

MANAGEMENT ASSISTANCE INC.

900 Third Avenue
New York, New York 10022

January 9, 1986

Dear Shareholder:

Pursuant to the Plan of Complete Liquidation and Dissolution adopted at the Special Meeting of Shareholders of Management Assistance Inc. on January 14, 1985, the Company is transferring its remaining assets (subject to its fixed and contingent liabilities) to its successor liquidating trust, the Management Assistance Inc. Liquidating Trust (the "Liquidating Trust"), on January 9, 1986. The Liquidating Trust will continue the liquidation of the Company by seeking to liquidate any non-cash assets it receives and to satisfy or otherwise discharge the liabilities to which all of the assets transferred to it are subject.

Attached is an Information Statement which describes the contemplated operation of the Liquidating Trust and includes certain financial information, and to which is appended both the Liquidating Trust Agreement and Declaration of Trust and the Company's 1985 Annual Report and Form 10-K. You are urged to review all of this material carefully. Because the transfer of the assets to the Liquidating Trust has tax consequences to you, your attention is particularly directed to the section entitled "Tax Status of the Liquidating Trust" in the Information Statement.

Each shareholder of the Company at the close of business on January 9, 1986 will be deemed to receive one unit of beneficial interest (a "Unit") in the Primary Trust created under the Trust Agreement for each share of the Company's Common Stock, \$.40 par value, owned by the shareholder. (This letter constitutes notice from the Trustees to shareholders of the amount of their Beneficial Interests.) Trading in the Company's Common Stock will cease. The Units will be transferable. We expect a market to develop in Units in the over-the-counter market on NASDAQ.

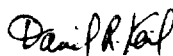
Your certificates representing shares of the Company's Common Stock, \$.40 par value, will automatically be deemed to represent Units in the Liquidating Trust without further action on your part. (Shareholders still holding certificates for the old Common Stock, \$.10 par value, should, however, send these certificates in for exchange to our Transfer Agent, The Bank of New York, at the address indicated in the section entitled "Surrender of Certain Certificates" in the Information Statement. As a result of the one-for-four reverse stock split in October 1976, such holders will now receive one Unit for each four shares of old \$.10 par value stock and, where applicable, payment for fractional shares. Unless these shareholders act by April 30, 1986, they risk their shares escheating to a state under applicable law.)

If you were a shareholder of record on February 15, 1985 and have not received the \$18 per share liquidating distribution made to those shareholders of record, or if you were a shareholder of record on December 26, 1985 and have not received the \$1 per share liquidating distribution made to those shareholders of record, please contact our Transfer Agent, The Bank of New York. If you were a shareholder of record on January 24, 1985 and have not received the liquidating distribution of 16% Guaranteed Subordinated Debentures due 1997 of MAI Holdings, Inc. made to those shareholders of record, please direct your inquiry to Manufacturers Hanover Trust Company, 600 Fifth Avenue, 10th Floor, New York, New York 10020. Attention: Mr. James M. Foley, Assistant Vice President.

Although the establishment of the Liquidating Trust represents the final step in the liquidation of Management Assistance Inc. prior to its dissolution, holders may expect to benefit from the values inherent in the Liquidating Trust. While the Liquidating Trust has three years from its creation to liquidate and distribute the assets it holds, the Trustees intend to provide for the earliest possible realization and distribution of those values.

We wish to express our gratitude for your continued cooperation and assistance.

Sincerely,



DANIEL R. KAIL
Executive Vice President

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Q-DATA CORP.

MANAGEMENT ASSISTANCE INC. LIQUIDATING TRUST
INFORMATION STATEMENT

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MANAGEMENT ASSISTANCE INC. LIQUIDATING TRUST
INFORMATION STATEMENT

January 9, 1986

Management Assistance Inc. Liquidating Trust (the "Liquidating Trust") is a liquidating trust created in and under the laws of the State of New York in accordance with the Management Assistance Inc. Liquidating Trust Agreement and Declaration of Trust dated January 9, 1986 (the "Trust Agreement"). A copy of the Trust Agreement is attached hereto and incorporated herein as Appendix 1.

On January 9, 1986 (the "Effective Date"), all of the then assets, subject to related and all other claims, liabilities and obligations (including unascertained or contingent liabilities and expenses), of Management Assistance Inc., a New York corporation (the "Company"), are being transferred pursuant to the Trust Agreement to a trust (the "Primary Trust") for the benefit of the shareholders of the Company (the "Shareholders").

For a description of the principal assets and liabilities which will be held by the Liquidating Trust, see Appendix 1: Management Assistance Inc. Liquidating Trust Agreement and Declaration of Trust — Schedule A.

Each of the Shareholders will be deemed to have received one unit (a "Unit") of beneficial interest (collectively, the "Beneficial Interests") in the property held from time to time in the Primary Trust (the "Primary Trust Estate") for each share of the Company's Common Stock, \$.40 par value (the "Common Stock"), owned of record as of the Effective Date. On such date, the Company will close its transfer books and trading in the Common Stock will cease. At the same time, each outstanding stock certificate representing shares of Common Stock will be deemed to evidence the number of Units equal to the number of such shares. There is no necessity to surrender the \$.40 par value certificates — they will be deemed automatically to represent Units.

The Units are to represent interests in the property (the "Primary Trust Estate"), other than property attributable to unlocated Shareholders, which will be held from time to time by the trustees (the "Trustees") of the Liquidating Trust. It is anticipated that the Units will be transferable upon the effectiveness of the registration statement with respect to the Units which has been filed and become effective pursuant to Section 12(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Each holder of Units will be a beneficiary (collectively, the "Beneficiaries") under the Trust Agreement.

The transfer of assets will be made pursuant to the Plan of Complete Liquidation and Dissolution (the "Plan") adopted by the Board and the Shareholders of the Company. The Liquidating Trust has been created pursuant to the Plan for the benefit of the Shareholders as of the Effective Date and their permitted successors and assigns as provided in the Trust Agreement. The Trust Estates (as hereinafter defined) comprise all the property held from time to time by the Trustees under the Trust Agreement, including the Primary Trust Estate and the Ancillary Trust Estate (as hereinafter defined), and, in addition, includes all Trust Income as defined in the Trust Agreement.

The purpose of the Primary Trust is to liquidate non-cash assets which the Primary Trust has received, to satisfy or otherwise discharge the related and other claims, liabilities and obligations (fixed and contingent) to which the assets transferred to it may be subject, and to distribute the net proceeds to the Beneficiaries. See "Operation of the Liquidating Trust".

It is anticipated that the Primary Trust will terminate on the liquidation of all or substantially all of its assets and satisfaction or other discharge of all of the claims, liabilities and obligations to which such assets may be subject. However, the Primary Trust also may terminate on the occurrence of certain other events or upon the expiration of its term. See "Operation of the Liquidating Trust — Duration of the Primary Trust". There can be no assurance as to the timing of the liquidation of assets or the satisfaction of certain potential liabilities, particularly those relating to tax matters and litigation. Accordingly, the period of the Primary Trust's existence may be substantial.

The principal office of the Liquidating Trust will be located until further notice at 900 Third Avenue, New York, New York 10022, telephone (212) 826-3666.

The fiscal years of the Primary Trust and of the Ancillary Trust (as hereinafter defined) will end on December 31 of each year.

SURRENDER OF CERTAIN CERTIFICATES

All Shareholders who continue to hold stock certificates for shares of \$.10 par value Common Stock of the Company must send such certificates to The Bank of New York, Transfer Agent for the Company and the Primary Trust, in order to receive, at a ratio of one share of \$.40 par value Common Stock for four shares of \$.10 par value Common Stock, certificates evidencing Units of Beneficial Interest. (To the extent applicable, they will receive payment for any fractional shares.) The mailing address for The Bank of New York is P.O. Box 11242, Church Street Station, New York, New York 10249, Attention: Equity Exchange and Tender Area, and its address for by hand deliveries is Receive and Deliver Department, 5th Floor, 90 Washington Street, New York, New York. Failure by the holder to exchange his or her shares of \$.10 par value Common Stock prior to April 30, 1986 may result in the Liquidating Trust being required to surrender Units of Beneficial Interest equivalent to such shares to the state of such Shareholder's last known residence whenever such state's applicable escheat or abandoned property law requires such action during the applicable statutory period after dissolution of the Company. In the event of any such surrender, the Shareholder would thereafter have to obtain his or her Units of Beneficial Interest and any liquidating distributions paid after transfer to the state from the state and not from the Liquidating Trust.

Only certificates for shares of \$.40 par value Common Stock and the new certificates evidencing the Units (which will be utilized as and if there are transfers of certificates after the Effective Date) will be deemed to evidence Units of Beneficial Interest.

OPERATION OF THE LIQUIDATING TRUST

The sole purposes of the Primary Trust are to liquidate any non-cash assets included in the Primary Trust Estate, to hold the assets of the Primary Trust in a manner calculated to conserve and protect such assets, to collect the income and proceeds therefrom, and to distribute the Primary Trust Estate to the Beneficiaries in as prompt and orderly a fashion as is possible in the best interests of the Beneficiaries after the payment of, or provision for, expenses, liabilities and obligations.

Neither the Primary Trust nor the Ancillary Trust has the objective to, nor will either Trust, enter into or engage in the conduct of a trade or business. In no event shall any part of the Trust Estates revert, or be distributed, to the Company.

The funds held in the Primary Trust may be retained by the Trustees in demand and time deposits in one or more banks or savings institutions, commercial paper, promissory notes of commercial banks and bank holding companies, money market accounts and bankers acceptances, or may be invested and reinvested in temporary investments such as certificates of deposit or United States Treasury securities. Moreover, the assets of the Primary Trust Estate are to be applied only to the payment of all claims, liabilities and obligations of the Company that have been assumed, or as to which property shall have been taken subject, by the Primary Trust, to the payment of the expenses of the Primary Trust, and to the payment of distributions to Beneficiaries.

Purpose of the Liquidating Trust

The Liquidating Trust is being formed to facilitate the Company's liquidation within the one-year period following adoption by Shareholders of the Plan of Liquidation required by Section 337 of the Internal Revenue Code of 1954, as amended (the "Code"). The Primary Trust will distribute to the Beneficiaries the cash and proceeds of the non-cash assets received on the Transfer Date. However, to the extent that assets cannot be sold or disposed of or liabilities cannot yet be determined or paid, the Trustees will hold the assets of the Primary Trust in a manner calculated to conserve and protect such assets, collect the income and proceeds therefrom, and distribute all such property in as prompt and

orderly a fashion as is possible in the best interests of the Beneficiaries after payment of, or provision for, expenses, claims, liabilities and obligations (including unascertained or contingent liabilities and expenses).

Description of Assets; Contingent Liabilities and Reserves

The Primary Trust will receive the remaining assets of the Company subject to fixed liabilities (such as those set forth in the Pro Forma Statement of Net Assets of the Primary Trust included herein) and contingent liabilities. MAI Holdings, Inc., as the purchaser of the assets of the former Basic Four Information Systems Division of the Company, and Sorbus Inc., as the purchaser of the assets of the former Sorbus Service Division of the Company, assumed substantially all of the liabilities to third parties relating to the respective operating division purchased by it. Neither purchaser claimed, on or before December 31, 1985, as permitted in the respective assets purchase agreement, that it did not assume certain of these liabilities to third parties. Although certain of the third parties released the Company from the liabilities assumed by the respective purchaser, the Company remains contingently liable in the event that either purchaser does not pay, perform or discharge any of the liabilities assumed by it and as to which the Company was not released.

For a description of the assets, see "Unaudited Pro Forma Statement of Net Assets of the Primary Trust". For a description of contingent liabilities with respect to properties of the Company, see Appendix 2: Management Assistance Inc. 1985 Annual Report and Form 10-K "Item 2. Properties." Also see the listing of assets and liabilities which is Schedule A to and a part of the Trust Agreement included as Appendix 1 hereto.

The liabilities relate principally to various potential tax liabilities, legal proceedings (see "Legal Proceedings"), and other liabilities assumed in connection with prior transactions by the Company.

The Company's Board of Directors has determined that the cash and fair market value of the non-cash assets which the Company shall transfer to the Primary Trust will be reasonably sufficient to discharge the fixed liabilities and provide for the contingent liabilities to which such assets will be subject and to pay the expenses of the Liquidating Trust. The Board also has authorized the filing of a certificate of dissolution by the Company in accordance with Section 1003 of the Business Corporation Law of the State of New York.

The Primary Trust will be responsible for the settlement of the Federal, state and local tax liabilities of the Company, including any unpaid taxes for the year ended September 30, 1985 and for the period from October 1, 1985 to the date of dissolution of the Company. Under its assets purchase agreement with the purchaser of its former Basic Four Division, the Company indemnified such purchaser with respect to foreign income taxes relating to the periods prior to the sale to the extent not provided for in the Company's financial statements. Accordingly, the Primary Trust will be responsible if any of these foreign taxes are successfully asserted. For further information as to potential tax liabilities, see Appendix 2: Management Assistance Inc. 1985 Annual Report and Form 10-K "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (Liquidity and Capital Resources)."

The officers and directors of the Company believe that the Company's business transactions have been accounted for in accordance with the Code and other tax laws and the regulations thereunder. However, there can be no assurance that the Internal Revenue Service (the "Service") or other taxing entities will not attempt to interpret various transactions in which the Company has engaged so as to assert a claim for additional taxes and interest. In the event that the Service or other taxing entities were to assert such a claim and ultimately to be successful in doing so, the Primary Trust could be required, as successor to the Company, to pay such additional taxes and interest, which payments in the aggregate could be significant in relation to the net assets transferred by the Company to the Primary Trust.

The Primary Trust also will be responsible for any continuing administrative and other expenses of the Company. The Primary Trust will continue in effect directors' and officers' indemnification insurance initially obtained by the Company pursuant to Section 727 of the Business Corporation Law of the State of New York. Because such policy has a \$1,000,000 deductible, valid claims up to the

amount of the deductible will be paid by the Primary Trust. In addition, although the Trustees do not anticipate any such event, the Primary Trust would be liable for any valid claim by a former director or officer as to which the insurer denies coverage, but indemnification is permitted by Section 723 of the Business Corporation Law of the State of New York.

The Company intends to give a notice, pursuant to Section 1007 of the Business Corporation Law of the State of New York, requiring all creditors and claimants, including any with unliquidated or contingent claims and any with which the Company has unfiled contracts, to present their claims in writing and in detail at a specified place and by a specified day. This procedure is not applicable to tax claims and other claims of the United States or the State of New York.

The determination by the Company's Board that the assets to be transferred to the Primary Trust are reasonably sufficient to discharge the fixed liabilities and to provide for contingent liabilities to which such assets will be subject is based in part upon estimates and recommendations of the Company's management, based in part upon discussions with the Company's advisers, as to such liabilities and there can be no assurance that such determination by the Board will prove to be correct, particularly in view of the uncertainty of the tax matters and other liabilities discussed. Because this will be the final opportunity for most claimants to assert claims against the Company, without the ability to offset against ongoing transactions, discharge of liabilities may be more difficult. Should the assets held by the Primary Trust be exceeded by the amount ultimately required to pay liabilities, each Beneficiary could be held liable personally for the payment to creditors of such excess, limited to the amounts theretofore received as liquidating distributions from the Company or the Liquidating Trust.

If the Primary Trust were held by a court to have failed to make adequate provision for its liabilities or if the amount ultimately required to pay such liabilities exceeds the amounts available from the Primary Trust's assets, a creditor could seek an injunction against the making of distributions by the Primary Trust to the Beneficiaries on the ground that the cash or other assets to be distributed were needed to provide for the payment of the liabilities. Any such action could delay or substantially diminish the distributions to be made to Beneficiaries.

Duration of the Primary Trust

When the Trustees determine that all claims, expenses, charges, liabilities and obligations of the Primary Trust have been paid or discharged, the Trustees shall, as expeditiously as is consistent with the conservation and protection of the Primary Trust Estate, distribute the Primary Trust Estate in its entirety to the Beneficiaries, in proportion to their interests therein. Upon the first to occur of (i) such distribution, or (ii) the expiration of three years from the date of creation of the Primary Trust, unless the Trustees determine that an extension beyond such three-year period is reasonably necessary to pay or make provision for then-known liabilities, the Primary Trust shall terminate and all remaining assets, if any, will be distributed to the holders of Beneficial Interests.

The Ancillary Trust

To the extent that any liquidating distributions or dividends paid to Shareholders shall have been returned to the Company or to the Trustees as a result of the inability to locate such Shareholders (the "Unlocated Shareholders") entitled to such payments, the Trustees shall hold in trust (the "Ancillary Trust"), subject to the provisions of the escheat laws of New York and of the states of last known residence of such persons entitled to such distributions and dividends, all such distributions and dividends together with all similarly unclaimed Primary Trust distributions (the "Ancillary Trust Estate" and, together with the Primary Trust Estate, the "Trust Estates") for the benefit of the Unlocated Shareholders.

The sole purposes of the Ancillary Trust are to hold the Ancillary Trust Estate in a manner calculated to conserve and protect the assets thereof, to collect any income and proceeds therefrom and to distribute the Ancillary Trust Estate to the Unlocated Shareholders or to dispose thereof as otherwise provided under applicable law, all in accordance with the provisions of the Trust Agreement.

The Trustees shall distribute to each Unlocated Shareholder, upon location or identification to the satisfaction of the Trustees, the funds of the Ancillary Trust held for the benefit of such Unlocated Shareholder.

The interests in the Ancillary Trust of such Unlocated Shareholders are not transferable, except, if the Beneficiary is a natural person, by will, intestate succession or operation of law, and except, if the Beneficiary is a corporation, partnership or other legal entity, that the interests shall be assignable or transferable to any successor to all or substantially all of the business or assets of such entity.

TAX STATUS OF THE LIQUIDATING TRUST

The Company has been advised by Schulte Roth & Zabel, its counsel, that the transactions described above will have, under current law (which is subject to change), the following Federal income tax consequences:

For Federal income tax purposes, the transfer of assets to the Primary Trust and distribution to the Shareholders of Beneficial Interests in the Primary Trust will be treated as a distribution of assets by the Company to the Shareholders and a tax-free exchange by the Shareholders of such assets for interests in the Primary Trust.

The assets deemed transferred to the Shareholders and contributed to the Primary Trust, together with any other current or previous liquidating distributions made to the Shareholders, will be treated for Federal income tax purposes as being in full payment on a "per share" basis for Common Stock held by the Shareholders. To the extent that the sum of (i) a Shareholder's pro rata share of the fair market value of the assets transferred to the Primary Trust and (ii) other liquidating distributions received by such Shareholder exceeds the Shareholder's adjusted basis in his or her Common Stock, such Shareholder will recognize gain. To the extent that a Shareholder's adjusted basis in his or her Common Stock exceeds (i) his or her pro rata share of the fair market value of the assets transferred to the Primary Trust and (ii) other liquidating distributions, a Shareholder will recognize loss. Such gain or loss will be long-term capital gain or loss to a Shareholder who held his or her Common Stock as a capital asset for longer than six months. If a Shareholder acquired shares of Common Stock in different transactions, gain or loss must be determined by such Shareholder separately with respect to each block of shares.

In the case of a Shareholder other than a corporation, 60% of the Shareholder's net capital gain (the excess of net long-term capital gain over net short-term capital loss), if any, may be deducted from gross income. The remainder will be taxed at ordinary income tax rates. Because the current maximum Federal tax rate is 50%, the effective maximum Federal tax rate on long-term capital gain is 20% (i.e., 50% of the 40% of the net capital gain which was not deducted from gross income).

The 60% portion of a noncorporate Shareholder's net capital gain will constitute an item of tax preference which may be subject to the alternative minimum tax. The alternative minimum tax is imposed only if and to the extent such tax exceeds a taxpayer's regular Federal income tax liability. The alternative minimum tax will be equal to 20% of a taxpayer's adjusted gross income reduced by certain specified deductions and an annual exclusion amount (\$40,000 for a married taxpayer filing jointly, \$20,000 if filing separately and \$30,000 for an unmarried individual) and increased by items of tax preference, including 60% of the net capital gain.

In the case of a corporate Shareholder, net capital gain is taxable at ordinary corporation income tax rates (the Federal corporate tax rates range from 15% to 46%) or, if lower, at the 28% alternative tax rate applicable to such net capital gain. A portion of any of such net capital gain subject to tax under the 28% alternative tax on capital gains will constitute an item of tax preference which may be subject to the corporate minimum tax. The corporate minimum tax equals 15% of the amount by which the sum of items of tax preference exceeds the greater of \$10,000 or the regular income tax payable by the corporation (as computed with certain adjustments).

In the case of both corporate and noncorporate Shareholders, the full amount of the Shareholder's short-term capital gain, net of capital losses, if any, will be taxed at ordinary income tax rates.

In general, noncorporate taxpayers may deduct up to \$3,000 of their net capital losses from ordinary income. However, with respect to long-term losses, two dollars of long-term loss must be utilized for every one dollar of such deduction. Any excess losses can be carried forward indefinitely and applied to reduce capital gains or, within the \$3,000 limit, ordinary income. Corporate taxpayers may deduct their capital losses only to the extent of their capital gains, and excess losses may ordinarily be carried back three years and carried forward five years as a short-term capital loss in the year to which it is carried.

It should be noted that proposals announced by President Reagan on May 29, 1985 (the "Reagan Proposals"), and a bill passed by the House of Representatives on December 17, 1985 ("H.R. 3838"), but not yet voted on by the Senate, would change the income tax rates for individuals and corporations and would alter the treatment of capital gains and losses. Under the Reagan Proposals, effective July 1, 1986 the highest marginal income tax rate for individuals would be 35%. The current law exclusion of 60% of net long-term capital gains for noncorporate taxpayers would be reduced to 50%. Thus, the maximum tax rate for a noncorporate taxpayer's capital gains would be 17.5% (i.e., 50% of the maximum marginal rate of 35%), while the current law tax rate on net capital gains of corporations would remain at 28%. Under H.R. 3838, the top marginal tax rate for individuals would be 36%, effective July 1, 1986. Regarding capital gains, effective January 1, 1987 42% of net capital gains would be excluded from income. Thus, adoption of H.R. 3838 would result in a maximum tax rate on capital gains for individuals of 22% (i.e., 58% of the maximum marginal rate of 38%). (Note: H.R. 3838 provides transition rules for the 1986 taxable year which also result in a maximum capital gains tax of 22%.) H.R. 3838 would impose a flat 36% tax on corporations (graduated for small businesses), and corporate capital gains would be treated as ordinary income.

The Primary Trust will be treated as a "grantor trust" owned by the Beneficiaries. Therefore, the Primary Trust itself will not be subject to Federal income taxation. Each Beneficiary will be taxed directly on his or her allocable share of the Primary Trust's income, gain or loss in the taxable year of the Beneficiary during which the income, gain or loss is recognized, whether or not such Beneficiary receives an actual distribution from the Primary Trust. The income, gain or loss will retain the same character (capital gain or loss or ordinary gain or loss) to the Shareholder as it has to the Primary Trust.

Each Beneficiary's interest in the Primary Trust will be determined by his or her proportionate holdings of Common Stock as of the Effective Date. A Beneficiary's basis in his or her interest in the Primary Trust will be determined by his or her pro rata share of the fair market value of the assets transferred to the Primary Trust as of the Effective Date. For purposes of determining gain or loss upon the disposition of assets held by the Primary Trust, the basis of any asset will be the fair market value of such asset as of the Effective Date. The Primary Trust's holding period for assets deemed transferred to the Shareholders and contributed to the Primary Trust will begin on January 10, 1986.

Distributions by the Primary Trust to Beneficiaries will not give rise to taxable income, unless the amount of such distribution exceeds the basis of a Beneficiary's Unit.

Shareholders who have received as an initial liquidating distribution 16% Guaranteed Subordinated Debentures due November 15, 1997 of MAI Holdings, Inc. may, in determining the fair market value of a Subordinated Debenture at the time of its original issuance for the purpose of computing Federal income tax liability for 1985, consider using the original issue price reported by MAI Holdings, Inc. The fair market value of a Subordinated Debenture (based upon advice of MAI Holdings, Inc.) at the time of the acquisition was \$5.66 per share. Such amount was computed as follows: \$7.89165 in principal amount (rounded down to the nearest dollar) multiplied by 71.75% (to reflect the discounted "issue price") equals a fair market value of \$5.66 per share. In addition, MAI Holdings, Inc. has agreed to notify annually holders of the Subordinated Debentures as to the amount of original issue discount it believes such holder should include in income for a taxable year.

The Units will be transferable by the Beneficiaries under the terms and conditions described in "Trading of the Company's Common Stock and Trading of Units of Beneficial Interest in the Liquidating Trust". Gain or loss with respect to amounts received upon the sale or exchange of a Unit

by a Beneficiary, or upon termination of the Primary Trust, will be treated as a capital gain or loss provided that the Beneficiary holds the Unit as a capital asset.

As soon as practicable after the close of each fiscal year, but in no event later than 90 days after the close of such fiscal year, the Trustees shall mail to each Beneficiary who is required to include any portion of the income of the Primary Trust in his or her income tax returns for such fiscal year a statement showing on a Unit basis all information which is required to be provided to a Beneficiary under the Code and the applicable regulations promulgated thereunder.

Shareholders should consult their own advisers for detailed information concerning the Federal income tax treatment of the transactions described herein, including the treatment of distributions from the Company and the Primary Trust and any sale or other disposition of assets received by them from the Company and the Primary Trust, and of any sale or other disposition of shares of Common Stock before completion of the liquidation of the Company. Shareholders should also consult their own tax advisers as to the tax consequences of the transaction to them under state, local and foreign tax laws.

REPORTS TO BENEFICIARIES

As soon as practicable after the end of each fiscal year of the Primary Trust and after termination of the Primary Trust, the Trustees shall submit a written report and account to the Beneficiaries who are required to include any portion of the income of the Primary Trust in their income tax returns for such fiscal year or period ending upon termination of the Primary Trust, showing (i) the assets and liabilities of the Primary Trust at the end of such fiscal year or upon termination and the receipts and disbursements of the Trustees for such fiscal year or period, examined and reported on by an independent certified public accountant, (ii) any changes in the Primary Trust Estate which they have not previously reported, and (iii) any action taken by the Trustees in the performance of their duties under the Trust Agreement which they have not previously reported and which, in their opinion, materially affects the Primary Trust.

MANAGEMENT OF THE LIQUIDATING TRUST

The Liquidating Trust is to be jointly managed by three Trustees. Gerald N. Agranoff, Robert W. Berend and Daniel R. Kail have been designated as the initial Trustees.

Mr. Agranoff, age 39, is a general partner of ASCO Partners (with which he has been affiliated since 1964), which is the General Partner of Arbitrage Securities Company, a broker-dealer, and is general counsel to Plaza Securities Company (a broker-dealer with which he has been affiliated since 1962). From 1975 through 1981, Mr. Agranoff was engaged in the private practice of law in New York City. In addition, he was an adjunct-instructor at New York University's Institute on Federal Taxation. Mr. Agranoff is a director of United Stockyards Corporation, and is also a director of Soho Repertory Theatre.

Mr. Berend, age 54, has been Senior Vice President, Secretary and General Counsel to the Company. He was elected Secretary of the Company in January 1970 and became Senior Vice President and General Counsel in June 1976. From June 1971 to March 1984, he also served as a director of the Company.

Mr. Kail, age 50, has been a director of the Company and has served as Executive Vice President and Chief Operating Officer of the Company. He has been an officer and employee of the Company or a subsidiary thereof since September 1975, and became a director of the Company in September 1984. He also serves as a director of Datapoint Corporation and of Intelogic Trace, Inc.

In accordance with the Trust Agreement, the Trustees jointly hold legal title to all of the Liquidating Trust's assets and are charged with the administration and disposition of such assets. However, with certain limited exceptions the Beneficiaries may, through voting rights, alter the manner in which the Liquidating Trust is administered. See "Description of Units of Beneficial Interest".

The Trust Agreement provides that so long as he is a Trustee Mr. Kail shall act, and otherwise the Trustees may select one of their number to act, as Managing Trustee to manage the affairs of the Trust on a daily basis. Any Trustee may be removed at any time, with or without cause, by Beneficiaries having an aggregate Beneficial Interest of at least 80% of the total Beneficial Interests. Should a Trustee at any time resign or be removed, or die or become mentally incompetent (as determined by a majority of the remaining Trustees in their sole discretion) or bankrupt, a vacancy shall be deemed to exist and a successor shall be appointed by the remaining Trustees. Should a vacancy not be filled by the remaining Trustees within 30 days, the Beneficiaries may call a meeting and appoint a successor Trustee by a vote of Beneficiaries holding a majority of Beneficial Interests represented at the meeting.

Remuneration of the Trustees

The Trustees are to receive compensation for services from the Primary Trust in the aggregate amount of \$75,000 per year, allocated \$25,000 to each of the three Trustees (and to their respective successors), and such additional compensation as may be approved by Beneficiaries having aggregate Beneficial Interests of at least 50 percent of the total Beneficial Interests. The Managing Trustee shall receive, in addition, \$75,000 per year for services in that capacity. Any Trustee may, in addition, receive compensation for any legal services performed by him (or by a firm of which he may be a member) as permitted in the Trust Agreement.

Reimbursement and Indemnification

Each Trustee is to be reimbursed out of the Primary Trust Estate for all expenses reasonably incurred by him in the performance of his duties in accordance with the Trust Agreement.

Each Trustee, employee and agent of the Liquidating Trust is to be indemnified out of the Trust Estates against all liabilities and expenses, including amounts paid in satisfaction of judgments, in compromise or as fines and penalties, and counsel fees, reasonably incurred by him in connection with the defense or disposition of any action, suit or other proceeding in which he may be involved or with which he may be threatened, while in office or thereafter, by reason of his being or having been a Trustee, employee or agent. However, no such Trustee, employee or agent will be entitled to indemnification in respect of any matter as to which he shall have been adjudicated to have acted in bad faith or with willful misfeasance or gross negligence or in reckless disregard of his duties, or, in the case of a compromise settlement, unless the Liquidating Trust shall have received a written opinion from independent counsel to the effect that if the matters had been adjudicated such Trustee, employee or agent would not have been found to have acted in bad faith or with willful misfeasance or gross negligence or in reckless disregard of his duties.

The Trustees may purchase such insurance as they determine, in the exercise of their discretion, adequately insures that each of the Trustees, employees and agents of the Liquidating Trust shall be indemnified against any such loss, liability or damage.

DESCRIPTION OF UNITS OF BENEFICIAL INTEREST

The Units shall represent interests in the Primary Trust Estate. One Unit will be issued for each share of Common Stock, \$.40 par value, of the Company held on January 9, 1986, which is the Effective Date. Each holder of Units will be a Beneficiary under the Trust Agreement, and will be entitled to voting, distribution and other rights in accordance with the Trust Agreement, proportionate with such Beneficiary's holding of Units of Beneficial Interests.

Distributions

From time to time, but at least annually, the Trustees shall distribute to the Beneficiaries such cash, including the proceeds from the sale of any assets and income from investments, comprising that portion of the Primary Trust Estate which, in their discretion, exceeds (i) such portion thereof as is reasonably necessary to satisfy all claims which theretofore have been asserted, but not yet determined, against the Primary Trust Estate, and (ii) a reserve in an amount reasonably determined by the

Trustees as necessary to meet any liabilities, costs or expenses payable from the Primary Trust Estate in accordance with the Trust Agreement.

Any distributions or payments allocable to Beneficiaries who are Unlocated Shareholders shall be distributed to the Ancillary Trust. See "Operation of the Liquidating Trust — The Ancillary Trust".

TRADING OF THE COMPANY'S COMMON STOCK AND TRADING OF UNITS OF BENEFICIAL INTEREST IN THE LIQUIDATING TRUST

The Company will close its stock transfer books as of the close of business on January 9, 1986, and at such time cease recording stock transfers and issuing stock certificates. Accordingly, trading in the Common Stock will cease not later than such date. The New York Stock Exchange, Inc. suspended trading in the Common Stock effective before the opening of trading on January 3, 1986, and has advised the Company of its intention to effect the delisting of the issue.

Based on the number of shares of the Common Stock outstanding, a total of approximately 6,770,485 Units of Beneficial Interest will be held by a total of approximately 7,500 Beneficiaries of record of the Liquidating Trust. The Units will not be listed on a national securities exchange, but it is anticipated that they will be traded in the over-the-counter market and quoted by NASDAQ. The Units will be transferable once the Form 8-B registration statement filed by the Liquidating Trust has become effective under the Exchange Act (which has occurred on January 9, 1986), except that Units which are held by affiliates of the Liquidating Trust may be subject to further restrictions on transferability. Affiliates of the Liquidating Trust will be permitted to sell their Units only pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "Securities Act") or an exemption thereunder, such as the exemption offered by Rule 144.

At the present time, there exists no established public trading market for the Units and, accordingly, no high and low sales prices are available. The Company cannot predict any future prices at which the Units might trade, and neither the Company nor the Liquidating Trust can give any assurance that a market will develop for the Units. Such prices will be determined by the marketplace and may be influenced by investor perception of the Liquidating Trust, by general economic conditions and by many other factors beyond the control of the Trustees.

The Registrar and Transfer Agent for the Units is The Bank of New York, whose address is included in "Surrender of Certain Certificates".

**UNAUDITED PRO FORMA STATEMENT OF NET
ASSETS OF THE PRIMARY TRUST**

The following unaudited pro forma statement of net assets of the Primary Trust as derived from the consolidated financial statements of the Company and its subsidiaries at September 30, 1985 sets forth the assets and liabilities of the Company as of September 30, 1985, adjusted to give effect to the transfer of the Company's remaining assets and liabilities to the Primary Trust as if such transfer occurred on September 30, 1985, and to give effect to certain significant transactions which have occurred or are expected to occur between October 1, 1985 and January 9, 1986.

This pro forma statement of net assets should be read in conjunction with the accompanying notes, as well as the consolidated financial statements and notes thereto of the Company as of September 30, 1985, appearing in Appendix 2 hereto. The unaudited pro forma statement of net assets is not necessarily indicative of the actual net assets of the Primary Trust which will exist at January 9, 1986, because, among other things, the Company will continue to engage in activities through January 9, 1986, which transactions will affect the assets and liabilities which actually will be transferred to and assumed by the Primary Trust.

This presentation does not represent an estimate of the ultimate liquidating value of the Company nor does it represent an estimate of the current or future market value of the Common Stock or the Units. The assets transferred to the Primary Trust will be subject to contingent liabilities and claims which are not reflected in the pro forma statement of net assets below. See "Operation of the Liquidating Trust — Description of Assets, Contingent Liabilities and Reserves" for a description of contingent liabilities.

	Historical September 30, 1985	Unaudited Pro Forma Adjustments	Unaudited Pro Forma Primary Trust September 30, 1985
	(thousands of dollars, except per share figures)		
Current Assets:			
Cash and short-term investments	\$21,386	\$ (6,800) (a) 10,500 (b)	\$20,762
		(3,200) (c) (524) (d) (600) (e)	
Amount due from sale of preferred stock	10,500	(10,500) (b)	—
Receivables	2,436	—	2,436
Pension deposits	3,364	—	3,364
Other	397	3,200 (c)	3,597
Total current assets	<u>\$36,083</u>	<u>\$ 7,924</u>	<u>\$30,159</u>
Current Liabilities:			
Accounts payable	\$ 359	\$ —	\$ 359
Accrued liabilities	3,198	—	3,198
Pension liabilities	3,888	(524) (d)	3,364
Income taxes payable	1,495	(1,395) (f)	100
Total current liabilities	<u>\$ 8,940</u>	<u>\$ 1,919</u>	<u>\$ 7,021</u>
Net Assets	<u>\$29,143</u>	<u>\$ 6,005</u>	<u>\$23,138</u>
Net Assets Per Share	<u>\$4.30</u>	<u>\$.89</u>	<u>\$3.41</u>

**NOTES TO UNAUDITED PRO FORMA STATEMENT OF NET
ASSETS OF THE PRIMARY TRUST**

(a) Liquidating distribution of \$1 per share to be paid on January 3, 1986 to shareholders of record on December 26, 1985.

(b) Cash received for amount due from sale of preferred stock of MAI Holdings, Inc., the purchaser of the Company's Basic Four Division.

(c) Deposit of \$3,200,000 with The Equitable Life Assurance Society of the United States ("Equitable") as a security deposit in event of a default by MAI Basic Four, Inc. as the tenant/assignee under the Company's lease with Equitable.

(d) Lump sum payments in satisfaction of the Company's obligations under its Directors' Pension Plan and to provide life insurance coverage.

(e) Estimated operating loss (expenses less interest income) for the period October 1, 1985 to January 9, 1986. Included in operating expenses are director and officer liability insurance premiums of \$415,000 paid in October.

(f) To adjust the liabilities of the Company to a tax basis of accounting.

CERTAIN BENEFICIARIES OF THE LIQUIDATING TRUST

Because one Unit of Beneficial Interest will be distributed for each share of the Company's Common Stock held on the Effective Date, each Shareholder who retains his or her holding in the Company will hold the same percentage of Beneficial Interests as he or she did of the Common Stock.

See Appendix 2: Management Assistance Inc. 1985 Annual Report and Form 10-K — "Item 12. Security Ownership of Certain Beneficial Owners and Management" for information with respect to all persons who are known to the management of the Company to be the holders of more than five percent of the Company's Common Stock as of November 30, 1985, and who, therefore, will hold more than five percent of the Beneficial Interests in the Liquidating Trust if such persons retain their respective current holdings in the Company.

The following table sets forth information as of December 31, 1985, with respect to the Units of Beneficial Interest to be held by the Trustees and by all the Trustees as a group if such persons retain their respective current holdings in the Company:

<u>Name and Business Address</u>	<u>Units to Be Held (1)</u>	<u>Percent of All Beneficial Interests</u>
Gerald N. Agranoff Plaza Securities Company 717 Fifth Avenue New York, New York 10022	none	none
Robert W. Berend Management Assistance Inc. 900 Third Avenue New York, New York 10022	71.074	nil
Daniel R. Kail Management Assistance Inc. 900 Third Avenue New York, New York 10022	500	nil
All Trustees as a Group	71.574	nil

(1) The figures in the table represent record and beneficial ownership, which includes sole voting and investment power.

RELATED TRANSACTIONS

For information regarding existing and former relationships between and transactions involving the Trustees and the Company and its present and former shareholders, directors and officers, see Appendix 2: Management Assistance Inc. 1985 Annual Report and Form 10-K — "Item 10. Directors and Executive Officers of the Registrant", "Item 11. Executive Compensation" and "Item 13. Certain Relationships and Related Transactions." See also "Operation of the Liquidating Trust — Description of Assets, Contingent Liabilities and Reserves".

LEGAL PROCEEDINGS

As transferee of both the assets and the liabilities of the Company, the Primary Trust will assume the obligations for which the Company would have been liable with respect to pending and potential litigation.

Pursuant to the asset purchase agreements regarding the sale of the Company's two divisional operations, the purchasers of the two divisions assumed the Company's obligations with respect to litigation relating to the divisions. However, the Company remains, and therefore the Primary Trust will remain, contingently liable in the event that either purchaser defaults on any judgment obtained by the plaintiff in its respective action.

Neither purchaser has assumed the Company's obligations in connection with certain litigation in which the Company is a defendant. Of these pending actions, there are two lawsuits involving claims for an amount exceeding \$100,000. For a summary of these actions, see Appendix 2: Management Assistance Inc. 1985 Annual Report and Form 10-K — "Item 3. Legal Proceedings."

ADDITIONAL INFORMATION

The Liquidating Trust has filed a Registration Statement on Form 8-B with the Securities and Exchange Commission under the Exchange Act, which Registration Statement has been declared effective as of January 9, 1986. The Registration Statement may be read without charge at the Offices of the Commission, and copies may be obtained at the charges prescribed by the Commission. Once the foregoing Registration Statement becomes effective, the Liquidating Trust will be subject to reporting requirements and other applicable provisions of the Exchange Act.

For additional financial information, see Appendix 2: Management Assistance Inc. 1985 Annual Report and Form 10-K — "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations."

Next Page 1

**MANAGEMENT ASSISTANCE INC. LIQUIDATING TRUST AGREEMENT
AND
DECLARATION OF TRUST**

AGREEMENT AND DECLARATION OF TRUST dated January 9, 1986, by and between MANAGEMENT ASSISTANCE INC., a New York corporation (the "Company"), and GERALD N. AGRANOFF, ROBERT W. BEREND and DANIEL R. KAUF (together, the "Trustees").

On October 23, 1984, the Board of Directors of the Company voted unanimously to submit to the shareholders of the Company a Plan of Complete Liquidation and Dissolution of the Company (the "Plan") in accordance with Section 337 of the Internal Revenue Code of 1954, as amended (the "Code"). The Plan was adopted by the shareholders of the Company at a meeting thereof held on January 14, 1985. This liquidating trust has been created pursuant to the Plan for the benefit of the shareholders of the Company as of the Record Date (as hereinafter defined) and their permitted successors and assigns as herein provided (collectively, the "Beneficiaries").

In consideration of the premises, the Company hereby (i) grants, releases, assigns, transfers, conveys and delivers unto the Trustees all of the Company's right, title and interest in and to all assets it presently owns, holds or otherwise possesses any interest in (including, without limiting the generality of the foregoing, all of the assets specified in Schedule A hereto and excluding those assets described in and assigned to the Trustees in the next succeeding clause (ii) of this sentence) to hold in trust (the "Primary Trust"), and (ii) hereby grants, releases, assigns, transfers, conveys and delivers unto the Trustees all amounts distributed as liquidating distributions to shareholders of the Company and returned to the Company or the Trustees as the result of the inability to locate such shareholders, together with all dividends heretofore paid to the shareholders of the Company and so returned which have not heretofore been paid over to the New York State Comptroller (or otherwise as required by law) as specified on Schedule B hereto, to hold in trust (the "Ancillary Trust"), in each case for the uses and purposes stated herein, subject to the terms and provisions set out below, and the Trustees hereby accept such assets and such trusts, subject to the terms and provisions hereof.

**ARTICLE I
NAME AND DEFINITIONS**

- 1.1 *Name.* This trust shall be known as the Management Assistance Inc. Liquidating Trust.
- 1.2 *Certain Terms Defined.* For all purposes of this Agreement, unless the context otherwise requires:

(a) "Ancillary Interest" shall mean the interest of each Unlocated Shareholder in the Ancillary Trust Estate and shall equal the sum of (i) any amounts heretofore distributed from the Company or hereafter distributed from the Primary Trust to such Unlocated Shareholder which are returned to the Trustees as a result of such Unlocated Shareholder not having been located, and (ii) any Trust Income from the Ancillary Trust Estate required by law to be held for such Unlocated Shareholder.

(b) "Ancillary Trust Estate" shall mean all the property held from time to time in the Ancillary Trust by the Trustees under this Agreement.

(c) "Beneficial Interest" shall mean, as of any relevant date, the proportionate share of each of the Beneficiaries in the Primary Trust Estate determined by the ratio of the number of Units held by such Beneficiary at the close of business on such date to the number of Units held by all Beneficiaries as of the close of business on such date.

(d) "Beneficiaries" shall mean the Shareholders (including the Unlocated Shareholders) or their respective legal representatives and their successors and assigns.

(e) "Effective Date" shall mean the date on which the distribution of the Trust assets from the Company to the Trustees occurs. *i.e.*, January 9, 1986.

(f) "Primary Trust Estate" shall mean all the property held from time to time in the Primary Trust by the Trustees under this Agreement.

(g) "Record Date" shall mean the date selected by the Board of Directors of the Company for determination of the shareholders of the Company entitled to become Beneficiaries. *i.e.*, January 9, 1986.

(h) "Shareholders" shall mean the holders of record of the outstanding Shares at the close of business on the Record Date.

(i) "Shares" shall mean the shares of Common Stock, \$.40 par value, of the Company.

(j) "Trust Estates" shall mean all the property held from time to time by the Trustees under this Agreement, including the Primary Trust Estate and the Ancillary Trust Estate, and, in addition, shall thereafter include all Trust Income.

(k) "Trust Income" shall mean any and all dividends, interest, rents, royalties, or other income or gains of or from the Primary Trust Estate or the Ancillary Trust Estate.

(l) "Trustees" shall mean the original Trustees and their successors.

(m) "Trusts" shall mean the Primary Trust and the Ancillary Trust created by this Agreement.

(n) "Unit" shall mean a proportionate share in the Primary Trust Estate equal to the ratio of one to the number of issued and outstanding Shares held by Shareholders at the close of business on the Record Date.

(o) "Unlocated Shareholders" shall mean (i) those persons entitled to the property described on Schedule B hereto, and (ii) any other Shareholders with respect to whom distributions made by the Company or the Trustees are returned to the Trustees as a result of the inability to locate such Shareholders. The initial Unlocated Shareholders shall be determined by the Trustees in accordance with a certified copy of a list of such persons as of the Record Date, which list shall be delivered by the Company (or its transfer agent) to the Trustees herewith or as soon hereafter as is practicable.

1.3 *Meaning of Other Terms.* Except where the context otherwise requires, words importing the masculine gender include the feminine and the neuter, if appropriate; words importing the singular number shall include the plural number and vice versa; and words importing persons shall include firms, associations and corporations. All references herein to Articles, Sections and other subdivisions refer to the corresponding Articles, Sections and other subdivisions of this Agreement; and the words herein, hereof, hereby, hereunder, and words of similar import, refer to this Agreement as a whole and not to any particular Article, Section or other subdivision.

ARTICLE II NATURE OF TRANSFERS

2.1 *Purposes of Trusts.* (a) The sole purposes of the Primary Trust are to liquidate any non-cash assets included in the Primary Trust Estate, to hold the assets of the Primary Trust in a manner calculated to conserve and protect the assets thereof, to collect the income and proceeds therefrom and to distribute the Primary Trust Estate to the Beneficiaries in as prompt and orderly a fashion as

possible in the best interests of the Beneficiaries after the payment of, or provision for, expenses, liabilities and obligations.

(b) The sole purposes of the Ancillary Trust are to hold the Ancillary Trust Estate in a manner calculated to conserve and protect the assets thereof, to collect the proceeds therefrom and to distribute the Ancillary Trust Estate to the Unlocated Shareholders or to dispose thereof as otherwise provided under applicable law, all in accordance with the provisions of this Agreement; *provided, however*, that, except as otherwise required by law, any income earned on the Ancillary Trust Estate shall be transferred to the Primary Trust and become part of the Primary Trust Estate.

(c) Neither Trust has the objective to, nor will either Trust, enter into or engage in the conduct of a trade or business.

2.2 *No Reversion to the Company.* In no event shall any part of the Trust Estates revert, or be distributed, to the Company.

2.3 *Instruments of Further Assurance.* After the liquidation and dissolution of the Company, such persons as have the right and power to so act will, upon reasonable request of the Trustees, execute, acknowledge and deliver such further instruments and do such further acts as may be necessary or proper to carry out the purposes of this Agreement, to transfer to the Trustees any property intended to be covered hereby, and to vest in the Trustees and their successors the estate, powers, instruments or funds in trust hereunder.

2.4 *Payment of Company Liabilities.* The Trustees hereby assume all the claims, liabilities and obligations (including unascertained or contingent liabilities and expenses) of the Company including, but not limited to, those claims, liabilities and obligations specified in Schedule A hereto. Should any liability be asserted against the Trustees as the transferees of either Trust Estate or as a result of the assumption made in accordance with this Section 2.4, the Trustees may use such part of the Trust Estates as may be necessary in contesting any such liability or in payment thereof, but in no event shall the Trustees, Beneficiaries or employees or agents of the Trusts be personally liable, nor shall resort be had to the private property of such persons, in the event the Trust Estates are not sufficient to satisfy the liabilities of the Trusts.

2.5 *Incidents of Ownership.* The Trustees hereby acknowledge that, as between the Trustees and the Shareholders and Unlocated Shareholders, (a) the Shareholders hold the entire Beneficial Interest in all the Primary Trust Estate and the Unlocated Shareholders hold the entire Ancillary Interest in all the Ancillary Trust Estate, and (b) the Trustees disclaim any interest in either of the Trust Estates and retain only such incidents of ownership therein as are necessary to undertake the actions and transactions authorized herein.

ARTICLE III

BENEFICIARIES

3.1 *Beneficial Interests.* (a) The initial Beneficial Interest of each Shareholder as a Beneficiary hereof shall be determined by the Trustees in accordance with a certified copy of the Company's shareholder list as of the Record Date, which list shall be delivered by the Company (or its transfer agent) to the Trustees herewith or as soon hereafter as is practicable. For ease of administration, the Trustees may, if they so elect, express the Beneficial Interest of each Shareholder in terms of Units.

(b) When the Trustees have determined the Beneficial Interests of the Shareholders, they shall notify each Shareholder of the amount of his Beneficial Interest.

(c) The certificates representing former shares of Common Stock, \$.40 par value, of the Company will be deemed to evidence the number of Units of Beneficial Interest owned by each Beneficiary, provided that, upon exchange of such certificates or transfer of Units, new certificates in form approved by the Trustees shall be issued and shall evidence the number of Units of Beneficial Interest owned.

3.2 *Rights of Beneficiaries.* Each Beneficiary shall be entitled to participation in the rights and benefits due to a Beneficiary hereunder according to his Beneficial Interest and his Ancillary Interest. Each Beneficiary shall take and hold the same subject to all the terms and provisions of this Agreement. The interest of each Beneficiary hereby is declared and shall be in all respects personal property and upon the death of an individual Beneficiary his interest shall pass as personal property to his legal representative, and such death shall in no way terminate or affect the validity of this Agreement. A Beneficiary shall have no title to, right to, possession of, management of, or control of, the Trust Estates except as herein expressly provided. No widower, widow, heir or devisee of any person who may be a Beneficiary shall have any right of dower, homestead, or inheritance, or of partition, or of any other right, statutory or otherwise, in any property whatever forming a part of the Trust Estates, but the whole title to all the Trust Estates shall be vested in the Trustees and the sole interest of the Beneficiaries shall be the rights and benefits given to such persons under this Agreement. The Beneficial Interests and the Ancillary Interests of the Beneficiaries hereunder shall not be subject to attachment, execution, sequestration or any order of any court, nor shall such interests be liable for the contracts, debts, obligations, engagements or liabilities of any Beneficiary, but the interest of a Beneficiary shall be paid by the Trustees to the Beneficiary free and clear of all assignments, attachments, anticipations, levies, executions, decrees and sequestrations and shall become the property of the Beneficiary only when actually received by such Beneficiary.

3.3 *No Transfer of Ancillary Interests.* The Ancillary Interest of a Beneficiary may not be transferred either by the Beneficiary in person or by a duly authorized agent or attorney, or by the properly appointed legal representatives of the Beneficiary, nor may a Beneficiary have authority or power to sell, assign, transfer, encumber or in any other manner anticipate or dispose of his interest in the Ancillary Trust Estate; *provided, however,* that the Ancillary Interest of a Beneficiary who is a natural person shall be assignable or transferable by will, intestate succession or operation of law, and the Ancillary Interest of a Beneficiary which is a corporation, partnership or other legal entity shall be assignable or transferable to any successor to all or substantially all of the business or assets of such entity.

3.4 *Trustees as Beneficiaries.* Each Trustee, either individually or in a representative or fiduciary capacity, may be a Beneficiary to the same extent as if he were not a Trustee hereunder and have all the rights of a Beneficiary, including, without limitation, the right to vote and to receive distributions, to the same extent as if he were not a Trustee hereunder.

ARTICLE IV

DURATION AND TERMINATION OF TRUSTS

4.1 *Duration.* The Primary Trust shall terminate three years from the Effective Date unless an earlier termination is required by the applicable law of the State of New York, or the Primary Trust is earlier terminated by action of the Beneficiaries as provided in Section 4.2, or by the distribution of the entirety of the Primary Trust Estate as provided in Section 5.4; *provided, however,* that the Trustees, in their discretion, may extend the existence of the Primary Trust to such later date as they may designate if they determine that an extension is reasonably necessary (a) to pay or make provision for then-known liabilities, actual or contingent, provided that in such case the Trustees must promptly distribute to the Beneficiaries that portion of the Primary Trust Estate which in their judgment need not be retained to cover such known liabilities, (b) to maintain any procedure or litigation for the collection of outstanding claims, provided that in such case the Trustees shall promptly distribute the proceeds thereof, after payment of expenses, or if they determine, after a good faith effort to reduce the Primary Trust Estate to cash for final distribution to the Beneficiaries, that an extension of the existence of this Trust is in the best interests of the Beneficiaries in order to reduce the Primary Trust Estate to cash, provided that in such case the Trustees promptly distribute to the Beneficiaries that portion of the Primary Trust Estate consisting of cash except for an amount which in their judgment is necessary to pay the expenses of the Trustees during the existence of the Primary Trust, as so

extended. The Ancillary Trust shall terminate upon distribution of the entire Ancillary Trust Estate in accordance with the terms of this Agreement.

4.2 *Termination by Beneficiaries.* The Primary Trust may be terminated at any time by the action of Beneficiaries having an aggregate Beneficial Interest of at least 80% of the total Beneficial Interests as evidenced in the manner provided in Article XII; *provided, however,* that such termination would not result in a breach of any obligation of the Primary Trust.

4.3 *Continuance of Trusts for Winding Up.* After the termination of the Trusts and solely for the purpose of liquidating and winding up the affairs of the Trusts, the Trustees shall continue to act as such until their duties have been fully performed. Upon distribution of the Trust Estates, the Trustees shall retain the books, records, shareholder lists, certificates and files which shall have been delivered to or created by the Trustees. At the Trustees' discretion, all of such records and documents may be destroyed at any time after seven years from the distribution of all the Trust Estates, subject to compliance with Section 6.1(b). Except as otherwise specifically provided herein, upon the distribution of all the Trust Estates, the Trustees shall have no further duties or obligations hereunder except to account as provided in Section 5.6 and to comply with Section 5.4(c).

ARTICLE V

ADMINISTRATION OF TRUST ESTATES

5.1 *Sale of the Primary Trust Estate.* The Trustees, at such time as they may deem appropriate, may transfer, assign or otherwise dispose of all or any part of the Primary Trust Estate as they deem appropriate at public auction or at private sale for cash, securities or other property, or upon credit (either secured or unsecured as the Trustees shall determine). To the extent consistent with their obligations hereunder, the Trustees will seek to dispose promptly of any such assets and not unduly prolong the duration of the Primary Trust.

5.2 *Payment of Claims, Expenses and Liabilities.* The Trustees shall collect the assets of and hold the Trust Estates without provision for, or the obligation to make payment of, any interest thereon to any Beneficiary. Any and all Trust Income shall be collected by the Trustees and held as part of the related Trust Estate, subject to the provisions of Section 2.1(b). The Trust Income of a particular Trust Estate shall not be commingled with the Trust Income of the other Trust Estate. The Trustees shall pay from each Trust Estate all claims, expenses, liabilities, charges and obligations of the Trust Estate, and all liabilities and obligations which the Trustees specifically assume and agree to pay pursuant to this Agreement and such transferee liabilities which the Trustees may be obligated to pay as transferees of the Trust Estate, including, without limiting the generality of the foregoing, interest, penalties, taxes, assessments and public charges of every kind and nature and the costs, charges and expenses connected with the execution of this Agreement and the administration of the Trust and such other payments and disbursements as are provided in this Agreement or which may be determined to be proper charges against the Trust Estate by the Trustees, including the compensation payable to the Trustees pursuant to Sections 6.3 and 9.1. Notwithstanding a termination of a Trust for any reason, the Trustees may, in their discretion, make provisions, by reserve or otherwise, out of the Trust Estate for such amount as the Trustees in good faith may determine to be necessary or advisable to meet present or future claims and liabilities of such Trust, whether fixed or contingent.

5.3 *Interim Distributions.* (a) At any time, and from time to time, but at least annually, the Trustees shall distribute, or cause to be distributed, to the Beneficiaries in proportion to their respective Beneficial Interests such cash, including the proceeds from the sale of any assets and income from any investments, comprising a portion of the Primary Trust Estate which, in their discretion, exceeds (i) such portion thereof as is reasonably necessary to satisfy all claims which theretofore have been asserted, but not yet determined, against the Primary Trust Estate, and (ii) a reserve in an amount reasonably determined by the Trustees as necessary to meet any liabilities, costs or expenses payable from the Primary Trust Estate in accordance with this Agreement.

(b) Any distributions or payments allocable to Beneficiaries who are Unlocated Shareholders shall be distributed to the Ancillary Trust at or about the same time as the distributions or payments are made to the other Beneficiaries. The Trustees shall distribute, or cause to be distributed, to the Unlocated Shareholders, upon location or identification to the satisfaction of the Trustees, the Ancillary Interest of each Unlocated Shareholder. In connection therewith, the Trustees may require such Unlocated Shareholder to produce such documentary evidence, including the certificate representing the Shares or the Units once held by such Unlocated Shareholder or his predecessor in interest, as may be reasonably required to establish the identity of such Unlocated Shareholder.

5.4 *Final Distribution* (a) If the Trustees determine that all claims, expenses, charges, liabilities and obligations of the Primary Trust have been paid or discharged, or if the existence of the Primary Trust shall terminate pursuant to Section 4.1 or 4.2, the Trustees shall, as expeditiously as is consistent with the conservation and protection of the Primary Trust Estate, distribute the Primary Trust Estate to the Beneficiaries, in proportion to their interests therein.

(b) The Trustees shall make all final distributions and other payments due any Unlocated Shareholders to the Ancillary Trust Estate, if in existence, and, if not, shall dispose thereof in accordance with applicable law.

(c) Except as otherwise required by applicable law, as soon as required under the law of the State of New York, and in no event later than six months after the date upon which the final distribution is made from the Primary Trust Estate, the Trustees shall distribute the Ancillary Trust Estate to the New York State Comptroller to be held by him, subject to applicable laws regarding escheat and abandoned property.

5.5 *Conflicting Claims to Trust Estates.* If any conflicting claims or demands are made or asserted with respect to any Beneficial Interest or Ancillary Interest, or with respect to any interest of any Beneficiary therein, or if there should be any disagreement between the transferees, assignees, heirs, representatives or legatees (including any representative of New York State or of any other jurisdiction) succeeding to all or a part of the interest of any Beneficiary resulting in adverse claims or demands being made in connection with such interest, then, in any of such events, the Trustees shall be entitled, at their sole election, to refuse to comply with any such conflicting claims or demands. In so refusing, the Trustees may elect to make no payment or distribution of the interests involved, or any part thereof, and in so doing the Trustees shall not be or become liable to any of such parties for their failure or refusal to comply with any of such conflicting claims or demands, nor shall the Trustees be liable for interest on any funds which it may so withhold. The Trustees shall be entitled to refrain and refuse to act until (i) the rights of the adverse claimants have been adjudicated by a final judgment of a court of competent jurisdiction, (ii) all differences have been adjusted by valid written agreement between all of such parties, and the Trustees shall have been furnished with an executed counterpart of such agreement, or (iii) there is furnished to the Trustees a surety bond or other security satisfactory to the Trustees, as they shall deem appropriate, to fully indemnify them as between all conflicting claims or demands.

5.6 *Reports to Beneficiaries* (a) As soon as practicable after the end of each fiscal year of the Primary Trust (beginning with the fiscal year in which the Effective Date occurs) and after termination of the Primary Trust, the Trustees shall submit a written report and account to the Beneficiaries who are required to include any portion of the income of the Primary Trust in their income tax returns for such fiscal year, showing (i) the assets and liabilities of the Primary Trust at the end of such fiscal year or upon termination and the receipts and disbursements of the Trustees for such fiscal year or period, examined and reported on by an independent certified public accountant, (ii) any changes in the Primary Trust Estate which they have not previously reported, and (iii) any action taken by the Trustees in the performance of their duties under this Agreement which they have not previously reported and which, in their opinion, materially affects the Primary Trust. The Trustees may submit similar reports for such interim periods during the fiscal year as they deem advisable.

(b) The fiscal year of both the Primary Trust and the Ancillary Trust shall end on December 31 of each year unless the Trustees deem it advisable to establish some other date as the date on which the fiscal year of either such Trust shall end.

5.7 *Federal Income Tax Information.* As soon as practicable after the close of each fiscal year, but in no event later than 90 days after the close of such fiscal year, the Trustees shall mail to each Beneficiary who is required to include any portion of the income of the Primary Trust in his income tax return for such fiscal year, a statement showing on a Unit basis all information which is required to be provided to such Beneficiary under the Code and the applicable regulations thereunder.

5.8 *Notification to Shareholders.* The Trustees shall take such actions as may be required by local law to notify any and all shareholders of their rights and liabilities pursuant to the Plan and this Agreement.

ARTICLE VI

POWERS OF AND LIMITATIONS ON THE TRUSTEES

6.1 *Limitations on Trustees.* (a) The Trustees shall not at any time, on behalf of the Trusts or Beneficiaries, enter into or engage in any trade or business, and no part of the Trust Estates or the Trust Income shall be used or disposed of by the Trustees in furtherance of any trade or business. The Trustees shall be restricted to the holding and collection of the Trust Estates and the payment and distribution thereof for the purposes set forth in this Agreement and to the conservation and protection of the Trust Estates and the administration thereof in accordance with the provisions of this Agreement. In no event shall the Trustees receive any property, make any distribution, satisfy or discharge any claims, expenses, charges, liabilities and obligations or otherwise take any action which is inconsistent with a complete liquidation of the Company as that term is used and interpreted by Sections 337 and 331 of the Code, regulations promulgated thereunder, and rulings, decisions and determinations of the Internal Revenue Service and courts of competent jurisdiction, or any action which would jeopardize the status of the Trust as a "liquidating trust" for Federal income tax purposes within the meaning of Treasury Regulation Section 301.7701-4(d). This limitation shall apply irrespective of whether the conduct of any such trade or business is deemed by the Trustees to be necessary or proper for the conservation and protection of the Trust Estates.

(b) The Trustees shall not, unless consented to in writing by MAI Holdings, Inc., destroy or otherwise dispose of any of the books or records relating to the Acquired Business or the Purchased Assets (as such terms are defined in the Assets Purchase Agreement dated November 15, 1984 (the "Basic Four Agreement")), among the Company, MAI International Corporation, MAI International Sales Corporation, MAI Holdings, Inc. and MAI Basic Four, Inc.) without first offering to surrender to MAI Holdings, Inc. such books and records or any portion thereof which the Trustees may intend to destroy or dispose of. The Trustees shall comply with the provisions of Section 9.5 of the Basic Four Agreement.

6.2 *Specific Powers of Trustees.* Subject to the provisions of Section 6.1, the Trustees shall have the following specific powers in addition to any powers conferred upon them by any other Section or provision of this Agreement or any statutory laws of the State of New York: *provided, however*, that the enumeration of the following powers shall not be considered in any way to limit or control the power of the Trustees to act as specifically authorized by any other Section or provision of this Agreement and to act in such a manner as the Trustees may deem necessary or appropriate to conserve and protect the Trust Estates, distribute the assets thereof to the Beneficiaries, after payment of or provision for the payment of liabilities or otherwise, or to confer on the Beneficiaries the benefits intended to be conferred upon them by this Agreement:

(a) To perform any and all acts necessary or desirable to carry out the purposes of the Trusts, including, but not limited to, any and all acts necessary or desirable to conserve, maintain and

manage the assets in the Primary Trust Estate pending their sale or liquidation or their distribution to Beneficiaries:

(b) To retain sufficient cash, including if necessary a portion of the cash proceeds realized from the sale of any assets in the Primary Trust Estate, in demand and time deposits in one or more banks or savings institutions or temporarily to invest and reinvest such cash in temporary investments such as certificates of deposit or United States Treasury securities, solely to meet the Trustees' reasonable and good faith estimate of claims and unascertained or contingent liabilities or contingent expenses (other than claims of Shareholders with respect to their Shares), which would have been payable by the Company had it not dissolved, and to meet any and all expenses reasonably expected to be incurred in determining or contesting such claims, but not to otherwise invest or reinvest any such proceeds; *provided, however*, that the Trustees shall not be chargeable with interest upon such part of the Trust Estates as may be in cash, or as may be converted into cash, except to the extent that interest may be paid to the Trustees on such cash amounts;

(c) To make withdrawals from such accounts or deposits to pay such claims and expenses upon receipt of evidence reasonably satisfactory to them as to the validity thereof;

(d) To determine which assets in the Primary Trust Estate should be sold and which assets, if any, in the Primary Trust Estate should be distributed in kind to the Beneficiaries;

(e) To distribute to the Beneficiaries, at such times as the Trustees deem appropriate, assets not required to be retained to meet claims or expenses assumed in accordance with Section 2.4;

(f) To distribute to the Beneficiaries, at such times as the Trustees deem appropriate, the net cash proceeds from the sale of any assets in the Primary Trust Estate or income from investments (to the extent not required to be set aside to meet claims and related expenses), and to make distributions to the Beneficiaries of the Primary Trust from time to time and upon termination of the Primary Trust of assets not required to be retained to meet claims or expenses;

(g) To maintain adequate records with respect to the activities of the Trusts;

(h) To deposit distributed or other assets as provided by applicable law for any Beneficiary who cannot be located;

(i) To collect and receive any and all monies and other property of whatsoever kind or nature due or owing or belonging to the Trusts and to give full discharge and acquittance therefor;

(j) To sell, exchange or otherwise dispose of any property at any time held or acquired hereunder at public or private sale, for cash or on terms, without the necessity of court approval or advertisement;

(k) To register any stock, bond or other security in the name of a nominee, with or without disclosure of any fiduciary relationship, and to convey title to any real property to a nominee and to hold title to real property in the name of a nominee, with or without disclosure of any fiduciary relationship; *provided, however*, that accurate records shall be maintained showing that such security or real property is a trust asset;

(l) To vote any securities held by the Trusts;

(m) To rescind or modify any contract affecting the Trusts;

(n) To borrow money in such amounts and upon such terms (with or without security) as the Trustees deem advisable for purposes of the Trusts;

(o) To engage counsel and to conduct litigation on behalf of the Trusts and to compromise, adjust or settle any claim or demand by or against the Trusts;

(p) To employ agents, employees, auditors, attorneys, real estate brokers and investment and other counsellors and consultants, and to pay them reasonable compensation;

(q) To select an annual accounting period, to charge any expense, tax, repair or replacement either to the Primary Trust or the Ancillary Trust and to income or principal, or apportion the same between income and principal, to apportion the sales price of any asset between income and principal, to determine in their sole discretion whether to amortize any premium or accumulate any discount on investments purchased or sold, and to provide or fail to provide a reasonable reserve against depreciation or obsolescence for any asset which at any time is a part of the Primary Trust Estate;

(r) To serve without making and filing inventory and appraisal, without filing any annual or other returns or reports to any court, and without giving bond; but the Trustees shall furnish at least annually a statement of receipts and disbursements to the Beneficiaries, and shall render an account to each of the Beneficiaries at the time of the termination of the Primary Trust;

(s) To perform any and all acts necessary or desirable to facilitate the transferability of Units, including the making of filings under applicable Federal securities laws; and

(t) If necessary because of the Primary Trust's ownership of debt obligations resulting from a sale of assets or because of the Primary Trust's inability to dispose of any part of the Primary Trust Estate in a commercially reasonable manner, to extend the existence of the Primary Trust.

6.3 *Appointment of Managing Trustee.* So long as he is a Trustee Daniel R. Kail shall act, and otherwise the Trustees may select one of their number to act, as Managing Trustee to manage the affairs of the Trusts on a daily basis, and the Managing Trustee shall receive the sum of \$75,000 per year in his capacity as Managing Trustee, which compensation shall be in addition to that provided for in Section 9.1 and shall be payable from the Primary Trust Estate.

ARTICLE VII

CONCERNING THE TRUSTEES, BENEFICIARIES, EMPLOYEES AND AGENTS

7.1 *Generally.* The Trustees accept and undertake to discharge the trusts created by this Agreement upon the terms and conditions hereof. The Trustees shall exercise such of the rights and powers vested in them by this Agreement, and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs. No provision of this Agreement shall be construed to relieve the Trustees from liability for their own grossly negligent action, their own grossly negligent failure to act, or their own willful misconduct, except that:

(a) No Trustee shall be responsible for the acts or omissions of any other Trustee if done or omitted without his knowledge or consent unless it shall be proved that such Trustee was negligent in ascertaining the pertinent facts, and no successor Trustee shall be in any way responsible for the acts or omissions of any Trustees in office prior to the date on which he becomes a Trustee;

(b) No Trustee shall be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Trustees;

(c) In the absence of bad faith on the part of the Trustees, the Trustees may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustees; *provided, however*, that in the case of any such certificates or opinions which are specifically required to be furnished to the Trustees by any provision hereof, the Trustees shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement;

(d) No Trustee shall be liable for any error of judgment made in good faith; and

(c) No Trustee shall be liable with respect to any action taken or omitted to be taken by him in good faith in accordance with the direction of Beneficiaries having an aggregate Beneficial Interest of more than 50% relating to the time, method, and place of conducting any proceeding for any remedy available to the Trustees, or exercising any trust or power conferred upon the Trustees under this Agreement.

7.2 *Reliance by Trustees.* Except as otherwise provided in Section 7.1:

(a) The Trustees may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order or other paper or document believed by them to be genuine and to have been signed or presented by the proper party or parties:

(b) The Trustees may consult with legal counsel to be selected by them, including (with the unanimous prior written consent of the Trustees) an individual Trustee and firms of which a Trustee may be a member, and the advice or opinion of such counsel shall be full and complete personal protection to all Trustees, employees and agents of the Trusts in respect of any action taken or suffered by them in good faith and in reliance on, or in accordance with, such advice or opinion:

(c) Persons dealing with Trustees shall look only to the Trust Estates to satisfy any liability incurred by the Trustees to such person in carrying out the terms of the Trusts, and the Trustees shall have no personal or individual obligation to satisfy any such liability: and

(d) As far as practicable, the Trustees shall cause any written instrument creating an obligation of the Trusts to include a reference to this Agreement and to provide that neither the Beneficiaries, the Trustees nor their agents shall be liable thereunder and that the other parties to such instrument shall look solely to the Trust Estates for the payment of any claim thereunder or the performance thereof; *provided, however,* that the omission of such provision from any such instrument shall not render the Beneficiaries, Trustees or their agents liable nor shall the Trustees be liable to anyone for such omission.

7.3 *Liability to Third Persons.* No Beneficiary shall be subject to any personal liability whatsoever, in tort, contract or otherwise, to any person in connection with the Trust Estates or the affairs of the Trusts, and no Trustee, employee or agent of the Trusts shall be subject to any personal liability whatsoever, in tort, contract or otherwise, to any person in connection with the Trust Estates or the affairs of the Trusts, except for his own willful misconduct knowingly and intentionally committed in bad faith; and all such other persons shall look solely to the Trust Estates for satisfaction of claims of any nature arising in connection with the affairs of the Trusts. The Trustees shall, at all times, use reasonable efforts to maintain insurance for the protection of the Trust Estates, the Beneficiaries, the Trustees, the persons who shall have served as officers and directors of the Company prior to its dissolution, and employees and agents retained by the Trustees in such amount as the Trustees shall deem adequate to cover all liability to the extent available at reasonable rates.

7.4 *Recitals.* Any written instrument creating an obligation of the Trusts shall be conclusively taken to have been executed or done by a Trustee, employee or agent of the Trusts only in his capacity as Trustee under this Agreement or in his capacity as employee or agent of the Trusts. Any written instrument creating an obligation of the Trusts shall refer to this Agreement and contain a recital to the effect that obligations thereunder are not personally binding upon, nor shall resort be had to the private property of, any of the Trustees, Beneficiaries, employees or agents of the Trusts, but the Trust Estates or a specific portion thereof only shall be bound; *provided, however,* that the omission of such recital shall not operate to impose personal liability on any of the Trustees, Beneficiaries, employees or agents of the Trusts, nor shall the Trustees be liable to anyone for such omission.

7.5 *Indemnification.* Each Trustee and employee and agent of the Trusts shall be indemnified out of the Trust Estate against all liabilities and expenses, including amounts paid in satisfaction of judgments, in compromise or as fines and penalties, and counsel fees, reasonably incurred by him in