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Vice President and Controller

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Mr. Timothy S. Lucas  
Director of Research and Technical Activities  
Financial Accounting Standards Board  
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We appreciate the opportunity to comment on the FASB's Exposure Draft entitled "Consolidated Financial Statements: Policy and Procedures" (the ED), dated October 16, 1995. In particular, we wish to express our concern over the proposed change to require conformity of fiscal periods for the financial information of a subsidiary in the consolidated financial statements of its parent company (pp.33).

We have consolidated our 53% interest in The Neiman Marcus Group, Inc. on a quarter lag since our acquisition in 1987 of a significant block of the stock of this company and are not aware of any confusion that has arisen as a result of transactions between the parent and subsidiary occurring during the lag period. It is our experience that intercompany transactions and events that occur during the lag period, can and should be accounted for in consolidation without significant accounting or reporting issues and without materially misstating the consolidated results of operations. We have, after consultation with accountants and others, been unable to determine whether the proposed change was necessitated by specific problems or circumstances in the financial community.

The latitude provided under ARB 51, allowing financial information of a subsidiary to differ from up to three months, may have originally been established to accommodate companies struggling to compile financial information of subsidiaries whose fiscal years differed for statutory or regulatory purposes. It may also have stemmed from geographical constraints and unsophisticated information systems that jeopardized the reliability of timely information, if it were even available. In certain instances, this rationale may still hold true. It is our experience however, that other factors may contribute to the use in consolidation of a subsidiaries' financial information as of a date different from the reporting date of the parent. In light of the Board's basis for conclusion on this topic, as drafted in the ED, it does not appear that these other factors have been considered.

A key factor in our decision to consolidate the financial information of a subsidiary with a quarter lag is the need and desire to provide consistent and comprehensive information to the public, to users of our financial statements, and to users of the financial statements of our subsidiary. As a registrant, we are subject to the reporting requirements of the Securities Exchange Act of 1934. The Neiman Marcus Group, Inc. (NMG), whose financial information is included in our consolidated financial statements on a quarter lag, is also a registrant. NMG

operates in a different segment of business than that of our other operations, and its fiscal year end is three months earlier than Harcourt General's year end. We have found that it is not unusual practice for companies with diverse holdings to operate in business segments that, due to seasonality and operational factors, include subsidiaries with year ends that differ from that of the parent. It is therefore not for lack of timely information that we consolidate its financial information on a quarter lag.

Under the segment reporting requirements, the consolidated financial statements and management's discussion and analysis included in our publicly filed documents address the operating results, as well as certain balance sheet and cash flow information, of NMG separately from those of our other business segments. Since NMG is also a registrant, this same financial information is addressed in its financial statements and management's discussion and analysis, likewise included in publicly filed documents. By consolidating the financial information of the subsidiary on a quarter lag, the Forms 10-K and 10-Q, etc., of both parent and subsidiary have consistent financial information and analysis of the operations of NMG. We feel strongly that it would be very confusing to the public and users of financial statements to have annual financial information, for instance, of one entity appear with differing results in two separate publicly filed documents, because the two twelve month periods ended three months apart.

The financial information of NMG for the quarter ended concurrently with our year end (not included in the period consolidated in our financial statements) is available to the public on Form 10-Q. Our consolidated financial statements disclose that NMG is a registrant and its financial information has been consolidated on a quarter lag. We have consistently complied with disclosure requirements regarding material events and transactions that occur subsequent to the date of this subsidiaries' financial information, and included current disclosures where such information was relevant.

The latitude provided under ARB 51 is not inconsistent with other accounting literature. Both SFAS 87 and SFAS 106 allow companies to choose a measurement date within three months of the fiscal year end, for valuation of pension and postretirement obligations. Additionally, certain other accounting pronouncements specifically address accounting treatment if a subsidiary is consolidated with a lag (e.g. SFAS 52 and FIN 13, which was superseded by SFAS 115), and the conclusions have been consistent and in support of the three month latitude.

Article 3A- Consolidated and Combined Financial Statements of Regulation S-X addresses the topic of consolidated financial statements of a registrant and its subsidiaries when there is a difference in fiscal periods. Specifically, this regulation states that an entity should not be excluded from consolidation due to a difference in fiscal periods, and in the event that the difference is less than 93 days, it is usually acceptable to use, for the purposes of consolidation, such entity's statements for its fiscal period.

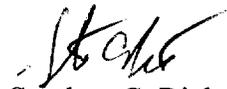
In conclusion, we have considered the benefits of consolidating timely information for all our subsidiaries. We agree that the public should have access to updated financial information. It is our position, however, that under our current reporting structure, the public has timely financial

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information in spite of our consolidating on a quarter lag. In fact, were we to conform the financial information of NMG to our fiscal year end for inclusion in consolidation, we would be required to provide inconsistent information regarding this subsidiary on a quarterly basis to the public. In our opinion, this practice would create confusion without providing any significant benefit.

If you have any questions, please do not hesitate to contact us on this matter.

Very truly yours,



Stephen C. Richards  
Vice President and Controller

cc: Edward F. McCauley, Partner  
Deloitte & Touche LLP