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**From:**

**Sent:** Thursday, August 07, 2008 11:28 AM

**To:**

**Cc:**

**Subject:** RE: advance payment for inventorable goods

My reaction is that this is a single contract for delivery of goods over a number of years. The fact that the advance payment is to be prorated based on actual volume delivered seems to indicate that the payment is not allocable to any one year. I would say that the taxpayer has not received substantial advance payments.