

April 18, 1989

VIA TELECOPY

Mr. Patrick Sharpe  
Compliance Specialist  
Premerger Notification Office  
Bureau of Competition  
Room 301  
Federal Trade Commission  
Washington, D.C. 20580

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FEDERAL TRADE  
COMMISSION  
PREMERGER NOTIFICATION  
OFFICE

APR 18 3 46 PM '89

Dear Mr. Sharpe:

On April 6, 1989, I wrote to you for the purpose of confirming your informal interpretive advice regarding a proposed acquisition that I had described to you in an earlier letter dated March 27, 1989. Copies of both letters are attached to this letter. Based upon our telephone conversation of yesterday, I am writing to clarify what your interpretive advice is with respect to the given fact situation. The confusion that has arisen is a result of my characterization of the annual statement of income to be prepared with respect to the revenues attributable to the transferred assets as being a "pro forma" statement. I understand from our conversation that the staff objects to reliance upon "pro forma" financial statements since it does not consider such statements to be "regularly prepared."

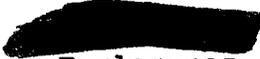
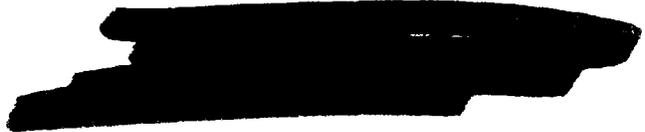
The annual income statement upon which Company A and Company B propose to rely will be a restatement of Company A's 1988 annual statement of income, which will eliminate revenues and expenses related to assets disposed of by Company A which assets will not be transferred to Newco. This restatement will show revenues of less than \$25 million and will be prepared on a basis consistent with the original 1988 annual income statement and consistent with future Newco annual income statements. The restated annual income statement, along with the balance sheet of Newco prepared after the transfer of assets from Company A, will be the first in a series of regularly prepared financial statements of Newco.



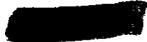
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I understand your advice to be that Company A and Company B may rely on the restated annual income statement in availing themselves of the exemption under 16 C.F.R. § 802.20 because it is the first in a series of regularly prepared annual income statements and because its preparation is consistent with Company A's 1988 annual income statement and will be consistent with future annual income statements of Newco. Please contact me by April 21, if I have misstated the Staff's position with respect to this particular situation.

Very truly yours,



Enclosures



*I concur with this*  
*PS - 4-19-89*

