

Document 1980

[21980001]

Prospect Group Inc. , whose recent hostile tender offer for Recognition Equipment Inc. failed for lack of financing , apparently has gained a measure of control over the troubled company anyway .

[21980002]

As part of what a Recognition spokeswoman termed an " amiable agreement " , Prospect Group will wind up with control of top management posts and an increased stake in the maker of data management equipment .

[21980004]

Mr. Sheinberg remains as executive vice president .

[21980005]

Thomas M. Hurley and Robert A. Vanourek , who had been designated to take over Recognition 's top spots had Prospect 's tender offer succeeded , were named co-chief executives and directors .

[21980006]

Mr. Hurley was formerly a vice president and general manager of an Avery International division ; Mr. Vanourek was a former group vice president of Pitney Bowes Inc .

[21980007]

In addition , the agreement calls for Gilbert H. Lanphere , chairman of Prospect Group 's executive committee , to be named chairman of a restructured board that will include four new independent directors .

[21980008]

Also named to the revised board was Thomas A. Loose , Recognition 's senior vice president and general counsel .

[21980009]

Prospect , a New York-based leveraged buy-out firm , also agreed to invest \$ 15 million in Recognition , which in turn agreed to repurchase as much as \$ 20 million of its stock .

[21980010]

That would increase Prospect 's ownership of the company 's fully-diluted shares outstanding to 20 % from 14.1 % .

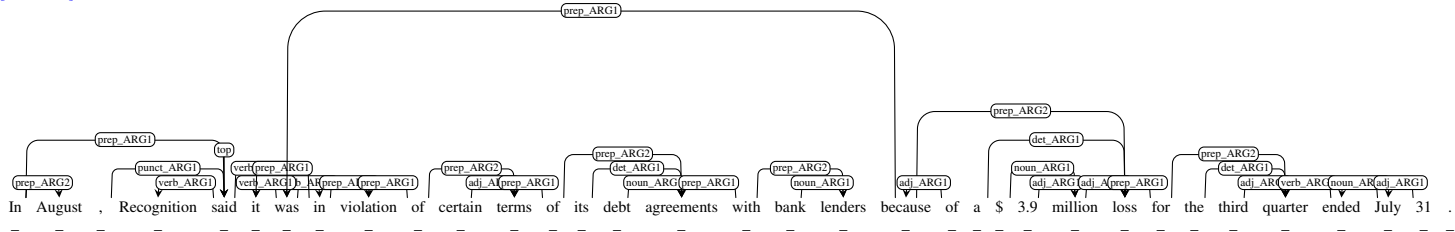
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Under the agreement , Prospect is permitted to increase its stake in Recognition to 30 % .

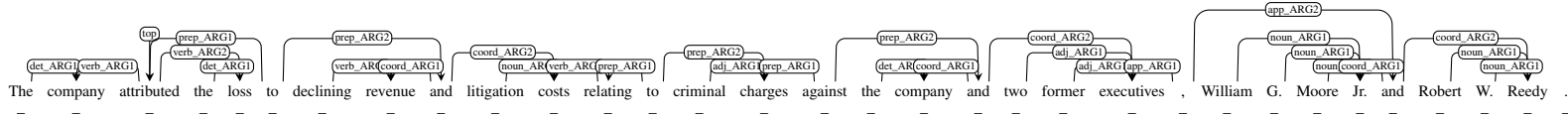
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Recognition also said it obtained a commitment from Chemical Bank and Bank of Boston to convert an estimated \$ 18 million in bank debt to a new , 24-month secured term loan to be repaid through the sale of certain assets .

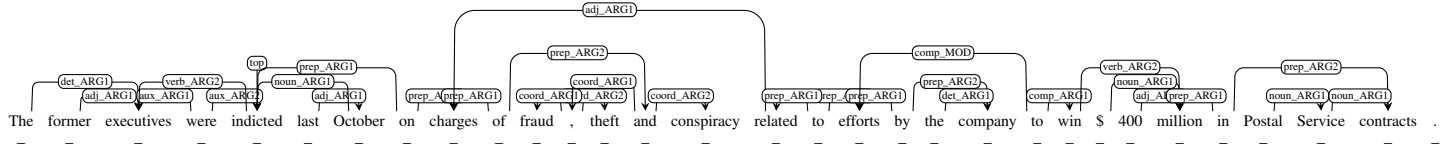
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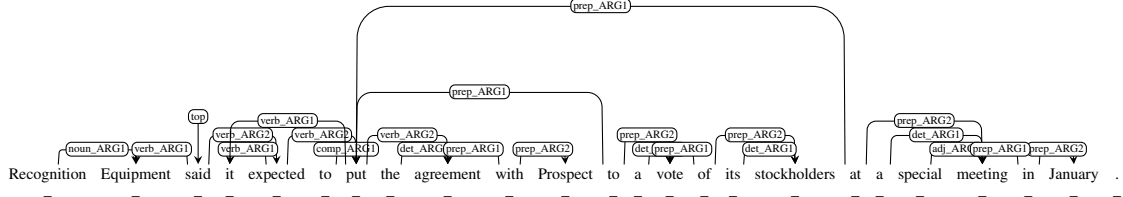
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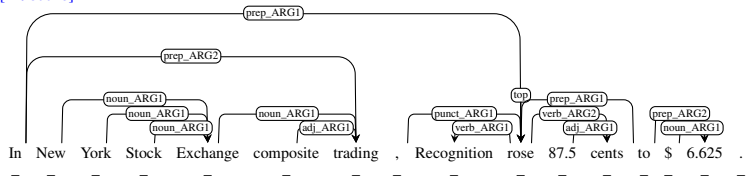
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