

March 15, 2010

Mike Wavada
Denise Bessette
Tailored Systems Inc.
7B Pasco Drive
East Windsor, CT 06088

Dear Mike & Denise:

First let me thank you for your recent time on the conference call and web-x of your software. I am impressed with what you have done with the business so far and I would like to purchase the company from you. I have given extensive thought as to how I can make this work for everyone and I believe that I have a proposal that is fair and equitable for all. Listed below is my offer for purchasing the company. This offer is the most I can afford given that I will have significant debt service, paying Mike's salary, taking a small salary for myself, expenses commuting and re-investing into a sales/marketing dept. for the business.

1. I would like to buy the company for One Million dollars thru a stock sale. This is beneficial for you as a seller and much less beneficial for me as a buyer as I give up many tax benefits of depreciation and amortization.
 - a. Your after tax benefit of dollars is equal to 1.4 million dollar Asset sale, here is the how the dollars work:
 - * $1,000,000 \times 15\%$ (capital gains tax) = \$150,000 in taxes so your Net is \$850,000
 - $1,400,000 \times 41\%$ (asset sale is taxed at highest federal income bracket of 35% + CT state income tax of 6% = 41%)
 - *So Tax on an Asset sale of 1,400,000 = \$574,000 or your Net is \$826,00
You are actually gaining an increased benefit of \$24,000
2. I would like for Mike to stay on with the company for two years full time at his Current salary of \$95,000 with same medical plan as currently in place. I would also like the option of him staying on for an additional two years for a total of four years transition. These optional two years would only occur if both Tim and Mike agree that the business can or can not sustain itself at that time based on Tim's progress with the software code/business. Mike would give a no charge transition period of 60 days to Tim without salary, which is very typical when an owner sells the company. His salary would start 60 days after the close of the business sale.

62K
Same price
10-15K Deprec

3. I would like for Denise to stay on at a no charge for a 60-day transition to train Tim on all aspects of the software code, employees, customers, any and all normal issues related to the business. Again this 60-day transition period is very typical in the sale of a business.

4. Mike gets an additional financial benefit of \$200,000 potentially \$400,000 by staying with the business during this transition period.

I know this offer may not be exactly what you would like, but I think it is extremely fair considering all the circumstances involved. I want to buy your business, but I must make sure that the financial numbers will support the purchase. I will have a lot of work to do to learn the business, but most importantly to grow the business. I will not be able to do this without Mike's help so I think the two year potentially four year transition will give me time to do this. These four points are some of the more important aspects of the sale. If this makes sense to you both then a formal LOI will follow quickly.

Thanks Again!

Best Regards,
Tim Finney