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February 1, 1994

Via Federal Express

7 11 1994

Federal Trade Commission
Bureau of Competition
Premerger Notification Office
Room 303
Washington, D.C. 20580

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BUREAU OF COMPETITION
FEDERAL TRADE COMMISSION

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Dear Mr. Smith:

I am writing to confirm the advice which you provided to me in our telephone conversation of February 1, 1994, relating

I asked you for clarification concerning the meaning of "dollar revenues" as the term is used in items 5, 7, 8, and 9 of the Notification and Report Form. I posed the following set of assumed facts:

1. A, a corporation with one or more offices located in the United States, enters into a contract with B, a corporation with no business office within the United States. The delivery takes place at [redacted]. The sales agreement contains [redacted], title is thereby transferred from A to B as the goods pass the [redacted].

2. B enters into a contract with C, a [redacted] corporation, under which B sells the same goods it purchased from [redacted]. Transfer of title from B to C also takes place as the goods pass the [redacted] at [redacted]. Thus, A transfers title to the goods to B and B transfers that title

I asked you to advise me whether the following are "dollar revenues" which must be reported on the Notification and Report Form and (2) the revenues earned by B from its sale to C.

You advised me that dollar revenues include only those dollar revenues earned by a company which has a business office within the United States. In our discussion, you advised that the FTC staff now takes the position that a company which does not have a business office within the United States does not conduct operations within the United States. Thus, A, which maintains an office for the conduct of business within the United States, is considered to derive dollar revenues from its sale to B. However, because B

from its sale to C, even though transfer of title in the B to C transaction takes place within United States territory. Hence, B is not required to report the sale to C in its response to items 5, 7, 8, or 9 of the Notification and Report Form.

If I have incorrectly stated any part of our discussion or your advice, I would appreciate your so advising me. I will otherwise assume that I have accurately set forth the substance of both in this letter. Once again, many thanks for your cooperation and help in this matter.

Sincerely yours,

