F

82-748

Chairman of the Board
and President

January 6, 1982

Dear MAI Shareholder:

There is enclosed the Notice of the Annual Meeting of Shareholders (scheduled for February 18, 1982), the Board of Directors' Proxy Statement and a proxy card.

For the reasons set forth in the Proxy Statement, we request your affirmative vote to elect the four nominees as directors and to approve the selection of independent auditors.

In our 1981 Annual Report we reported two changes in directorships — one new and one retiring. We are pleased to announce another addition to the Board as of January 1, 1982 — John W. Culligan, Chairman of American Home Products Corporation.

We hope that you will be able to attend the Annual Meeting at the Doral Inn in New York City and we look forward to meeting with you there. But whether or not you can attend, it is important that your shares be represented. Accordingly, we request that you fill in, date and sign your proxy and mail it in the enclosed self-addressed envelope at your earliest convenience.

Sincerely,

Raymond P. Kurshan

Raymond P. Kurshan

Management Assistance Inc./560 Lexington Avenue/New York, NY 10022/(212) 909-1400

MAI

NOTICE OF THE ANNUAL MEETING OF SHAREHOLDERS

February 18, 1982

To the Shareholders of
MANAGEMENT ASSISTANCE INC.

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Management Assistance Inc. (the "Company") will be held at the Doral Inn, 541 Lexington Avenue, New York, New York, on Thursday, February 18, 1982 at 11:30 o'clock in the morning, for the following purposes:

(1) To elect four directors, three constituting the Class C Directors, to serve until the Annual Meeting of Shareholders in 1985 and until their successors have been duly elected and shall qualify, and one as a Class A Director, to serve until the Annual Meeting of Shareholders in 1983 and until his successor has been duly elected and shall qualify;

(2) To approve the appointment of Peat, Marwick, Mitchell & Co. as independent auditors of the Company for the fiscal year ending September 30, 1982; and

(3) To transact such other business as may properly come before the meeting or any adjournment thereof.

Every shareholder of record at the close of business on Monday, January 4, 1982, is entitled to cast, in person or by proxy, one vote for each share of Common Stock held by such shareholder.

By Order of the Board of Directors

Robert W. Berend,
Secretary

Dated: January 6, 1982

YOUR PROXY IS IMPORTANT WHETHER YOU OWN FEW OR MANY SHARES. PLEASE FILL IN, DATE, SIGN AND MAIL IT TODAY IN THE ACCOMPANYING SELF-ADDRESSED ENVELOPE WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES.

PROXY STATEMENT FOR ANNUAL MEETING OF SHAREHOLDERS

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Management Assistance Inc. (the "Company"), a New York corporation having its principal office at 560 Lexington Avenue, New York, New York 10022, for use at the Annual Meeting of Shareholders to be held on Thursday, February 18, 1982, or at any adjournment or adjournments thereof. Only shareholders of record at the close of business on Monday, January 4, 1982 (the "Record Date"), are entitled to vote at the meeting. Proxy material is being mailed on January 7, 1982 to the Company's shareholders of record.

The Company and its subsidiaries are collectively referred to herein as "MAI".

VOTING SECURITIES

The voting securities at the meeting will consist of 8,295,880 shares of Common Stock, $.40 par value (the "Common Stock"). Each shareholder of record is entitled to cast, in person or by proxy, one vote for each share of Common Stock held by such shareholder at the close of business on the Record Date.

Shareholders who execute proxies retain the right to revoke them by notifying the Company at any time before they are voted. Unless so revoked, the shares represented by proxies will be voted at the meeting. Proxies solicited by the Board of Directors of the Company will be voted in accordance with the directions given therein.

SECURITIES OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The only person known to the Company to be the beneficial owner as of the Record Date of more than 5% of the Common Stock is Continental Telephone Corporation ("Continental"), 56 Perimeter Center East, Atlanta, Georgia 30346. Based on information contained in a Schedule 13D (as amended) filed by Continental with the Securities and Exchange Commission, Continental beneficially owned, as of August 20, 1981, 532,900 shares of Common Stock, or approximately 6.5% of the class.

The following table sets forth information as of the Record Date with respect to the shares of Common Stock beneficially owned by the Company's directors and all directors and officers of the Company as a group. None of such persons owns any of the Company's 7½% Convertible Subordinated Debentures due 1987.

Name	Amount Beneficially Owned(1)	Percent of Class
Robert W. Berend	64,474(2)	0.8%
Marshall P. Bissell	350	nil
Robert L. Brueck	0	0
John W. Culligan	0	0
James G. Hellmuth	0	0
Stephen J. Keane	69,200(3)	0.8%
Raymond P. Kurshan	147,139(4)	1.8%
Arthur J. Loose	500	nil
John E. McConnaughy, Jr.	0	0
Gerald Rosenberg	800	nil
Gerald E. Veltmann	550(5)	nil
Aaron Wildavsky	100	nil
All directors and officers as a group	450,006(6)	5.4%

(See notes on next page)

(1) The figures in the table represent record and beneficial ownership, which includes sole voting and investment power, except as otherwise indicated in the notes to the table and except for 3,659 shares owned by Mr. Kurshan's wife, 500 shares which are owned jointly by Mr. Rosenberg and his wife and 300 shares owned by Mr. Rosenberg's wife as custodian for their children, 50 shares owned by Mr. Veltmann's wife, 500 shares owned by an officer's wife and 2,300 shares owned by another officer and the wife of a third officer as custodians for their children. Each such director and officer disclaims beneficial ownership in the shares owned by his wife or for his children.

(2) Includes 27,480 shares which are held in escrow pursuant to the Key Employees Restricted Stock Plan (the "1974 Restricted Stock Plan") and the Restricted Stock Plan of 1978 (the "1978 Restricted Stock Plan") and includes 8,500 shares which Mr. Berend has the right to acquire upon the exercise of an option granted under the Stock Option Plan of 1976 (the "1976 Option Plan") which is currently exercisable or will be exercisable within 60 days after the Record Date. See Election of Directors for a description of such Plans, the Stock Option Plan of 1975 (the "1975 Option Plan") and the Stock Option Plan of 1979 (the "1979 Option Plan"). (The 1974 Restricted Stock Plan and the 1978 Restricted Stock Plan are collectively referred to herein as the "Restricted Stock Plans". The 1975 Option Plan, the 1976 Option Plan and the 1979 Option Plan are collectively referred to herein as the "Option Plans".)

(3) Includes 45,200 shares which are held in escrow pursuant to the Restricted Stock Plans and includes 13,000 shares which Mr. Keane has the right to acquire upon the exercise of an option granted under the 1976 Option Plan which is currently exercisable or will be exercisable within 60 days after the Record Date.

(4) Includes 74,450 shares which are held in escrow pursuant to the 1978 Restricted Stock Plan and includes 18,750 shares which Mr. Kurshan has the right to acquire upon the exercise of an option granted under the 1976 Option Plan which is currently exercisable or will be exercisable within 60 days after the Record Date.

(5) Mr. Veltmann, at age 70, having served as a director since November 1972, is retiring as of the Annual Meeting and will not be standing for re-election as a director.

(6) Includes, in addition to the shares referred to in notes (2), (3) and (4), 101,190 shares owned by officers of the Company (other than Messrs. Berend, Keane and Kurshan) which are held in escrow pursuant to the Restricted Stock Plans and includes 12,288 shares which these other officers have the right to acquire upon the exercise of options granted under the 1975 and 1976 Option Plans which are currently exercisable or will be exercisable within 60 days after the Record Date. The directors, other than Messrs. Berend, Keane and Kurshan, do not own any shares allocated under the Restricted Stock Plans, nor do they hold any options to purchase shares of Common Stock, and they are not currently eligible to be allocated shares under the Restricted Stock Plans or to be granted options.

ELECTION OF DIRECTORS

Four directors will be elected at the meeting, three constituting the Class C Directors, to serve until the Annual Meeting of Shareholders in 1985 and until their respective successors have been elected and shall qualify, and one as a Class A Director, to serve until the Annual Meeting of Shareholders in 1983 and until his successor has been elected and shall qualify.

Pursuant to the Company's restated certificate of incorporation, the Board of Directors has the authority to determine the number of directors, not less than nine nor more than fifteen, constituting the Board. Since the 1981 Annual Meeting, Theodore J. Smith resigned as a director and Robert L. Brueck and John W. Culligan were elected as directors. Gerald E. Veltmann is retiring and, accordingly, is not standing for re-election as a director.

Proxies received in response to this solicitation will be voted for the election of Messrs. Brueck, Hellmuth and Kurshan as Class C Directors and for the election of Mr. Culligan as a Class A Director unless otherwise specified in the proxy. If any nominee should be unable or declines to serve, it is intended that the proxies will be voted only for the balance of those named and such other person as the Board of Directors may designate as a substitute for such nominee, but the Board of Directors knows of no reason to anticipate that this will occur. There are no arrangements or understandings between any director and any other person pursuant to which the director was selected.

The following tables indicate the nominees for election as Class C Directors, the nominee for election as a Class A Director, the Class A Directors continuing in office and the Class B Directors continuing in office:

Class C Directors

NOMINEES

Robert L. Brueck

James G. Hellmuth

Raymond P. Kurshan

Class C Directors (Term Expires 1985)	Principal Occupation	Age	Year Became Director
ROBERT L. BRUECK	General Partner, Business Development Partners, a venture capital and management service company	46	1981
JAMES G. HELLMUTH	Vice President, Bankers Trust New York Corporation	58	1972
RAYMOND P. KURSHAN	Chairman of the Board and President of the Company	58	1961

NOMINEE

John W. Culligan

CONTINUING IN OFFICE

Stephen J. Keane

Arthur J. Loose

Gerald Rosenberg

Class A Directors (Term Expires 1983)	Principal Occupation	Age	Year Became Director
John W. Culligan	Chairman of the Board and a director of American Home Products Corporation Also serves as a trustee of The New York Bank for Savings	65	1982
Stephen J. Keane	Vice President of the Company and President of its Basic Four Information Systems Division	52	1980
Arthur J. Loose	Retired — President until 1975 of Vapor Corporation, manufacturer of equipment for transportation and oil production industries	68	1976
Gerald Rosenberg	President and a director of Condec Corporation, manufacturer of flow control devices, industrial machinery and government products Also serves as a director of Unimation, Inc.	53	1977

Class B Directors

CONTINUING IN OFFICE

Robert W. Berend

Marshall P. Bissell

John E. McConnaughy, Jr.

Aaron Wildavsky

Class B Directors (Term Expires 1984)	Principal Occupation	Age	Year Became Director
Robert W. Berend	Senior Vice President, General Counsel and Secretary of the Company	50	1971
Marshall P. Bissell	Retired — President and a director until 1980 of New York Life Insurance Company	66	1980

Class B Directors (Term Expires 1984)	Principal Occupation	Age	Year Became Director
JOHN E. MCCONNAUGHY, JR.	Chairman of the Board, President, Chief Executive Officer and a director of Peabody International Corporation, manufacturer of environmental control products, and Chairman of the Board, Chief Executive Officer and a director of GEO International Corporation, a company in the oil field service and quality assurance industries Also serves as a director of First Bancorp., Inc. (New Haven, Connecticut), Gram Industries, Inc. and Akzona Incorporated	52	1979
AARON WILDAVSKY	Professor of Political Science, University of California at Berkeley Also serves as a director of DWG Corp.	51	1976

Each of the directors has been engaged in his principal occupation set forth above for more than the past five years, other than Messrs. Brueck, Keane and Wildavsky.

Mr. Brueck has been a general partner of Business Development Partners since its formation in February 1981. For approximately ten years prior to August 1979, Mr. Brueck was the President of MRI Systems Corporation, a developer and marketer of software products for data base management systems. From August 1979 to February 1981, he acted as a business consultant.

Mr. Keane was elected a Vice President of the Company in August 1979. He served as President of the Company's Sorbus Service Division from July 1977 to July 1981, when he became President of the Company's Basic Four Information Systems Division. From April 1973 to July 1977, he was a Vice President of Mohawk Data Science Corporation, a manufacturer of data processing equipment.

Dr. Wildavsky was Dean of the Graduate School of Public Policy of the University of California at Berkeley from 1966 to 1977. From 1977 to 1978, he served as President of The Russell Sage Foundation, a charitable foundation specializing in research on questions of public policy.

There are no family relationships among any of the directors or executive officers of the Company.

The Board of Directors has standing Executive, Audit and Compensation Committees; it does not have a standing Nominating Committee.

Messrs. Berend, Hellmuth and Kurshan serve as members of the Executive Committee, with Mr. Kurshan serving as Chairman. The Executive Committee acts on matters which require immediate action in circumstances where it is impracticable to assemble a quorum of the Board of Directors. The Executive Committee held two meetings during the fiscal year ended September 30, 1981 and acted pursuant to written consent in lieu of meeting on three occasions.

Messrs. Bissell, Loose, Rosenberg and Veltmann serve as members of the Audit Committee, with Mr. Veltmann serving as Chairman. The Audit Committee recommends annually to the shareholders the independent certified public accountants to be retained by the Company and reviews the scope and procedures to be followed in the conduct of audits by both the independent certified public accountants and internal auditors of the Company, various reports and recommendations with respect to internal controls and any significant changes in accounting practices. The Audit Committee held four meetings during the fiscal year ended September 30, 1981.

Messrs. Hellmuth, McConnaughy and Wildavsky serve as members of the Compensation Committee, with Mr. Hellmuth serving as Chairman. The Compensation Committee approves the remuneration of key officers and managers of MAI, reviews and recommends to the Board of Directors changes in the Company's stock benefit plans and administers the Restricted Stock Plans, the Option Plans, the Cash Compensation Plan, the Special Severance Benefit Plan and the Supplementary Pension Plan. The Compensation Committee held three meetings during the fiscal year ended September 30, 1981 and acted pursuant to written consent in lieu of meeting on five occasions.

During the fiscal year ended September 30, 1981, there were eight meetings of the Board of Directors. All of the directors attended all of the meetings of the Board and the Committees of the Board on which they serve, with the exception of two directors who missed two meetings and two directors who missed one meeting.

Each director who is not an officer of MAI receives a monthly fee of $750, receives $500 for each meeting of the Board of Directors or of a Committee designated by the Board of Directors which he attends and receives an additional $200 for each meeting of a Committee which he chairs. Directors who served during the entire year received aggregate directors' fees during the fiscal year ended September 30, 1981 ranging between $12,875 and $17,975.

Remuneration

The following table sets forth the remuneration for service in all capacities to MAI during its fiscal year ended September 30, 1981 (1) of each of the five highest compensated directors or officers of the Company whose cash and cash-equivalent forms of remuneration exceeded $50,000 in such fiscal year and (2) of all directors and officers of the Company as a group. The table also sets forth the aggregate contingent remuneration distributed or accrued with respect to each identified individual and the group.

		Cash and Cash-Equivalent Forms of Remuneration		
Name of Individual or Number of Persons in Group	Capacities in which Served	Salaries, Fees, Directors' Fees, Commissions and Bonuses(1)	Securities or Property, Insurance Benefits or Reimbursement, Personal Benefits(2)	Aggregate of Contingent Forms of Remuneration(3)
Raymond P. Kurshan(4)	Chairman of the Board and President	$ 230,625	$ 81,332	$ 49,952
Stephen J. Keane	Vice President and President of the Company's Basic Four Information Systems Division or its Sorbus Service Division	255,375	26,068	28,985
Theodore J. Smith(5)	Vice President and President of the Company's Basic Four Information System Division	153,491	60,196	21,225
Robert W. Berend	Senior Vice President, General Counsel and Secretary	172,080	22,977	21,395
Joseph S. Barsa	Vice President and President of MAI International Corporation	132,000	30,394	19,554
All directors and officers as a group (24 persons)		2,049,872	306,915	201,541

(1) The above remuneration includes, as applicable, bonuses accrued with respect to the fiscal year ended September 30, 1981, some of which are payable pursuant to the Cash Compensation Plan,

in the amount of $5,625 to Mr. Kurshan, $126,000 to Mr. Keane, $40,283 to Mr. Smith, $28,080 to Mr. Berend, $12,000 to Mr. Barsa and $381,059 to all directors and officers as a group (including such individuals).

(2) Includes the fair market value on the date of release from escrow of the shares of Common Stock allocated under the Restricted Stock Plans and released from escrow during the fiscal year ended September 30, 1981 less amounts expensed in MAI's financial statements with respect thereto for prior fiscal years ($74,728 for Mr. Kurshan, $21,035 for Mr. Keane, $56,090 for Mr. Smith, $18,443 for Mr. Berend, $28,393 for Mr. Barsa and $238,964 for all directors and officers as a group), the amount of the Company's contributions vested during such fiscal year pursuant to the Employee Savings Plan, the cost of certain insurance premiums and the value of certain personal benefits which are not directly related to job performance. Excludes the difference between the option price of shares of Common Stock acquired during such fiscal year upon the exercise of options and the fair market value of the shares on the date of exercise.

(3) Includes amounts contributed by the Company, but not vested, during the fiscal year ended September 30, 1981 pursuant to the Employee Savings Plan, that portion of the fair market value of shares of Common Stock allocated but not released from escrow under the Restricted Stock Plans which was expensed in MAI's financial statements for such fiscal year and interest accrued for such fiscal year on previously deferred compensation. Excludes the amount contributed, paid or accrued for the account of any such person or the group under the Retirement Benefit Plan or the Supplementary Pension Plan.

(4) Mr. Kurshan is employed under an employment agreement with the Company which expires September 30, 1988. The agreement presently provides for his employment as chief executive officer of the Company at an annual base salary of at least $250,000. Mr. Kurshan is also entitled to participate in all benefit, incentive, pension and other compensation programs available to employees of the Company. The agreement also provides for benefits in the event of Mr. Kurshan's death or incapacity. The agreement permits Mr. Kurshan to terminate (with 75% of his salary for the balance of the term) in the event the Company is acquired in certain types of transactions or in the event he is replaced as chief executive officer without his consent. Upon the termination of the employment period, Mr. Kurshan will be employed, at his option, as a consultant to the Company for a three-year period, at an annual salary of at least one-half his salary in the last year of the employment period.

(5) Includes the salary of Mr. Smith, who resigned as a director and officer in July 1981, only for the portion of the fiscal year during which he served as such.

Retirement Plans

The Retirement Benefit Plan covers full time employees (including employees who are directors and officers) of the Company and its subsidiaries operating in the United States and Puerto Rico. Employees of MAI in foreign countries receive retirement benefits under the applicable foreign law or a retirement plan adopted by the applicable subsidiary. An employee is eligible to become a participant under the Retirement Benefit Plan when he or she has reached age twenty-five and has completed one year of employment. Under the Retirement Benefit Plan, the annual retirement benefit payable on the participant's normal retirement (subject to certain minimum and maximum amounts) is equal to 1% of his or her average annual cash compensation during the final ten years of his or her employment minus 1½% of his or her annual Social Security benefit, multiplied by the participant's total number of years of benefit service. For a participant to receive any benefit under the Retirement Benefit Plan, he or she must have at least ten years of credited service. The Retirement Benefit Plan is non-contributory and all funds are deposited with an independent trustee and are invested in accordance with an investment policy recommended by an investment committee.

The following table sets forth the estimated annual benefits under the Retirement Benefit Plan payable upon normal retirement at age 65, in various remuneration and years-of-service classifications, assuming that the Social Security maximum limit does not change from its present level of $29,700:

Average Final 10-Year Compensation	Annual Pension Benefits for Years of Service Indicated, Payable as a Life Annuity at Age 65			
	10 years	20 years	30 years	40 years
$150,000	$ 13,645	$ 27,290	$ 40,934	$ 54,579
200,000	18,645	37,290	55,934	74,579
250,000	23,645	47,290	70,934	94,579
300,000	28,645	57,290	85,934	114,579

The years of credited service under the Retirement Benefit Plan for each of the individuals named in the Remuneration table are as follows:

	Years of Credited Service
Raymond P. Kurshan	20
Stephen J. Keane	4
Robert W. Berend	7
Joseph S. Barsa	17

The Supplementary Pension Plan provides compensation for a select group of management employees (including employees who are directors and officers) designated by the Compensation Committee. Under the Supplementary Pension Plan, each participant who retires with 10 or more years of service is entitled to receive an annual retirement benefit which, when combined with his or her benefit under the Retirement Benefit Plan and his or her Social Security benefit, will equal 50% of his or her average annual cash compensation during the final five years of the participant's employment. The Supplementary Pension Plan also provides certain death and early retirement benefits.

Restricted Stock Plans

Shares of Common Stock may be allocated under the Restricted Stock Plans to key employees of MAI (including employees who are directors and officers) at the discretion of the Compensation Committee. Shares allocated under the Plans are registered in the name of the employee and deposited in escrow. Until released from escrow, such shares may not be sold, assigned, transferred or otherwise disposed of, nor may they be pledged or hypothecated; however, the registered holder of shares held in escrow has the right to vote, and to receive dividends and other distributions on, such shares.

Shares allocated under the Plans are generally released at the rate of 20% on each of the first five anniversary dates of the initial allocation. The Compensation Committee has in certain allocations provided for different release schedules and has conditioned release of some shares to certain principal officers of the Company on attainment of earnings growth goals. At its option and in its sole discretion, the Compensation Committee may continue to provide for different release schedules which are more or less favorable to the employee, and may waive the restrictions in whole or in part.

The following table summarizes certain information with respect to the Restricted Stock Plans as of the Record Date:

	Shares Subject to Plan	Shares Allocated and Released from Escrow	Shares Allocated and Held in Escrow	Shares Available for Allocation
1974 Plan	150,000	139,535	10,140	321
1978 Plan	700,000	123,030	364,640	212,330

In the event that an employee to whom shares have been allocated under either Plan leaves the employ of MAI for any reason (other than death, disability or normal retirement), shares not yet released from escrow are transferred to the Company and become available for reallocation under that Plan. The restrictions on release from escrow lapse upon death, disability or retirement of an employee to whom shares have been allocated, or upon the merger, consolidation or acquisition of the Company.

The Restricted Stock Plans are administered by the Compensation Committee. In accordance with the terms of the Restricted Stock Plans, the Compensation Committee selects the recipients of allocations from among the employees of MAI, determines the number of shares to be allocated to each such employee and the time or times when such allocations shall be made, interprets the Plans and prescribes rules for their administration. In making any determination as to which employees will receive allocations and the number of shares to be allocated, the Compensation Committee will consider, among other factors, the duties of the respective employees and their present and potential contributions to the success of MAI. The allocation of shares will be made from authorized but unissued shares or from treasury shares, as determined by the Board.

Stock Option Plans

The following table summarizes certain information with respect to the Option Plans as of the Record Date:

	Shares Subject to Plan	Options Exercised	Options Outstanding	Options Available for Grant
1975 Plan	175,000	135,754	34,240	5,006
1976 Plan	225,000	102,149	112,196	10,655
1979 Plan	400,000	-0-	216,900	183,100

The Option Plans provide that all grantees shall be officers or other key employees of MAI. No options granted under the Plans are transferable or assignable otherwise than by will or the laws of descent and distribution and, during the optionee's lifetime, are exercisable only by him or her. If an optionee's employment is terminated by reason of retirement in accordance with MAI's retirement policies, on account of disability (as determined by the Compensation Committee), or because of such employee's death, rights under the option may be exercised by the optionee (or the employee's estate) within three months (one year in the event of death) after such termination of employment as to all shares then subject to the option. Should the optionee's employment be terminated for any other reason, unexercised rights under the option terminate upon such termination of employment, except that the optionee has until the end of the thirtieth day following the cessation of employment to exercise any unexercised option where MAI has terminated the employment of such optionee for reasons other than cause (attributable to the acts or omissions of such optionee), but only to the extent such option was exercisable on the date the optionee left the employ of MAI. If there is a merger, consolidation or other acquisition of the Company, an optionee has the right to exercise his or her option, in whole or in part on the effective date of such transaction, as to the total number of shares subject thereto.

Each option which has been granted becomes exercisable, on a cumulative basis at the rate of 25% per year, beginning one year from the date of grant and expires seven years from the date of grant. There is no monetary consideration for the granting of any options. The option price of each option granted under the Option Plans is intended to be not less than 100% of the fair market value of the Common Stock at the date of grant of such option. If any option under the Option Plans terminates unexercised, new options may be granted as to the shares previously subject to such terminated option.

The following table sets forth, as to certain directors and officers of the Company and as to all directors and officers of the Company as a group, the following information with respect to stock options under the Option Plans: (i) the net cash realized (market value less option price) during the year ended September 30, 1981 upon the exercise of options previously granted, (ii) the shares subject to all options outstanding as of September 30, 1981, and (iii) the potential (unrealized) value of all outstanding options as of September 30, 1981 (market value less option price).

Common Stock	Raymond P. Kurshan	Stephen J. Keane	Theodore J. Smith	Robert W. Berend	Joseph S. Barsa	All directors and officers as a group
Exercised — October 1, 1980 to September 30, 1981:	—	—	4,688	4,000	—	16,438
Net cash realized (market value on date of exercise less option price)	—	—	$58,600	$25,120	—	$143,480
Outstanding at September 30, 1981:						
Number of shares	18,750	13,000	3,125	8,500	1,000	55,663
Potential (unrealized) value (market value on September 30, 1981 less option price)	$60,938	$56,810	$ 8,594	$27,625	$ 4,188	$200,571

No options were granted during the year ended September 30, 1981 to any director or officer.

The Option Plans are administered by the Compensation Committee. The Compensation Committee determines the officers or key employees who will receive options under the Option Plans, the number of shares subject to options granted to them, the number of shares for which an option may be exercised in each period (which, unless changed by the Compensation Committee, will be 25% of the shares initially subject to option, cumulatively exercisable on each anniversary of the date of grant) and other terms of such options. In addition, no option may be exercised more than seven years from the date of grant. No options have been granted to officers of MAI under the 1979 Option Plan, and it is currently intended that no options will be granted to officers in the future under the Option Plans.

Cash Compensation Plan

Those key management executives of MAI who are selected by the Compensation Committee are eligible to participate in the Cash Compensation Plan. Under the Cash Compensation Plan, a participant may earn incentive compensation depending on achievement of the projected revenue and profit margin percentage (or combinations thereof) of the operations supervised by the participant or, in the case of corporate staff officers, MAI. In addition, the Compensation Committee may allocate a portion of a participant's bonus to the achievement of specified individual goals, of which the most common are the collection of accounts receivable or the turnover of inventory. At the beginning of each fiscal year, the Compensation Committee determines (i) a participant's normal incentive award (the "normal bonus"), with no maximum or minimum limitation being set by the Cash Compensation Plan, and (ii) the weighted multiples of the normal bonus to which a participant will be entitled at varying degrees of achievement of financial goals. The Compensation Committee also determines the standards by which performance of individual goals is to be measured. At the end of each fiscal year, the percent achievement of the specified goals, and the resulting amount of the participant's cash bonus, is determined. No incentive compensation is payable in the case of financial goals if less than 75% of the participant's goals are achieved. The Compensation Committee may authorize payment of a discretionary bonus to a participant even if he or she has not met his or her financial and/or individual goals.

A participant in the Cash Compensation Plan may, prior to the beginning of a fiscal year, elect that all or a portion of his or her award under the Cash Compensation Plan be deferred. In the event of any such deferral, interest is credited thereon.

In December 1981 the Board of Directors, in order to reinforce the requirement to attain long-term strategic goals, amended the Cash Compensation Plan to provide for a performance unit feature. Strategic goals will be set each year for a three-year cycle for MAI and/or the operations supervised by the participant, and the participant will be awarded performance units. The strategic goals are expected to include, for MAI, earnings per share and return on equity and, for operating units, unit operating profit, revenue and market share. The number of performance units awarded will be based on the participant's normal bonus, salary level and the projected market value of the Common Stock. Performance units will be released only upon the attainment of the strategic goals at the end of the second and third year of each cycle. The cash value of a performance unit at the time of release will be based upon the actual fair market value of the Common Stock (subject to minimum and maximum levels). The Cash Compensation Plan was also amended to provide that participants who were not corporate staff officers would have their incentive compensation based, in part, on the achievement of financial goals by MAI in addition to those of the operations supervised by them.

The Board also terminated, effective October 1, 1981, future participation under the Incentive Award Plan. Under this Plan, officers and other key employees of MAI could have been paid bonuses based on a percentage of their basic compensation with respect to fiscal years for which MAI's return on average shareholder's equity was at least 15% and was in the top quartile of specified companies in the data processing industry.

Employee Savings Plan

The Employee Savings Plan is available to all full time employees (including employees who are directors and officers) of the Company and its subsidiaries operating in the United States and Puerto Rico who have at least one year of service.

A participant may authorize his or her employer to withhold from 1% to 6% of his or her cash compensation, exclusive of any bonus authorized by the Compensation Committee (the "Basic Contribution"). A participant may also authorize his or her employer to withhold an additional 1% to 6% of such compensation (the "Supplemental Contribution"). Both the Basic Contribution and the Supplemental Contribution are paid over to an independent trustee and are invested in fixed income investments currently guaranteed by an insurance company. A participant may at any time modify or suspend his or her payroll withholding authorization.

MAI contributes monthly an amount equal to 25% of a participant's Basic Contribution. No MAI contributions are made with respect to Supplemental Contributions. MAI contributions may be made in cash or, to the extent the Company shall determine, in shares of Common Stock. MAI's cash contributions are required to be invested in shares of Common Stock purchased by the trustee.

A participant is always fully vested in the amounts arising from his or her own contributions. A participant's interest in the amounts arising out of MAI contributions vests, commencing at the end of the second year, at the rate of 20% a year, so that he or she is 100% vested after six years of participation. In addition, a participant's interest in MAI contributions fully vests at age 65 or on termination of employment by reason of death or permanent disability. Upon termination of his or her employment, the amount of a participant's benefit is paid in cash or in shares of Common Stock. Any unvested interest of such participant is forfeited and is used to reduce future MAI contributions to the Plan.

Special Severance Plan

The Special Severance Plan provides benefits for officers of the Company and other key employees of MAI designated by the Compensation Committee. A participant must enter into an agreement with MAI to remain in its service for at least two years from the date of the agreement, or be a party to a written employment agreement for a term extending at least two years from the time he or she becomes a participant, or give such comparable commitment as is applicable if the participant is employed outside the United States. Upon the voluntary termination of employment or the involuntary termination for a reason other than death or discharge for cause by any participant within one year after a change in control of the Company, the participant receives a lump sum payment which shall not exceed an amount equal to the total cash compensation paid to or accrued for him or her during the two-year period preceding the date of termination.

Insurance for Indemnification of Directors and Officers

The Company has in effect, with Buffalo Reinsurance Company under an agreement dated October 16, 1979, as amended on October 19, 1979, insurance covering all of its directors and officers and certain other employees of MAI against certain liabilities and reimbursing the Company for obligations which it incurs as a result of its indemnification of such directors, officers and employees. Such insurance has been obtained in accordance with the provisions of Section 727 of the Business Corporation Law of the State of New York. The annual premium is $23,835, of which $2,384 is applicable to coverage of directors, officers and other employees and $21,451 to coverage for reimbursement of the Company for its indemnification of directors, officers and other employees.

APPROVAL OF AUDITORS

The Audit Committee of the Board of Directors has appointed Peat, Marwick, Mitchell & Co. to audit the consolidated financial statements of the Company for the fiscal year ending September 30, 1982. The Business Corporation Law of the State of New York does not require the approval of the selection of independent auditors by the Company's shareholders; however, in view of the importance of the financial statements to shareholders, the Board of Directors deems it desirable that shareholders pass upon the selection of auditors. In the event that shareholders disapprove of the selection, the Audit Committee will consider the selection of other auditors. The Board of Directors recommends that shareholders vote in favor of this proposal in view of the familiarity of Peat, Marwick, Mitchell & Co. with MAI's financial and other affairs as auditors for the Company since 1960. Proxies received in response to this solicitation will be voted in favor of the approval of such firm unless otherwise specified in the proxy.

A representative of Peat, Marwick, Mitchell & Co. will be present at the meeting. The Company has been informed that the representative does not intend to make any statement to the shareholders at the meeting, but will be available to respond to appropriate questions from shareholders.

During the most recent fiscal year, the Company engaged Peat, Marwick, Mitchell & Co. to render certain nonaudit professional services, the fees for which represented approximately 39.6% of the audit fees during such period. These services included assistance in evaluations of data processing equipment, software and procedures (15.1%); tax services, including assistance in tax return preparation (8.3%); actuarial services for valuation of retirement plans (7.3%); assistance in developing executive compensation plans (5.2%); assistance in interviewing prospective employees; assistance in preparation of employee tax returns; and assistance in evaluating prospective business acquisitions.

The audit fees include fees for the examination of the annual consolidated financial statements, reviews of unaudited quarterly financial information, assistance and consultation in connection with filings with the Securities and Exchange Commission and consultation in connection with various accounting matters.

All of the non-audit services were authorized in advance by the Board of Directors or a Committee thereof, which concluded that the performance of these services would not affect the independence of Peat, Marwick, Mitchell & Co. to act as auditors for the Company.

MISCELLANEOUS

Cost of Solicitation

The expenses in connection with the solicitation of proxies, including the cost of preparing, assembling and mailing this Proxy Statement and the related material, will be borne by the Company. The Company has retained Georgeson & Co., Wall Street Plaza, New York, New York 10005, to assist with the solicitation of proxies from the Company's shareholders, for which services Georgeson & Co. will receive a fee of $9,000 together with out-of-pocket expenses. The Company will also pay brokers and other custodians, nominees and fiduciaries their reasonable expenses for sending proxy materials to principals and obtaining their proxies. In addition to solicitation by mail, proxies may be solicited personally or by telephone or telegraph by directors, officers and regular employees of MAI, who will receive no additional compensation therefor.

NY SF 351

MAI

Management Assistance Inc.

Notice of Annual Meeting of Shareholders and Proxy Statement

Doral Inn
541 Lexington Avenue
(Between 49th and 50th Street)
New York, New York

FEBRUARY 18, 1982

Table of Contents

Annual Report to Shareholders

Copies of the 1981 Annual Report to Shareholders previously were, or are being simultaneously, sent to shareholders.

Shareholder Proposals

Any proposal of a shareholder intended to be presented at the 1983 Annual Meeting must be received by the Company by October 9, 1982 to be eligible for inclusion in the Company's proxy statement and form of proxy relating to such Annual Meeting.

Other Business

As of the date of this Proxy Statement, the Company knows of no matters, other than those described above, intended to be presented at the meeting. If any other business should properly come before the meeting, the accompanying form of proxy will be voted in accordance with the judgment of the persons named therein, and discretionary authority to do so is included in the form of proxy.

MANAGEMENT ASSISTANCE INC.

ROBERT W. BEREND
Secretary

Dated: New York, New York
January 6, 1982