primarily operates as a service provider
SUSSER HOLDINGS CORPORATION	Primarily operates as a service provider
SWAV ENTERPRISES LIMITED	Primarily operates as a service provider
SYNNEX CORP	Duplicate Record
SYNNEX CORP	Duplicate Record
SYSCO CORPORATION	Primarily operates as a service provider
TAITRON COMPONENTS INC	Primarily operates as a service provider
TAITRON COMPONENTS INCORPORATED	Primarily operates as a service provider
TAKE TWO INTERACTIVE SOFTWARE INC	Functional differences
TAKE-TWO INTERACTIVE SOFTWARE, INC.	Functional differences
TANK SPORTS, INC.	Functional differences
TARGET CORPORATION	Primarily operates as a service provider
TECH DATA CORP	Primarily operates as a service provider
TECH DATA CORPORATION	Primarily operates as a service provider
TEKNION CORPORATION	Functional differences
TESSCO TECHNOLOGIES INCORPORATED	Primarily operates as a service provider
THEATER XTREME ENTERTAINMENT GROUP, INC.	Functional differences
TIFFANY & CO	Duplicate Record
TIFFANY & CO	Duplicate Record
TOROMONT INDUSTRIES LTD	Primarily operates as a service provider
TOYS "R" US, INC.	Functional differences
TUESDAY MORNING CORPORATION	Primarily operates as a service provider
TWEEN BRANDS, INC.	Primarily operates as a service provider
UAP HOLDING CORP.	Functional differences
UNIFIED GROCERS INC	Functional differences
UNI-SELECT INC	Functional differences
UNITED FARMERS ALBERTA CO-OPERATIVE	Functional differences
UNITED FUEL & ENERGY CORP	Primarily operates as a service provider
UNITED FUEL & ENERGY CORPORATION	Primarily operates as a service provider
UNITED GUARDIAN INC	Primarily operates as a service provider

Potential Comparable Taxpayer	Rejection Reason
UNITED NATURAL FOODS, INC.	Primarily operates as a service provider
UNITED STATIONERS INC	Primarily operates as a service provider
UNITED STATIONERS INC.	Primarily operates as a service provider
UNITED-GUARDIAN, INC.	Primarily operates as a service provider
UNIVERSAL CORP	Primarily operates as a service provider
UNIVERSAL CORPORATION	Primarily operates as a service provider
UNIVERSAL POWER GROUP INC	Primarily operates as a service provider
UNIVERSAL POWER GROUP, INC.	Primarily operates as a service provider
UNIVERSAL SECURITY INSTRUMENTS INC	Primarily operates as a service provider
UNIVERSAL SECURITY INSTRUMENTS, INC.	Primarily operates as a service provider
URBAN OUTFITTERS INC	Primarily operates as a service provider
USG CORP	Primarily operates as a service provider
USG CORPORATION	Primarily operates as a service provider
VALUEVISION MEDIA, INC.	Primarily operates as a service provider
VERMONT PURE HOLDINGS, LTD.	Functional differences
VERTICAL HEALTH SOLUTIONS, INC.	Primarily operates as a service provider
VIDEO DISPLAY CORP	Functional differences
VIDEO DISPLAY CORPORATION	Functional differences
VIROPRO, INC.	Functional differences
VITERRA INCORPORATION	Functional differences
VOYAGER PETROLEUM, INC.	Functional differences
W R GRACE & CO NEW	Primarily operates as a service provider
W W GRAINGER INC	Primarily operates as a service provider
W.R. GRACE & CO	Primarily operates as a service provider
WABASH NATIONAL CORP	Primarily operates as a service provider
WABASH NATIONAL CORPORATION	Primarily operates as a service provider
WAJAX INCOME FUND	Primarily operates as a service provider
WATSCO INC	Duplicate Record
WATSCO INC	Duplicate Record
WAYSIDE TECHNOLOGY GROUP, INC.	Primarily operates as a service provider
WESCO FINANCIAL CORP	Primarily operates as a service provider
WESCO FINANCIAL CORPORATION	Primarily operates as a service provider
WESCO INTERNATIONAL INC	Primarily operates as a service provider
WESCO INTERNATIONAL, INC.	Primarily operates as a service provider
WEST MARINE INC	Primarily operates as a service provider

Potential Comparable Taxpayer	Rejection Reason
WEST MARINE, INC.	Primarily operates as a service provider
WEYCO GROUP, INC.	Primarily operates as a service provider
WGL HOLDINGS INC	Functional differences
WGL HOLDINGS INCORPORATED	Functional differences
WHOLE FOODS MARKET, INC.	Functional differences
WINMARK CORPORATION	Primarily operates as a service provider
WIRELESS XCESSORIES GROUP INC	Functional differences
WIRELESS XCESSORIES GROUP, INC.	Functional differences
WORLD FUEL SERVICES CORPORATION	Primarily operates as a service provider
WW GRAINGER INC	Primarily operates as a service provider
XENACARE HOLDINGS, INCORPORATION	Primarily operates as a service provider
XINHUA CHINA LTD.	Primarily operates as a service provider
XS CARGO INCOME FUND	Primarily operates as a service provider
ZARLINK SEMICONDUCTOR INC	Duplicate Record
ZARLINK SEMICONDUCTOR INC	Duplicate Record
Z-TRIM HOLDINGS, INC.	Primarily operates as a service provider
ZUMIEZ INC.	Primarily operates as a service provider

Appendix: Comparables' Financials

BASSETT FURNITURE INDUSTRIES INC

Income Statement

Description	2008	2007	2006	Average
Net Sales	288,298,000	295,384,000	328,214,000	303,965,333
Cost of Goods Sold	173,399,000	195,001,000	225,319,000	197,906,333
Gross Profit	114,899,000	100,383,000	102,895,000	106,059,000
Operating Expenses	131,353,000	120,299,000	103,361,000	118,337,667
Operating Income	-16,454,000	-19,916,000	-466,000	-12,278,667
Interest Expense	4,021,000	3,671,000	3,864,000	3,852,000
R and D Expense				
Advertising Expense				

Latest Tax Year Available: Nov 29, 2008
 Currency: USD

Balance Sheet

Description	2008	2007	2006	Average
Avg Total Assets	277,264,000	310,468,000	311,695,500	299,809,167
Avg Operating Assets	221,272,000	232,697,500	233,942,000	229,303,833
Avg Net Payables	22,425,500	21,515,500	18,174,000	20,705,000
Avg Net Receivables	37,103,500	38,432,500	37,661,000	37,732,333
Avg Net PPE	85,587,500	88,429,000	94,355,000	89,457,167
Avg Net Inventory	47,197,000	49,715,000	49,937,500	48,949,833
Avg Cash And Equivalent	3,657,500	4,794,500	6,580,000	5,010,667
Avg LIFO Reserve				

Latest Tax Year Available: Nov 29, 2008
 Currency: USD

BLUELINX HOLDINGS INC

Income Statement

Description	2008	2007	2006	Average
Net Sales	2,779,699,000	3,833,910,000	4,899,383,000	3,837,664,000
Cost of Goods Sold	2,464,766,000	3,441,964,000	4,419,576,000	3,442,102,000
Gross Profit	314,933,000	391,946,000	479,807,000	395,562,000
Operating Expenses	323,922,000	393,678,000	402,278,000	373,292,667
Operating Income	-8,989,000	-1,732,000	77,529,000	22,269,333
Interest Expense	38,547,000	43,660,000	46,164,000	42,790,333

R and D Expense				
Advertising Expense				

Latest Tax Year Available: Jan 3, 2009
Currency: USD

Balance Sheet

Description	2008	2007	2006	Average
Avg Total Assets	807,921,500	943,899,000	1,081,001,000	944,273,833
Avg Operating Assets	807,921,500	943,899,000	1,081,001,000	944,273,833
Avg Net Payables	121,542,000	180,266,000	261,409,500	187,739,167
Avg Net Receivables	196,914,500	285,359,500	353,318,000	278,530,667
Avg Net PPE	162,608,500	175,345,500	181,149,000	173,034,333
Avg Net Inventory	262,684,500	373,286,500	441,877,000	359,282,667
Avg Cash And Equivalent	102,256,000	27,850,500	25,681,000	51,929,167
Avg LIFO Reserve				

Latest Tax Year Available: Jan 3, 2009
Currency: USD

CANWEL BUILDING MATERIALS INCOME FUND

Income Statement

Description	2008	2007	2006	Average
Net Sales	803,927,000	861,812,000	911,136,000	858,958,333
Cost of Goods Sold	709,696,000	762,202,000	821,047,000	764,315,000
Gross Profit	94,231,000	99,610,000	90,089,000	94,643,333
Operating Expenses	71,158,000	73,526,000	64,975,000	69,886,333
Operating Income	23,073,000	26,084,000	25,114,000	24,757,000
Interest Expense				
R and D Expense				
Advertising Expense				

Latest Tax Year Available: Dec 31, 2008
Currency: CAD

Balance Sheet

Description	2008	2007	2006	Average
Avg Total Assets	244,514,500	256,107,500	268,801,000	256,474,333
Avg Operating Assets	244,514,500	256,107,500	268,801,000	256,474,333
Avg Net Payables	47,898,500	54,408,000	65,084,500	55,797,000
Avg Net Receivables	59,490,000	70,035,500	88,844,000	72,789,833
Avg Net PPE	37,520,000	39,419,500	41,063,000	39,334,167

Avg Net Inventory	93,600,500	108,408,500	115,639,000	105,882,667
Avg Cash And Equivalent	0	0	0	0
Avg LIFO Reserve				

Latest Tax Year Available: Dec 31, 2008
Currency: CAD

DECORIZE INC

Income Statement

Description	2008	2007	2006	Average
Net Sales		15,233,000	15,920,000	15,576,500
Cost of Goods Sold		9,988,000	10,977,000	10,482,500
Gross Profit		5,245,000	4,943,000	5,094,000
Operating Expenses		5,257,000	4,903,000	5,080,000
Operating Income		-12,000	40,000	14,000
Interest Expense		624,000	646,000	635,000
R and D Expense				
Advertising Expense				

Latest Tax Year Available: Jun 30, 2008
Currency: USD

Balance Sheet

Description	2008	2007	2006	Average
Avg Total Assets		8,281,500	7,056,500	7,669,000
Avg Operating Assets		8,281,500	7,056,500	7,669,000
Avg Net Payables		1,867,000	1,627,000	1,747,000
Avg Net Receivables		2,637,500	1,969,500	2,303,500
Avg Net PPE		305,500	259,000	282,250
Avg Net Inventory		1,313,000	877,500	1,095,250
Avg Cash And Equivalent		525,000	441,500	483,250
Avg LIFO Reserve				

Latest Tax Year Available: Jun 30, 2008
Currency: USD

DESIGN WITHIN REACH, INC.

Income Statement

Description	2008	2007	2006	Average
Net Sales	178,903,000	193,936,000	178,142,000	183,660,333
Cost of Goods Sold	100,798,000	107,014,000	103,681,000	103,831,000

Gross Profit	78,105,000	86,922,000	74,461,000	79,829,333
Operating Expenses	92,167,000	87,651,000	87,555,000	89,124,333
Operating Income	-14,062,000	-729,000	-13,094,000	-9,295,000
Interest Expense				
R and D Expense				
Advertising Expense				

Latest Tax Year Available: Dec 31, 2008
Currency: USD

Balance Sheet

Description	2008	2007	2006	Average
Avg Total Assets	75,197,000	74,176,500	77,039,500	75,471,000
Avg Operating Assets	75,197,000	74,176,500	77,039,500	75,471,000
Avg Net Payables	15,710,000	15,779,000	16,999,000	16,162,667
Avg Net Receivables	1,469,000	1,845,000	2,041,000	1,785,000
Avg Net PPE	23,502,000	23,904,500	24,990,500	24,132,333
Avg Net Inventory	37,208,000	35,834,500	32,544,000	35,195,500
Avg Cash And Equivalent	7,167,500	6,223,000	9,937,500	7,776,000
Avg LIFO Reserve				

Latest Tax Year Available: Dec 31, 2008
Currency: USD

FLEXSTEEL INDUSTRIES INC

Income Statement

Description	2008	2007	2006	Average
Net Sales		405,655,000	425,400,000	415,527,500
Cost of Goods Sold		327,165,000	344,177,000	335,671,000
Gross Profit		78,489,000	81,223,000	79,856,000
Operating Expenses		70,893,000	66,524,000	68,708,500
Operating Income		7,596,000	14,699,000	11,147,500
Interest Expense		1,468,000	1,492,000	1,480,000
R and D Expense				
Advertising Expense				

Latest Tax Year Available: Jun 30, 2008
Currency: USD

Balance Sheet

Description	2008	2007	2006	Average
Avg Total Assets		182,460,000	184,170,000	183,315,000

Avg Operating Assets		177,004,000	178,811,000	177,907,500
Avg Net Payables		15,237,000	15,831,000	15,534,000
Avg Net Receivables		50,028,500	53,727,000	51,877,750
Avg Net PPE		27,270,000	26,163,000	26,716,500
Avg Net Inventory		82,274,000	81,763,500	82,018,750
Avg Cash And Equivalent		1,870,500	1,443,000	1,656,750
Avg LIFO Reserve				

Latest Tax Year Available: Jun 30, 2008
Currency: USD

GOODFELLOW INC.

Income Statement

Description	2008	2007	2006	Average
Net Sales	480,781,000	518,496,000	517,573,000	505,616,667
Cost of Goods Sold	467,630,000	500,701,000	494,632,000	487,654,333
Gross Profit	13,151,000	17,795,000	22,941,000	17,962,333
Operating Expenses	0	0	0	0
Operating Income	13,151,000	17,795,000	22,941,000	17,962,333
Interest Expense				
R and D Expense				
Advertising Expense				

Latest Tax Year Available: Aug 31, 2008
Currency: CAD

Balance Sheet

Description	2008	2007	2006	Average
Avg Total Assets	163,580,500	166,068,500	163,303,000	164,317,333
Avg Operating Assets	163,580,500	166,068,500	163,303,000	164,317,333
Avg Net Payables	30,411,000	29,593,500	29,904,000	29,969,500
Avg Net Receivables	78,868,500	79,141,500	78,566,000	78,858,667
Avg Net PPE	26,240,000	25,654,500	24,684,000	25,526,167
Avg Net Inventory	49,709,500	51,640,000	50,951,000	50,766,833
Avg Cash And Equivalent	999,500	1,515,500	1,612,000	1,375,667
Avg LIFO Reserve				

Latest Tax Year Available: Aug 31, 2008
Currency: CAD

HOOKE FURNITURE CORP

Income Statement

Description	2008	2007	2006	Average
Net Sales	261,162,000	316,801,000	49,061,000	209,008,000
Cost of Goods Sold	200,878,000	219,555,000	35,446,000	151,959,667
Gross Profit	60,284,000	97,246,000	13,615,000	57,048,333
Operating Expenses	49,943,000	67,549,000	30,859,000	49,450,333
Operating Income	10,341,000	29,697,000	-17,244,000	7,598,000
Interest Expense			173,000	173,000
R and D Expense				
Advertising Expense				

Latest Tax Year Available: Feb 1, 2009

Currency: USD

Balance Sheet

Description	2008	2007	2006	Average
Avg Total Assets	164,349,500	188,847,500	195,757,500	182,984,833
Avg Operating Assets	164,349,500	188,847,500	195,757,500	182,984,833
Avg Net Payables	10,708,500	11,548,000	11,971,500	11,409,333
Avg Net Receivables	36,195,500	37,986,500	40,868,500	38,350,167
Avg Net PPE	24,974,500	25,096,000	30,922,500	26,997,667
Avg Net Inventory	55,404,000	56,681,500	65,760,500	59,282,000
Avg Cash And Equivalent	22,440,000	40,080,500	31,725,000	31,415,167
Avg LIFO Reserve				

Latest Tax Year Available: Feb 1, 2009

Currency: USD

HUTTIG BUILDING PRODUCTS INC

Income Statement

Description	2008	2007	2006	Average
Net Sales	671,000,000	874,800,000	1,102,700,000	882,833,333
Cost of Goods Sold	548,600,000	709,800,000	896,900,000	718,433,333
Gross Profit	122,400,000	165,000,000	205,800,000	164,400,000
Operating Expenses	159,000,000	172,500,000	209,900,000	180,466,667
Operating Income	-36,600,000	-7,500,000	-4,100,000	-16,066,667
Interest Expense				
R and D Expense				
Advertising Expense				

Latest Tax Year Available: Dec 31, 2008

Currency: USD

Balance Sheet

Description	2008	2007	2006	Average
Avg Total Assets	179,350,000	226,950,000	254,000,000	220,100,000
Avg Operating Assets	179,350,000	226,950,000	254,000,000	220,100,000
Avg Net Payables	36,800,000	56,100,000	75,300,000	56,066,667
Avg Net Receivables	44,550,000	62,500,000	77,100,000	61,383,333
Avg Net PPE	25,500,000	28,300,000	33,200,000	29,000,000
Avg Net Inventory	74,050,000	93,000,000	98,500,000	88,516,667
Avg Cash And Equivalent	2,300,000	3,950,000	3,750,000	3,333,333
Avg LIFO Reserve				

Latest Tax Year Available: Dec 31, 2008
Currency: USD

PATRICK INDUSTRIES INC

Income Statement

Description	2008	2007	2006	Average
Net Sales	325,151,000	435,203,000	347,629,000	369,327,667
Cost of Goods Sold	297,912,000	386,924,000	305,566,000	330,134,000
Gross Profit	27,239,000	48,279,000	42,063,000	39,193,667
Operating Expenses	97,471,000	50,407,000	35,909,000	61,262,333
Operating Income	-70,232,000	-2,128,000	6,154,000	-22,068,667
Interest Expense			1,631,000	1,631,000
R and D Expense				
Advertising Expense				

Latest Tax Year Available: Dec 31, 2008
Currency: USD

Balance Sheet

Description	2008	2007	2006	Average
Avg Total Assets	148,367,500	152,695,500	104,439,500	135,167,500
Avg Operating Assets	148,367,500	152,695,500	104,439,500	135,167,500
Avg Net Payables	9,752,500	12,224,500	11,197,500	11,058,167
Avg Net Receivables	13,153,500	16,619,500	19,163,500	16,312,167
Avg Net PPE	44,688,000	48,841,000	41,300,500	44,943,167
Avg Net Inventory	32,518,500	43,432,500	38,617,500	38,189,500
Avg Cash And Equivalent	1,411,500	254,000	717,000	794,167
Avg LIFO Reserve				

Latest Tax Year Available: Dec 31, 2008
Currency: USD

TAIGA BUILDING PRODUCTS LTD.

Income Statement

Description	2008	2007	2006	Average
Net Sales		1,000,697,000	1,095,117,000	1,047,907,000
Cost of Goods Sold		878,806,000	982,248,000	930,527,000
Gross Profit		121,891,000	112,869,000	117,380,000
Operating Expenses		80,918,000	85,318,000	83,118,000
Operating Income		40,973,000	27,551,000	34,262,000
Interest Expense				
R and D Expense				
Advertising Expense				

Latest Tax Year Available: Mar 31, 2008

Currency: CAD

Balance Sheet

Description	2008	2007	2006	Average
Avg Total Assets		297,165,000	298,940,500	298,052,750
Avg Operating Assets		297,165,000	298,940,500	298,052,750
Avg Net Payables		70,372,000	67,306,000	68,839,000
Avg Net Receivables		111,482,000	124,633,000	118,057,500
Avg Net PPE		34,528,500	30,111,000	32,319,750
Avg Net Inventory		147,510,500	139,765,000	143,637,750
Avg Cash And Equivalent		0	0	0
Avg LIFO Reserve				

Latest Tax Year Available: Mar 31, 2008

Currency: CAD

Appendix: Details of Adjustment Calculations

Adjustment for Terms of Purchase (Payables)

Formula:

$$\text{AP Adjustment} = \left[\left(\frac{\text{Avg AP}_{\text{TP}}}{\text{Sales}_{\text{TP}}} * \text{Sales}_{\text{Comp}} \right) - \text{Avg AP}_{\text{Comp}} \right] * \left(\frac{r}{1+r} \right)$$

$$\text{Adjusted COGS}_{\text{Comp}} = \text{COGS}_{\text{Comp}} + \text{AP Adjustment}$$

Where:

AP = Accounts Payable
Comp = Comparable Taxpayer
TP = Tested Party
r = Interest Rate