[redacted]

Addie Williams, Esquire
Premerger Notification Office
Room 301
Federal Trade Commission
Pennsylvania Avenue and Sixth Street, N.W.
Washington, DC 20580

[redacted]

Following is the outline of the transaction I discussed

[redacted]

Company A, the acquiring person, intends to acquire

[redacted]

parts:

1. $14.8 million for the stock at closing.

[redacted]

to exceed $2 million in any one year and $5.2 million in total.

a. The first $2 million in payments will be made to a group consisting of key management personnel which include present owners of B and will be earned by them as additional management compensation. These payments are contingent upon their continued employment.

b. The remaining $3.2 million will be paid as an

[redacted]

[redacted]

[redacted]

Company A does not guarantee that any of the $3.2 million [redacted]

earnings are not predictable:

FY '71 through FY '78 - less than $200,000/year
[redacted]
FY '81 and '82 - $.5 million/year
FY '84 (ending 4/30/84) - $3.04 million

The payment of $5.2 million is partly compensation and partly dependent on future earnings, which could conceivably be zero, resulting in no payment at all. The only consideration [redacted]

NLC/dsm - 6304C

[redacted]

May 15, 1984

THIS IS EXEMPT UNDER 802.20 BECAUSE A IS ACQUIRING MORE THAN 15% OF B VALUED AT LESS THAN $15 MM. SALES AND ASSETS OF B ARE LESS THAN $25 — EXEMPT UNDER 802.20.
(CONFERRED WITH PATRICK SHARPE FOR HIS OPINION)

[redacted]