

# MDS

## MOHAWK DATA SCIENCES

Ralph H. O'Brien  
Chairman and President

September 28, 1984

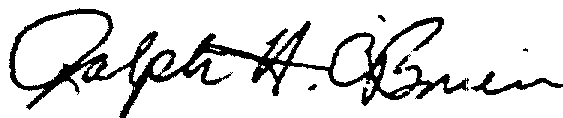
DEAR SHAREHOLDER:

On behalf of the Board of Directors, I cordially invite you to the Annual Meeting of Shareholders to be held on Friday, October 26, 1984, at the Morris Museum of Arts and Sciences, Normandy Heights Road, Morristown, New Jersey, at 10:00 A.M. We look forward to greeting personally as many of our shareholders as will be able to attend.

At the meeting, a Board of Directors consisting of eleven members will be elected. Information regarding each nominee for Director is detailed in the attached Proxy Statement. In addition to voting, we will present a report on the Company's activities and respond to your questions during the meeting.

We hope you will join us at the meeting, but if you are unable to do so, please take a moment to sign, date and return your proxy in the enclosed envelope since it is important that your shares be represented at the meeting. Your cooperation in mailing your proxy promptly will be greatly appreciated.

Very truly yours,



RALPH H. O'BRIEN  
*Chairman of the Board and President*

Executive Headquarters  
Seven Century Drive  
Parsippany, New Jersey 07054  
Telephone (201) 540-9000

**MOHAWK DATA SCIENCES CORP.**

Seven Century Drive  
Parsippany, New Jersey 07054

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**To Be Held October 26, 1984**

To All Shareholders of  
MOHAWK DATA SCIENCES CORP.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of MOHAWK DATA SCIENCES CORP. (the "Company") will be held at the Morris Museum of Arts and Sciences, Normandy Heights Road, Morristown, New Jersey on Friday, October 26, 1984 at 10:00 A.M., Eastern Daylight Time, for the following purposes:

1. To elect a Board of Directors consisting of eleven members; and
2. To transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed September 14, 1984 as the record date for the meeting, and only shareholders of record at the close of business on such date shall be entitled to vote at the meeting or any adjournment thereof.

By Order of the Board of Directors

JOHN C. WALTERS  
*Secretary*

Dated: September 28, 1984

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**YOU ARE CORDIALLY INVITED TO ATTEND THE MEETING. WHETHER OR NOT YOU EXPECT TO BE PERSONALLY PRESENT, PLEASE COMPLETE, DATE AND SIGN THE ENCLOSED PROXY AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES.**

# **MOHAWK DATA SCIENCES CORP.**

**Seven Century Drive  
Parsippany, New Jersey 07054**

## **PROXY STATEMENT FOR ANNUAL MEETING OF SHAREHOLDERS**

**To Be Held October 26, 1984**

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### **GENERAL INFORMATION**

The accompanying proxy is being solicited by and on behalf of the management of Mohawk Data Sciences Corp. (the "Company"), for use at the Company's Annual Meeting of Shareholders to be held on October 26, 1984, and any adjournment thereof.

The shares represented by all properly executed proxies received in time for the meeting will be voted in accordance with the instructions specified in the proxy. If no directions are given, the proxy will be voted in favor of the eleven management nominees for Directors. Giving a proxy does not preclude the right to vote in person, and a proxy may be revoked by notice to the Company in writing or in open meeting, but such revocation shall not affect any vote previously taken.

Copies of the Company's Annual Report to Shareholders for its fiscal year ended April 30, 1984 have previously been mailed to shareholders. This proxy statement and the accompanying proxy are being mailed to shareholders commencing on or about September 28, 1984.

Only holders of issued and outstanding shares of the Company's Common Stock of record at the close of business on September 14, 1984 are entitled to notice of and to vote at the meeting. Each such holder is entitled to one vote per share. The number of shares of Common Stock outstanding on such date was 14,647,726.

### **ELECTION OF DIRECTORS**

Eleven Directors are to be elected at the Annual Meeting to hold office until the 1985 Annual Meeting and until their successors are elected and qualify. It is the intention of the persons named in the enclosed form of proxy, unless otherwise directed by shareholders executing proxies, to vote all proxies received by them for the election of the nominees named below. Each nominee is now a Director of the Company and is standing for re-election except for Asher B. Edelman, Burton Lehman and Francis P. Lucier, who are standing for election for the first time. See "Principal Shareholders of the Company" for a description of an agreement relating to the nomination of Messrs. Edelman and Lehman to the Company's Board of Directors. Management has no reason to believe that any nominee is not available or will not serve if elected; but in the event that any nominee should become unavailable for election for any presently unforeseen reason, the persons named in the form of proxy will have the right to use their discretion to vote for a substitute or to vote for the remaining nominees and leave a vacancy on the Board of Directors.

The following information concerning the nominees for election to the Board of Directors has been furnished to the Company by such persons.

<u>Name</u>	<u>Principal Occupation</u>	<u>Director Since</u>	<u>Number of Shares of Common Stock Owned Beneficially as of August 31, 1984*</u>
R. Watson Bell .....	Executive Vice President of the Company	1975	35,100
Asher B. Edelman .....	Controlling General Partner, Plaza Securities Company and Arbitrage Securities Company, broker-dealers	—	1,241,500**
Arthur F. Flaherty .....	Partner, Rich, May, Bilodeau & Flaherty, Attorneys	1976	200
James W. Hart .....	Chairman and President, Schick, Incorporated, distributor of electric shavers, parts and accessories	1975	200
L. Donald Horne .....	Chairman and Chief Executive Officer of The Mennen Company, worldwide distributor of health and beauty products	1978	500
Burton Lehman .....	Partner, Schulte Roth & Zabel, Attorneys	—	200
Francis P. Lucier .....	Retired Chairman of Black & Decker Manufacturing Company	November 1983	200
William J. Mann .....	Executive Vice President of the Company	1982	28,486
William E. McKenna .....	General Partner, McKenna Equities and McKenna Investment Company	1975	500
Ralph H. O'Brien .....	Chairman and President of the Company	1975	350,000
George R. West .....	Chairman and Chief Executive Officer of Allendale Mutual Insurance Company	1980	500
All Present Directors and Officers as a Group (22 Persons) .....			550,100

\* Such amounts include 13,000, 13,000, 100,000 and 209,658 shares which may be acquired by Messrs. Bell, Mann and O'Brien, and by all directors and officers as a group, respectively, upon the exercise of currently-exercisable stock options. Each person listed above has sole voting and investment power as to all shares indicated. No present director or officer owns beneficially more than .5% of the outstanding Common Stock of the Company, other than Mr. O'Brien, who holds 2.4%. All present directors and officers as a group own beneficially 3.8% of the outstanding Common Stock.

\*\* See "Principal Shareholders of the Company."

The following sets forth additional information regarding the nominees:

- R. Watson Bell ..... Mr. Bell, 56, joined the Company as Senior Vice President in 1975 and assumed his present position in 1980. For the prior five years he had served as Vice President, Treasurer and Chief Financial Officer of Lenox, Incorporated, a diversified manufacturer of consumer products.
- Asher B. Edelman ..... Mr. Edelman, 44, has been General Partner of Plaza Securities Company since July 1979. He was General Partner of Arbitrage Securities Company, a broker-dealer, from 1977 through June 1984 and has been General Partner of Asco Partners, the sole General Partner of Arbitrage Securities Company, since July 1984. He is Vice Chairman of Canal-Randolph Corporation, Management Assistance Inc. and United Stockyards Corporation and a Director of DataTrak, Inc.
- Arthur F. Flaherty ..... Mr. Flaherty has been a member of the law firm of Rich, May, Bilodeau & Flaherty for more than the past five years. Such firm is retained from time to time by the Company for legal services. Mr. Flaherty, 52, is a member of the Audit Committee.
- James W. Hart ..... Mr. Hart, 51, has been Chairman of the Board, President and Chief Executive Officer of Schick, Incorporated since 1975.
- L. Donald Horne ..... Mr. Horne has been with The Mennen Company since 1970, served as President since 1977 and assumed his present positions in 1981. He is a Director of Horizon Bank, N.A., a subsidiary of Horizon Bancorp, and the Mennen Company. Mr. Horne, 51, is a member of the Audit and Compensation Committees.
- Burton Lehman ..... Mr. Lehman, 43, has been a member of the law firm of Schulte Roth & Zabel for more than the past five years. He is a Director of Canal-Randolph Corporation and United Stockyards Corporation.
- Francis P. Lucier ..... Mr. Lucier was Chairman of the Board of the Black & Decker Manufacturing Company, a manufacturer of power tools, from 1979 until his retirement in January, 1984. He served as President of that Company from 1972 to 1979 and was Chief Executive Officer from 1975 until January 1983. He is a Director of Eastmet Corporation, Maryland National Corporation, PHH Group, Inc. and SmithKline Beckman Corporation. Mr. Lucier, 56, is Chairman of the Compensation Committee.

William J. Mann . . . . . Mr. Mann, 53, joined the Company as Vice President—Operations in 1975, was elected Senior Vice President in 1976 and assumed his present position in 1980. Prior to joining the Company, he served as Senior Vice President of General Automation, Inc., a computer manufacturer, for two years, prior to which he had been Vice President—Manufacturing of the Business Machines Division of The Singer Corporation, a diversified corporation, for three years.

William E. McKenna . . . . . Mr. McKenna has been a general partner of McKenna Equities and McKenna Investment Company, private investment companies, since 1977. He also served as Chairman of the Board of Sambo's Restaurants, Inc., a family restaurant chain, from 1979 to 1981. He is a Director of California Amplifier, Inc., Calprop Corporation, Drexler Technology Corporation, L.D. Brinkman Corporation, Midlantic Banks, Inc., Midlantic National Bank, Safeguard Health Enterprises, Inc., Tiger International, Inc. and Williams Electronics, Inc. Mr. McKenna, 65, is Chairman of the Audit Committee.

Ralph H. O'Brien . . . . . Mr. O'Brien, 55, has been Chairman of the Board, Chief Executive Officer and President of the Company since 1975. Prior to such time he had been employed by Litton Industries, Inc., a diversified manufacturer, for 21 years, last serving as Executive Vice President. Mr. O'Brien is a Director of Midlantic National Bank, The Mennen Company and C. R. Bard, Inc.

George R. West . . . . . Mr. West joined Allendale Mutual Insurance Company as President and Chief Executive Officer in 1979 and assumed his present position in 1982. He is a Director of The Eastern Company and The Bank of Boston. Mr. West, 64, is a member of the Compensation Committee.

Arbitrage Securities Company and Plaza Securities Company, together with another limited partnership of which Mr. Edelman was the sole general partner (collectively the "Partnerships"), were the defendants in an action commenced on February 28, 1983 by the Securities and Exchange Commission (the "Commission") in the United States District Court for the District of Delaware (Civil Action No. 83-113) in which the Commission alleged that the Partnerships failed to amend their Schedule 13D filing with respect to Canal-Randolph Corporation to disclose certain information which was required to be disclosed therein.

Concurrently with the filing of the Commission's complaint, solely for the purpose of settlement and without trial of any issue of fact or law and without admitting or denying the allegations of the Commission, the Partnerships consented to the entry of a final order, dated March 1, 1983, directing that the Partnerships, their general partners, agents, servants and employees, and persons acting in concert or participation with them, not fail promptly to file or cause to be filed with the Commission, or fail promptly to send or cause to be sent to said corporation and to any national securities exchange on which said corporation's securities are traded, any statement of information required by Schedule 13D, which is complete and accurate in all respects and contains all of the information required by the Commission's rules and regulations, and any amendments disclosing any material change having

occurred in the facts set forth or required to be set forth in any statement of information required by Schedule 13D.

The Board of Directors has standing Audit and Compensation Committees. The Compensation Committee makes recommendations to the Board with respect to executive compensation for the Company and its subsidiaries and administers the Company's stock option plans. The Audit Committee recommends the selection of independent certified public accountants and reviews the scope of audits performed by the independent accountants and the auditors' reports, reviews the Company's consolidated financial statements and any changes in accounting policy, reviews the Company's implementation of its policy of complying with all laws and regulations, and consults with the independent accountants and management of the Company with regard to the adequacy of internal controls. There were six meetings of the Compensation Committee and two meetings of the Audit Committee during the past fiscal year. The Board of Directors does not have a nominating committee.

Each non-employee director receives \$14,000 per year for serving on the Company's Board of Directors and \$1,500 for serving on any Committee of the Board. Committee Chairmen receive an additional \$3,000 for serving in such capacity. The Board held seven meetings during the past fiscal year. Each director, other than Mr. Hart, attended at least 75% of the meetings of the Board and Committees of the Board of which he was a member.

The Board of Directors unanimously recommends a vote FOR the election of the above management nominees as directors for the ensuing year. A majority of the outstanding shares of Common Stock must be represented in person or by proxy at the Annual Meeting to constitute a quorum, and a plurality of the votes cast is required for the election of directors.

### EXECUTIVE COMPENSATION

The following table sets forth the cash compensation paid or accrued by the Company for the fiscal year ended April 30, 1984 to each of its five most highly compensated executive officers and to all executive officers as a group.

<u>Name of individual or number of persons in group</u>	<u>Capacities in which served</u>	<u>Cash Compensation (1)</u>
Robert J. Amman . . . . .	Senior Vice President and President—MDS Systems(2)	\$ 150,000
R. Watson Bell . . . . .	Executive Vice President and Chief Financial Officer	132,000
William J. Mann . . . . .	Executive Vice President	126,666
Ralph H. O'Brien . . . . .	Chairman of the Board and President	625,313(3)
Vincent L. Tofany . . . . .	Vice President and President—MDS Dek	149,000
All Executive Officers as a Group (19 Persons) . . . . .		2,368,931

(footnotes on following page)

(1) Includes remuneration paid under the Company's stock option plans and payments of \$30,000 and \$24,000 to Messrs. Amman and Tofany, respectively, pursuant to agreements entered into at the time of their employment in April 1983. No amounts were paid under the Company's Key Executive Bonus Plan, providing for bonuses of up to 50% of salary based on operating results of the Company.

(2) Mr. Amman resigned in August 1984.

(3) Includes tax reimbursement of \$302,813 paid under the Company's stock option plans. See "Stock Option Plans." No bonus was paid to Mr. O'Brien for the past fiscal year. Mr. O'Brien is compensated under an employment contract which expires on April 30, 1988 under which his base salary is currently \$358,000. Pursuant to this contract Mr. O'Brien's base salary is subject to increase each year by the average annual budgeted merit increase for U.S. employees approved by the Compensation Committee, and he may earn an annual performance bonus of up to \$400,000. The contract provides for a severance payment equal to Mr. O'Brien's then current base salary if the Company fails to agree to an extension of the contract for at least two additional years. In addition, the contract provides that if substantially all the stock or assets of the Company shall be sold, or the Company shall be a party to a merger in which it is not the surviving entity, Mr. O'Brien would have the right to terminate the contract and thereafter receive for a period of three years severance payments equal to two times his base salary then in effect.

### **Executive Insurance Plan**

In 1976 the Company established an insurance program for executive officers, supplementing the coverage available under the Company's group insurance plan and the benefits under its Pension Plan. Under the program, such officers obtain individual life insurance policies under which the Company pays the premiums and participates in the receipt of the policy proceeds. Death benefits for the participants are calculated at two and one-half times such person's annual base salary (other than Mr. O'Brien, whose benefit is calculated on the basis of annual compensation of \$400,000). Alternatively, at normal retirement the officer may assign the policy to the Company and receive ten annual payments from the Company in an amount ranging from approximately 40% to 60% of his annual base salary at such time, with the Company retaining the death benefit. The employee's rights under the insurance policy generally terminate in the event of a termination of employment; however, in such event, the officer has the right to acquire the policy upon payment to the Company of its cash surrender value. Pursuant to his employment contract, Mr. O'Brien's right to have the premiums paid by the Company vests on a pro rata basis over a ten year period through 1988. The program is designed so that, if the assumptions made as to mortality experience, policy dividends and other factors are realized, the Company will recover the major portion of its payments thereunder.

### **Pension Plan**

Under the Company's Pension Plan for Employees, pension benefits are provided for full-time employees of the Company and its domestic subsidiaries. The Pension Plan is non-contributory, offset by federal social security payments, funded on an actuarial basis, and pays benefits based on service and rate of compensation. Pensionable remuneration under the Pension Plan currently consists of base salary plus 50% of bonus, commission and overtime, up to a maximum of \$75,000. The Pension Plan provides for protection of vesting rights in the event an individual's employment is interrupted for less than a year and bridging those rights under certain circumstances for longer breaks in service. The



Company's aggregate contribution to the Pension Plan during the past fiscal year equaled approximately 1.05% of total eligible compensation of participants paid during such year.

The following table illustrates the estimated annual benefits payable upon retirement at age 65 under the Pension Plan to employees in various compensation and years of service classifications, assuming the social security benefit in effect at April 30, 1984 applied throughout the service period:

Compensation	Estimated Annual Pension Payable Based on Service of:			
	10 years	20 years	30 years	40 years
\$30,000 .....	\$2,658	\$ 5,238	\$ 7,888	\$10,662
40,000 .....	3,857	7,555	11,250	15,134
50,000 .....	5,170	10,055	15,010	20,134
60,000 .....	6,357	12,555	18,760	25,134
75,000 and above .....	8,232	16,305	24,385	32,634

As of April 30, 1984, credited years of service in the Pension Plan are as follows: Mr. Amman—1.1; Mr. Bell—8.7; Mr. Mann—8.9; Mr. O'Brien—9.1; and Mr. Tofany—1.1. Upon normal retirement such persons would be entitled to retirement benefits of \$16,367, \$14,417, \$17,175, \$15,847 and \$7,220, respectively.

### Stock Option Plans

The Company's 1979 Stock Option Plan (the "1979 Plan") provides for the granting to key employees of the Company and its subsidiaries at any time prior to May 16, 1989 of options to purchase up to an aggregate of 850,000 shares of Common Stock of the Company. Additional options may no longer be granted under the 1970 Stock Option Plan (the "1970 Plan"), but outstanding options may be exercised until their expiration ten years from the date of grant. The Company's Compensation Committee, which administers the 1970 Plan and 1979 Plan (the "Plans"), may grant options to key employees, including officers, upon such terms and conditions as it sees fit, subject only to the requirement that the exercise price may not be less than the fair market value of the Company's Common Stock at the date of grant and the term of the option shall not be more than ten years. Options are generally exercisable after one year and then only to the extent of 25% per year on a cumulative basis. The Compensation Committee, at its option, may permit the payment of the exercise price of an option by delivering Common Stock of the Company having a market value equal to such exercise price or by a combination of cash and Common Stock.

The following table sets forth, as to certain named persons, and as to all executive officers as a group, the number of shares and average exercise price of Common Stock covered by options granted by the Company during the past fiscal year, and the net value of shares acquired during that period through the exercise of options.

	Robert J. Amman	R. Watson Bell	William J. Mann	Ralph H. O'Brien	Vincent L. Tofany	All Directors and Officers as a Group
Options Granted:						
Number of shares .....	—	—	—	100,000	—	122,500
Average option price .....	—	—	—	\$13.75	—	\$13.45
Options Exercised:						
Net value realized—market value less exercise price .....	—	—	—	—	—	\$55,078

Provisions have been included in the options granted under the Plans to reimburse optionees for income and withholding taxes incurred as a result of the exercise of options thereunder, since the Plans were not intended to constitute qualified stock option plans or incentive stock options within the meaning of the Internal Revenue Code of 1954, as amended. Accordingly, if the exercise of an option results in the employee's receiving income upon which the Company is required to withhold taxes, the Company will advance such person (including employee directors and officers) an amount equal to the required withholding, which advance is evidenced by a non-interest bearing note, payable the earlier of termination of employment or the March 15 subsequent to the calendar year of exercise. In addition, the Company will pay as additional taxable compensation on March 15 of the year following the year of exercise, if the optionee is still employed on such date, an amount which, with certain limitations, is equal to the difference between (a) the federal and other income taxes payable by the employee for the taxable year in which income is realized on account of such exercise and (b) the taxes which would have been payable if such exercise had not taken place, provided that in computing such difference any gain in excess of \$30.00 per share is excluded, and will similarly advance the required withholding on such payment. The Company will also pay an additional amount on the second March 15 following the calendar year of exercise to reimburse the employee for the taxes payable on the initial reimbursement, subject to the same restrictions and requirements set forth above.

MDS Capital Corporation, a subsidiary of the Company, made non-interest bearing loans to Messrs. Bell and O'Brien aggregating \$50,000 and \$400,000, respectively, in connection with transactions relating to stock options previously exercised by them. Such loans are payable upon the earlier of April 30, 1988 or the sale of shares of Common Stock of the Company received upon exercise of such stock options.

#### **Other Transactions**

In connection with his purchase of stock of Qantel Corporation prior to its merger into the Company in 1980, Douglas K. Baker, a former director and officer of the Company, received a non-interest bearing loan in the amount of \$100,000, payable in 1986. In addition, Mr. Amman received a non-interest bearing, secured loan in the amount of \$162,500 in 1983, which was paid in September, 1984.

#### **Long-Term Incentive Plan**

In July 1984 the Board of Directors adopted a Long-Term Incentive Plan (the "Plan"), pursuant to which cash bonuses may be earned by key executives. The purpose of the Plan is to further the long-term interests of the Company by offering long-term incentives to those key executives of the Company and its subsidiaries who, by virtue of their defined profit and loss responsibilities, are in a position to make a substantial contribution to the earnings and growth of the Company. The Plan is designed to attract and retain such persons and motivate them to exert their best efforts on behalf of the Company. Participants must be full-time employees of the Company or a subsidiary, and may include executive officers of the Company other than the Chief Executive Officer.

The Plan is administered by the Compensation Committee which may determine from time to time, in its sole discretion, whether awards are to be made and the terms thereof. Awards are made for a performance period of between two and five fiscal years of the Company and are based on performance criteria which include business operating profit or other operating criteria of the division, subsidiary or other business unit of the Company for which the participant has responsibility, or such other criteria as the Committee may establish. Mr. Tofany is among the participants in the Plan.

## PRINCIPAL SHAREHOLDERS OF THE COMPANY

The Company knows of no person who beneficially owns more than 5% of the Company's outstanding Common Stock other than a group of persons represented by Mr. Edelman (the "Edelman Group"), who reported in Schedules 13D filed by them with the Securities and Exchange Commission that they beneficially owned as of August 21, 1984 an aggregate of 1,345,500 shares, or approximately 9.2% of the outstanding shares. The following table sets forth certain information concerning the Edelman Group, all of which is based on the Schedules 13D filed by them.

	Sole Voting Power	Shared Voting Power	Sole Dispositive Power	Shared Dispositive Power	Percent of Class
Plaza Securities Company ..... 717 Fifth Avenue New York, N.Y. 10022	0	543,900	0	543,900	3.7
Arbitrage Securities Company ..... 717 Fifth Avenue New York, N.Y. 10022	0	189,700	0	189,700	1.3
Arrow Associates, L.P. .... 717 Fifth Avenue New York, N.Y. 10022	0	507,900	0	507,900	3.5
Asher B. Edelman(1) ..... 717 Fifth Avenue New York, N.Y. 10022	1,241,500	0	1,241,500	0	8.5
United Stockyards Corporation(2) ..... 277 Park Avenue New York, N.Y. 10017	44,000	0	44,000	0	0.3
Charles P. Stevenson, Jr.(3) ..... 10 Oak Street, P.O. Box 1390 Southampton, N.Y. 11968	60,000	0	60,000	0	0.4

- (1) The Edelman Group has reported that since Mr. Edelman is the controlling general partner of Plaza Securities Company ("Plaza"), the controlling general partner of Asco Partners, which is the sole general partner of Arbitrage Securities Company ("Arbitrage"), and the sole general partner of Arrow Associates, L.P. ("Arrow"), he may be deemed to be the beneficial owner of the shares of Common Stock owned by those partnerships.
- (2) A group of shareholders consisting of Mr. Edelman, Plaza, Arbitrage and a limited partnership of which Mr. Edelman is the sole general partner controls approximately 28.7% of the outstanding shares of United Stockyards Corporation ("United"), and Messrs. Edelman and Lehman are members of the Board of Directors of United.
- (3) Such shares are beneficially held by a pension trust of which Mr. Stevenson is the Trustee. Mr. Stevenson is a member of the Board of Directors of United and is also President of Dixie Services, Inc., a limited partner of Arrow.

The Company has entered into an agreement (the "Agreement"), dated as of September 10, 1984, with the Edelman Group, other than Mr. Stevenson, pursuant to which the Company has agreed to nominate Messrs. Edelman and Lehman for election to the Board of Directors. The Edelman Group has agreed to vote its shares in favor of the eleven management nominees proposed for election to the Board of Directors at the Annual Meeting and to refrain from soliciting, or participating in any solicitation of, proxies with respect to Common Stock of the Company so long as the Agreement remains in effect. By its terms, the Agreement is to run until the later of April 30, 1985 or the date on which Messrs. Edelman and Lehman are no longer serving as members of the Company's Board of Directors. In addition, pursuant to the Agreement the Board of Directors amended the Company's By-

Laws (i) to provide that the Board of Directors shall remove a director from office only with the unanimous vote of all directors other than the director sought to be removed, and (ii) to limit the rights of the Board to alter existing By-Law provisions relating to the calling of special meetings of shareholders and the quorum and voting requirements at shareholder meetings.

### **RELATIONSHIP WITH INDEPENDENT PUBLIC ACCOUNTANTS**

The Board of Directors, at the recommendation of its Audit Committee, has reappointed the firm of Arthur Andersen & Co. as independent auditors for the 1985 fiscal year. Such firm has served as the Company's auditors since 1972 and had previously audited its European operations since 1968. A representative of Arthur Andersen & Co. is expected to be present at the Annual Meeting, with the opportunity to make a statement if he so desires and to respond to appropriate questions.

### **MISCELLANEOUS**

The cost of soliciting proxies relating to the Annual Meeting will be paid by the Company. Directors, officers and employees of the Company may, without additional compensation, solicit proxies from shareholders, which solicitation may be made by telephone, mail, telegram or personal interview. In addition, the Company has retained The Carter Organization, Inc., New York, New York to solicit proxies for the Annual Meeting for a fee estimated at \$9,000 plus out-of-pocket expenses. Banks, brokers and other custodians, nominees and fiduciaries will be requested to forward soliciting material to the beneficial owners of stock held of record by such persons and to request from those beneficial holders authority to execute and vote their proxies, and will be reimbursed by the Company for expenses incurred in doing so.

Any proposal of a shareholder intended to be presented at the 1985 Annual Meeting of Shareholders must be received by the Secretary of the Company no later than June 29, 1985.

As of the date of this Proxy Statement the management of the Company does not know of any other matter that will come before the Annual Meeting. In the event that any other matter properly comes before the Annual Meeting, the persons named in the enclosed form of proxy intend to vote all proxies in accordance with their best judgment on such matters.

September 28, 1984

MOHAWK DATA SCIENCES CORP.

JOHN C. WALTERS  
*Secretary*

**PLEASE SIGN, DATE AND MAIL YOUR PROXY NOW**