



Report to date on information gathering re: EMCOR Group's purchase of USM

On May 18, 2011 WorldSweeper was notified via press release that EMCOR Group, Inc., had entered into an intent to purchase agreement with USM. The next day, WorldSweeper.com's editor, Ranger Kidwell-Ross, sent to EMCOR Group, Inc. via email the following questions:

- Will Emcor be responsible for any outstanding payments owed by USM?
- Will any existing contracts people have with USM continue to be valid once Emcor purchase goes through?
- Information about Emcor's pricing/expectations model:
 - Does Emcor share competing contractors' bids among the bidding group?
 - Does Emcor dictate pricing for particular 'group lots' like the standard WalMart/Home Depot/Target parking area?
 - Does Emcor require daily sign-offs for sweeping that need to be gotten from store managers every day?
- Other basic info about Emcor's philosophy of operation.
- What are some of the accounts Emcor currently has nationally/regionally?

On May 20th, we received the following emailed information from EMCOR's publicist, Bruce Ross (for clarity, his responses are shown in blue):

USM is a very strategic acquisition for EMCOR Group, Inc., a Fortune 500 company, recently named #1 Most Admired Company in the Engineering/Construction Industry for the 3rd consecutive year.

Together USM and EMCOR's facilities services operations offer clients a powerful, comprehensive service offering. The combination of our businesses will create one of the largest providers of facilities maintenance services in the country and a compelling, comprehensive and premier value proposition to our customers, unmatched in the marketplace.

Answers to your questions are as follows:

- Will EMCOR be responsible for any outstanding payments owed by USM?
EMCOR Group and Transfield Services, the current parent company of USM, will stand behind all obligations within the purchase and sale agreement. USM payments will be treated in the normal course of business.
- Will any existing contracts people have with USM continue to be valid once EMCOR purchase goes through? Yes---absolutely---USM remains legal entity. No change in status for providers or customers. All contracts roll over.
- Information about Emtcor's pricing/expectations model. EMCOR expects profitable growth from all of its 75+ operating companies.
- Does EMCOR share competing contractors' bids among the bidding group?
EMCOR competes for Trades contracts in a similar fashion as USM competes for Exterior/Interior contracts.
- Does EMCOR dictate pricing for particular 'group lots' like the standard WalMart/Home Depot/Target parking area? No.
- Does EMCOR require daily sign-offs for sweeping that need to be gotten from store managers every day? EMCOR does not do Lot Sweeping. That is why this is a strategic acquisition.
- Other basic info about EMCOR's philosophy of operation. Bring our Customers value thru professional service delivery.
- What are some of the accounts EMCOR currently has nationally/regionally? We protect our customers' privacy. Also, all of our accounts require customer approval to use their name.

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May 23, 2011

Bruce-

I appreciate the opportunity of speaking with you on the phone. As I mentioned, I would like to have a frank discussion with the appropriate person at Emtcor to get a handle on their business methods and philosophy.

As I articulated during our conversation, I have received many dozens of anecdotal reports about what could only be called 'apparent predatory business practices' done by USM. For an overview of some of these, you might want to take a look at the information at the web URLs below:

<http://www.worldsweeper.com/Industry/USMWalMartDissolved4.11.html>
Comments to the April 1 USM posting at www.facebook.com/worldsweeper

You might also want to look at my April newsletter editorial:

<http://www.worldsweeper.com/Newsletters/2011/April/EditorOverview4.11.html>

As a part of this, I know there are a number of contractors who have provided the required information, performed services, and done whatever follow-up was required and requested; however, to date they have not been paid by USM. I am concerned by the response you provided for my question about whether services that have been performed by contractors for USM will be compensated. You say:

- [EMCOR Group and Transfield Services, the current parent company of USM, will stand behind all obligations within the purchase and sale agreement.](#)

To me, that does not answer the question since there is no way to know what the “obligations within the purchase and sale agreement” actually called for.

It is impressive that Emcor Group, Inc. was recently named "number one most admired company in the engineering/construction industry" for the third consecutive year. Given that, I am very open-minded and initially optimistic about the professionalism that Emcor may well be bringing to the table.

To confirm these apparently outstanding business practices, I am requesting an interview with someone who represents Emcor and can speak to the business practices they will be bringing into this segment of the national service provider arena. To reiterate what I offered on the phone: I would like to conduct an audio interview with such a representative, with the agreement that I would provide final review of the audio interview information to the interviewee/Emcor prior to publication.

I believe doing so would provide a unique opportunity and platform for Emcor to articulate how the new parent company's management anticipates being able to bridge the “nonconfidence gap” that now exists between America's contractors in the power sweeping/pressure washing/landscaping/snow removal community and the business practices of the formerly-run USM.

As a part of this interview, I would like to receive a definitive answer to whether the contractors who have abided by their contract in providing both their services and their required paperwork under the management of the former (Transfield owned) USM will be paid for their work, whether it was done for Walmart, Target, or anyone else.

Please let me know how we might accomplish this task, which I believe would be good for both America's contracting community and Emcor Group, Inc.

Cheers,
Ranger

On May 24, 2011, Bruce Ross sent the following reply:

Ranger...EMCOR cannot respond concerning past practices. Here is a comment from the company. I will be happy to revisit this with you at some point after the acquisition has closed and USM has been fully integrated into the EMCOR fold.

Best regards,
Bruce

"Even though EMCOR Group Inc. announced on May 18 an agreement to acquire USM Services, the transaction isn't expected to close until the end of June. At that time, USM will become an EMCOR operating company, of which EMCOR has +75. As a Fortune 500 company, that works for over 75% of the Fortune 500 and Government, EMCOR's strong record of Financial Performance, Safety, Corporate Citizenship, and the overall manner in which it does business not only speaks for itself over time, but it is all covered in detail on our website at www.EMCORGroup.com. There, Corporate Governance Documents, including EMCOR's "Code of Business Conduct & Ethics", and "Code of Ethics for Chief Executive Officers and Senior Financial Officers", can be found."

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Once the purchase of USM by EMCOR Group, Inc. has been finalized, WorldSweeper will re-contact the organization and do our best to arrange for an in-depth, frank discussion about what contractors around the country can expect from the change of ownership.

Have information to provide? You may contact the WorldSweeper.com office via email sent to editor@worldsweeper.com; call (866) 635-2205.