

[REDACTED]

[REDACTED]

[REDACTED]

August 29, 1991

RECEIVED  
AUG 31 1991  
FEDERAL TRADE COMMISSION

Improvements Act of 1976, as amended

Patrick Sharpe  
Premerger Notification Office  
Bureau of Competition  
Federal Trade Commission  
Room 303  
6th Street and Pennsylvania Avenue, N.W.  
Washington, D.C. 20540

Via telecopy (202) 326-2050

provision of  
Clayton Act  
under this

Dear Mr. Sharpe:

confidential  
7A (h) of  
restricts rel  
information

As we discussed on August 28, 1991, on behalf of our client [REDACTED]

with respect to the meaning of annual net sales for the purposes of arriving at the size-

You have requested that we further describe the nature of the Conduit Payments which are itemized in Exhibit B to the Prior Letter. [REDACTED] has informed us

Drilling, Survey Services, Lab. Services, Service Labor, Boat Services, "Consultants", "Communic.", "Travel", "Misc." and "Subcontractors" represent payments to third parties for services they rendered to [REDACTED] clients (or to [REDACTED] for the benefit of such clients) in connection with projects on which [REDACTED] is also rendering its services. [REDACTED] views all of such services as subcontractor services. Similarly, [REDACTED] has informed us that the amounts listed under the columns labeled in Exhibit B to the

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clients in connection with a project. [REDACTED] views such payments as third party suppliers' payments which are indistinguishable from subcontractors' payments because of their conduit nature.

[REDACTED] believes that the Conduit Payments itemized in Exhibit B to the Prior Letter are analogous to payments [REDACTED]

The construction contractor receives revenues for supervising the building of the house; the plumber receives revenues for installing pipe. The construction contractor [REDACTED]

Likewise, [REDACTED] has informed us that third parties may provide services or materials to [REDACTED] clients on projects which [REDACTED] is supervising. For instance, a [REDACTED]

To elaborate further, [REDACTED] has informed us the Target which is the subject [REDACTED]

[REDACTED] and the Target were subject to the reporting requirements [REDACTED] 11

of such surveying services of the Target. Such duplicitous reporting would incorrectly reflect the revenues that each of [REDACTED]

net sales for its own business purposes. With respect to the Conduit Payments, [REDACTED] has informed us as follows:

1. The document entitled [REDACTED] Profit & Loss Accounts" (attached hereto as Exhibit A, the "Unadjusted Income Statement"), [REDACTED]

2. "Net O.S.R." means net own services revenue;

3. The document entitled "Financial Review - Report for the 4th Quarter 1990" (attached hereto as Exhibit B, the "Financial Review"), [REDACTED]

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4. The amounts reflected on the Unadjusted Income Statement and the Financial Review are unaudited; and

5. The amounts on the Unadjusted Income Statement and the Financial Review vary somewhat from the amounts stated on the

do not reflect certain accounting adjustments made to account for (a)

Thus, in its internal accounting, [redacted] treats Net Turnover as its annual net sales.

We hope that this additional information will assist the Staff in giving [redacted] guidance with respect to the Staff's view of what constitutes annual net sales as it relates to the Proposed Transaction. If it is possible, we would appreciate a letter

able to provide us in meeting this schedule would also be appreciated.

Thank you for your assistance in this matter. If you have any further

cc: [redacted]