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September 21, 1992

John M. Sipple, Jr., Esq.  
Assistant Director for the Premier

SEP 21  
PREM

Federal Trade Commission

AM

This letter shall confirm our telephone conversation on September 16, 1992, concerning the Federal Trade Commission's interpretation of 16 Code of Federal Regulations § 801.11(b) and (c) in connection with a determination of whether an acquiring person exceeds the annual net sales threshold under Title 15 U.S.C. Section

forth herein.

Corporation A's last regularly prepared annual statement of income and expense was its audited financial statement for the fiscal year ending January 31, 1992 prepared in accordance with accounting principles normally used by Corporation A (the "1-31-92 Financial Statement"). On July 1, 1991, Corporation A acquired a ninety percent (90%) general partnership interest in the profit and loss of Partnership B and became the managing general partner of

Under the principles of consolidation used in the

financial statement. Accordingly, the net sales of Partnership B included in the 1/31/92 Financial Statement.

that Corporation A became a partner of Partnership B.

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The issue presented is whether Corporation A can use the annual net sales amount set forth in the 1/31/92 Financial Statement as the combined annual net sales of Corporation A and Partnership B for purposes of § 801.11(b)

and (c) in connection with a determination that Corporation § 801.11(b), Corporation A is required to restate its

net sales of other entities required to be included within such person) would exceed the \$100 million annual net sales threshold set forth in § 18a(a)(2)(B).

Your response to the issue presented was that, so long as the 1/31/92 Financial Statement was not prepared

Act, the Federal Trade Commission would accept the principles used to consolidate the annual net sales of ~~Corporation A and Partnership B~~ set forth in the 1/31/92 Financial sales threshold under § 18a(a)(2)(B) of the Act.

Very truly yours,



It is noted that the letter reflects the above answer. It is understood that the financial statement of 1/31/92

have been prepared as of 1/31 in prior years.