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**From:** Walsh, Kathryn E.  
**Sent:** Wednesday, September 30, 2015 9:37 AM  
**To:** [REDACTED]  
**Subject:** RE: Your VM

You're right – those terms do get used interchangeably sometimes, even though they shouldn't. The answer is net sales as you define it below – thanks for clarifying.

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**From:** [REDACTED]  
**Sent:** Tuesday, September 29, 2015 9:39 PM  
**To:** Walsh, Kathryn E.  
**Subject:** RE: Your VM

Ms. Walsh,

I am following up on our earlier email correspondence regarding the meaning of "total revenue" under 802.2(c)(1). In response to my earlier question, you confirmed that "total revenues" refers to "NET INCOME" rather than gross income per HSR Informal Interpretation #0705020. In reviewing that Interpretation again, however, I note that the author referred to NET "SALES" rather than NET "INCOME" in their original message to your office. From an accounting perspective, the two terms mean completely different things and usually represent vastly different numbers.

NET SALES generally refers to gross sales/gross revenue minus sales returns, discounts, and allowances (if any). NET INCOME refers to NET SALES minus the cost of goods sold. NET INCOME will usually be considerably lower than NET SALES. My email referred to "NET INCOME" but #0705020 refers to "NET SALES". Another recent Informal Interpretation (HSR Informal Interpretation #1507004) also indicates that "total revenues" means "NET REVENUES" which is equivalent to NET SALES as the two terms are interchangeable.

I am now wondering if perhaps we misunderstood each other.

Does "total revenue" under 802.2(c)(1) mean NET SALES/NET REVENUE (per the two informal interpretations) or does it mean NET INCOME (per my email and your previous response)?

Thank you in advance for your consideration.

Best regards,

[REDACTED]

[REDACTED]

[REDACTED]  
[REDACTED]