SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant [X]

Filed by a Party other than the Registrant [_]

Check the appropriate box:

[ ] Preliminary Proxy Statement
[X] Definitive Proxy Statement
[_] Definitive Additional Materials
[_] Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

[_] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

METRO-TEL CORP.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[ ] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

[X] Fee paid previously with preliminary materials.

[_] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

METRO-TEL CORP. LETTERHEAD

Dear Fellow Stockholder: October 5, 1998

The 1998 Annual Meeting of Stockholders of our Company will be held at the offices of Parker Chapin Flattau & Klimpl, LLP, Eighteenth Floor, 1211 Avenue of the Americas (between 47th and 48th Streets), New York, New York commencing at 10:00 a.m. on October 29, 1998.

The principal purpose of the Annual Meeting, in addition to the customary election of directors, is to consider and vote upon several proposals related to a merger pursuant to which Steiner-Atlantic Corp ("Steiner") would become a wholly owned subsidiary of the Company (the "Merger"). Details of the proposed Merger are provided in the enclosed Proxy Statement, which you should read carefully.

Because the attached Proxy Statement contains all information required to be included in an Annual Report to Stockholders, a separate Annual Report to Stockholders is not included.

Management strongly believes that the proposed Merger is in the best interests of the Company and its stockholders to maximize the prospects of enhancing stockholder value over the long term. Although we have reviewed other business combinations, we have concluded that they are not as beneficial to the Company's stockholders as the proposed Merger due, in large part, to the business that Steiner has established, its long-term potential and the Company's prospects.

There are, however, several significant effects that the Merger will have on the Company. Among other things discussed in the enclosed Proxy Statement, upon consummation of the Merger, the two shareholders of Steiner would receive at least 69% of the shares of the Company's Common Stock to be outstanding immediately following the Merger. In addition, the Board of Directors of each of the Company and Steiner will consist of two designees of the Company and four designees of Steiner, including two directors who are not officers, directors or shareholders of Steiner. Also, the Company has been advised by the Staff of The Nasdaq Stock Market, Inc. that it considers the Merger to be a reverse acquisition and that, since the combined entity is not expected to meet all of the criteria that would be applicable to gain an initial listing on the Nasdaq SmallCap Market, the Company will be delisted from the Nasdaq SmallCap Market on the date the Merger is consummated. At that time we expect that quotations regarding the Company's Common Stock will become available through Nasdaq's Electronic Bulletin Board.

In order to effectuate the Merger, stockholders will also be asked to consider a vote upon a proposal to amend the Company's Certificate of Incorporation to increase the number of shares of Common Stock which the Company is authorized to issue from 6,000,000 shares to 15,000,000 shares and a proposal to amend the Company's 1991 Stock Option Plan to increase the number of shares subject thereto from 250,000 shares to 850,000 shares. Approval of both of those proposals is a condition to consummation of the Merger. And, stockholders will be asked to elect four directors

to hold office until the next Annual Meeting of Stockholders, two of which nominees, Michael Epstein and Michael Michaelson, would cease to serve as directors if and when the Merger is completed.

Because of the importance of the proposals, it is important that you complete, sign, date and return the enclosed proxy card. If you are able to attend the meeting, you will nevertheless be able to vote in person if you desire to do so.

Sincerely.

/s/ Venerando J. Indelicato

Venerando J. Indelicato
President

YOUR VOTE IS IMPORTANT.
PLEASE COMPLETE, SIGN, DATE AND RETURN YOUR PROXY.

METRO-TEL CORP.

250 South Milpitas Boulevard
Milpitas, California 95035
(408) (946-4600)

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON OCTOBER 29, 1998

Milpitas, California
October 5, 1998

To the Stockholders of
Metro-Tel Corp.

NOTICE IS HEREBY GIVEN that the 1998 Annual Meeting of Stockholders (the "Meeting") of METRO-TEL CORP., a Delaware corporation (the "Company"), will be held on Thursday, October 29, 1998 at 10:00 A.M., New York City time, at the offices of Parker Chapin Flattau & Klimpl, LLP, Eighteenth Floor, 1211 Avenue of the Americas (between 47th and 48th Streets), New York, New York, for the purpose of considering and acting upon the following matters:

(1) A proposal to approve and adopt an Agreement and Plan of Merger, dated as of July 1, 1998, among the Company, Metro-Tel Acquisition Corp., Steiner-Atlantic Corp. ("Steiner"), William K. Steiner and Michael S. Steiner, pursuant to which a newly formed wholly-owned subsidiary of the Company will be merged with and into Steiner (the "Merger") as a result of which, among other things, Steiner will become a wholly-owned subsidiary of the Company, the stockholders of Steiner will become owners of approximately 69% of the outstanding shares of the Company's Common Stock and a majority of the members of the Company's Board of Directors will consist of designees of Steiner.

(2) A proposal to amend the Company's Certificate of Incorporation to increase the number of shares of Common Stock which the Company is authorized to issue from 6,000,000 shares to 15,000,000 shares (the "Proposed Amendment").

(3) A proposal to amend the Company's 1991 Stock Option Plan (the "1991 Plan") to increase the number of shares of Common Stock which the Company is authorized to issue thereunder from 250,000 shares to 850,000 shares.

(4) The election of four directors to serve until the next Annual Meeting of Stockholders and until the election and qualification of their respective successors (or, in the case of Michael Michaelson and Michael Epstein, the consummation of the Merger, if earlier).

(5) The transaction of such other business as may properly be brought before the Meeting or any adjournments or postponements thereof.

The amendments to the Company's Certificate of Incorporation and the 1991 Plan are subject to and, would become effective only upon, consummation of the Merger. It is a condition to the consummation of the Merger that the amendments to Company's Certificate of Incorporation and the 1991 Plan be adopted.

The Board of Directors has fixed the close of business on September 29, 1998 as the Record Date for the determination of stockholders entitled to notice of, and to vote at, the Meeting.

By Order of the Board of Directors,

/s/ Lloyd Frank
Secretary

THE RETURN OF YOUR SIGNED PROXY AS PROMPTLY AS POSSIBLE WILL GREATLY FACILITATE ARRANGEMENTS FOR THE MEETING. NO POSTAGE IS REQUIRED IF THE PROXY IS RETURNED IN THE ENCLOSED ENVELOPE AND MAILED IN THE UNITED STATES.

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METRO-TEL CORP.
250 SOUTH MILPITAS BOULEVARD
MILPITAS, CALIFORNIA 95035
(408) 946-4600

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD OCTOBER 29, 1998

INTRODUCTION

This Proxy Statement, to be mailed to stockholders on or about October 5, 1998, is furnished in connection with the solicitation by the Board of Directors of Metro-Tel Corp., a Delaware corporation (the "Company"), of proxies in the accompanying form (the "Proxy" or "Proxies") for use at the 1998 Annual Meeting of Stockholders of the Company (the "Meeting") to be held on Thursday, October 29, 1998, and at any adjournments or postponements thereof. The Meeting will be held at the place and time stated in the notice attached hereto.

All Proxies received will be voted in accordance with the specifications made thereon or, in the absence of any specification, for the election of all of the nominees named herein to serve as directors and in favor of each of the other matters proposed in this Proxy Statement by the Board of Directors. Any Proxy given pursuant to this solicitation may be revoked by the person giving it at any time prior to the exercise of the powers conferred thereby by (i) notice in writing or by submitting a later dated proxy to the Company at 250 South Milpitas Boulevard, Milpitas, California 95035, Attention: Lloyd Frank, Secretary, (ii) by submitting a later dated proxy, or (iii) by voting in person at the Meeting.

At the Meeting, the holders of shares of Common Stock of the Company ("Common Stock") will be asked to consider and vote upon a proposal to approve and adopt an Agreement and Plan of Merger, dated as of July 1, 1998 (the "Merger Agreement"), pursuant to which, upon the terms and conditions set forth in the Merger Agreement, Metro-Tel Acquisition Corp., a newly formed wholly-owned subsidiary of the Company, will be merged with and into Steiner-Atlantic Corp. ("Steiner"), Steiner will become a wholly-owned subsidiary of the Company, William K. Steiner and Michael S. Steiner, the stockholders of Steiner, will become owners of approximately 4,720,954 shares of Common Stock of the Company (representing approximately 69% of the outstanding shares of Common Stock of the Company immediately following the Merger) and a majority of the members of the Company's Board of Directors will consist of designees of Steiner. In addition, 100,000 shares of the Company's Common Stock would be issued to the Company's financial advisor. The 2,054,046 shares of the Company's Common Stock that are currently outstanding would remain outstanding upon consummation of the Merger and would represent, in the aggregate, approximately 30% of the

Company's Common Stock to be outstanding upon consummation of the Merger. Steiner's shareholders may also receive additional shares of the Company's Common Stock depending on the number of shares of the Company's Common Stock to be subject to options to be granted to key employees of Steiner on the date of consummation of the Merger. (See "THE MERGER - Terms of the Merger Agreement; THE MERGER - Terms of the Merger Agreement - Issuance of Shares; Issuance of Stock Options".) At the Meeting, the stockholders will also be asked to consider and vote upon (i) a proposal to amend the Company's Certificate of Incorporation to increase the number of shares of Common Stock which the Company is authorized to issue from 6,000,000 shares to 15,000,000 shares (the "Proposed Amendment"); (ii) a proposal to amend the Company's 1991 Stock Option Plan (the "1991 Plan") to increase the number of shares of Common Stock which the Company is authorized to issue pursuant to the 1991 Plan from 250,000 shares to 850,000 shares; and (iii) the election of four directors to serve until the next Annual Meeting of Stockholders or until the election and qualification of their respective successors (or, in the case of Michael Michaelson and Michael Epstein the consummation of the Merger, if earlier).

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

The information herein contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve a number of risks and uncertainties. When used herein, the words "believes," "expects," "may," "will," "should," "seeks," "anticipates," "estimate," "project," "intends" and similar expressions are intended to identify forward-looking statements regarding events, conditions and financial trends that may affect the Company's future plans of operations, business strategy, operating results and financial position. Prospective investors are cautioned that any forward-looking statements are not guarantees of future performance and are subject to risks and significant uncertainties and that actual results may differ materially from those included within the forward-looking statements as a result of various factors. Certain of those factors are described under the heading "Risk Factors."

SUMMARY

Certain significant matters discussed in the Proxy Statement are summarized below. This Summary is not intended to be complete and is qualified in all respects by reference to the more detailed information appearing in this Proxy Statement, including the financial statements and copies of the Merger Agreement, Proposed Amendment and Fairness Opinion (as defined herein). Stockholders are urged to review carefully the entire Proxy Statement (including such financial statements and other documents).

GENERAL INFORMATION

Date, Time and Place of the Meeting. The Annual Meeting of Stockholders of the Company is to be held on Thursday, October 29, 1998, at the offices of Parker Chapin Flattau & Klimpl, LLP, Eighteenth Floor, 1211 Avenue of the Americas, (between 47th and 48th Streets), New York, New York at 10:00 A.M., New York City Time (the "Meeting"). See "VOTING RIGHTS AND PROXY INFORMATION."

Purposes of the Meeting. The purposes of the Meeting are to consider and vote upon: (i) a proposal to approve and adopt the Merger Agreement; (ii) a proposal to amend the Company's Certificate of Incorporation to increase the number of shares of Common Stock which the Company is authorized to issue from 6,000,000 shares to 15,000,000 shares; (iii) a proposal to amend the 1991 Plan to increase the number of shares of Common Stock which the Company is authorized to issue from 250,000 shares to 850,000 shares; (iv) the election of four directors to serve until the next Annual Meeting of Stockholders or until the election and qualification of their respective successors (or, in the case of Michael Michaelson and Michael Epstein, the consummation of the Merger, if earlier); and (v) such other business as may properly come before the Meeting or any adjournments or postponements thereof. See "VOTING RIGHTS AND PROXY INFORMATION."

Record Date. The Board of Directors has fixed the close of business on September 29, 1998, as the record date (the "Record Date") for the determination of stockholders entitled to notice of, and to vote at, the Meeting. On that date, 2,054,046 shares of the Company's Common Stock were outstanding. See "VOTING RIGHTS AND PROXY INFORMATION."

Votes Required. While not required by Delaware Law, the Company has determined to require the affirmative vote of a majority of the shares of the Company's Common Stock outstanding on the Record Date to approve and adopt the Merger Agreement. With respect to the approval of the Merger by Steiner's shareholders, the affirmative vote of 100% of the outstanding shares of Steiner's common stock, $.50 par value per share ("Steiner's Common Stock"), is required in order for Steiner to approve the Proposed Merger. Steiner's two shareholders have agreed in the Merger Agreement to vote in favor of the Merger. The affirmative vote of a majority of the shares of the Company's Common Stock outstanding on the Record Date is required to approve and adopt the Proposed Amendment. The affirmative vote of a majority of the shares of the Company's Common Stock present in person or represented by proxy at the Meeting and entitled to vote thereon is

required to amend the 1991 Plan. A plurality of the votes of the shares present in person or represented by proxy at the Meeting and entitled to vote thereon is required with respect to the election of directors. See "VOTING RIGHTS AND PROXY INFORMATION AND VOTING REQUIREMENTS."

PROPOSAL 1: APPROVAL AND ADOPTION OF THE AGREEMENT AND PLAN OF MERGER

PARTIES TO THE MERGER

Metro-Tel Corp. The Company is a manufacturer and seller of telephone test and customer premise equipment utilized by telephone and telephone interconnect companies in the installation and maintenance of telephone equipment. See "THE COMPANY'S BUSINESS - General."

Steiner-Atlantic Corp. Steiner is a supplier of dry cleaning equipment, industrial laundry equipment and steam boilers, offering over 30 lines of commercial systems to customers in South Florida, the Caribbean and Central and South American markets. See "THE MERGER - Steiner's Business."

MERGER AGREEMENT.

On July 6, 1998, the Company and Steiner signed the Merger Agreement, dated as of July 1, 1998, pursuant to which a wholly-owned subsidiary of the Company would be merged with and into Steiner. A copy of the Merger Agreement is attached to this Proxy Statement as Exhibit A. See "THE MERGER."

THE MERGER

General. The Merger Agreement provides for a wholly-owned subsidiary of the Company to be merged with and into Steiner, with Steiner being the surviving corporation of the Merger and therefore becoming a wholly-owned subsidiary of the Company. See "THE MERGER - General."

Shares to be Issued. Each share of the Company's Common Stock outstanding prior to the consummation of the Merger will remain outstanding following the consummation of the Merger. Each share of Steiner's Common Stock outstanding prior to the consummation of the Merger will be converted into 13.90561 shares of the Company's Common Stock. Steiner's shareholders may also receive additional shares of the Company's Common Stock depending on the number of shares of the Company's Common Stock to be subject to options to be granted to key employees of Steiner on the date of consummation of the Merger. Assuming no such additional shares are issued, upon consummation of the Merger, the holders of the Company's Common Stock immediately prior to the Merger would own 2,054,046, or approximately 30%, of the shares of the Company's Common Stock to be outstanding immediately following the Merger and the holders of Steiner's Common Stock immediately prior to the Merger would own at least 4,720,954, or approximately 69%, of the shares of the Company's Common Stock to be outstanding immediately following the Merger. The

remaining 100,000 shares of the Company's Common Stock to be outstanding immediately following the Merger would be issued to the Company's financial advisor. See "THE MERGER - Background of the Proposed Merger - Negotiations with Steiner and "THE MERGER - Terms of the Merger Agreement - The Merger; Shares Issued."

Opinion of the Company's Financial Advisor. Slusser Associates, Inc. ("Slusser") is acting as the Company's financial advisor in connection with the Merger and has rendered an opinion to the Company's Board of Directors that, as of June 25, 1998, the date the Board of Directors authorized the Company to enter into the Merger Agreement, as of August 12, 1998, the date of Slusser's confirming written opinion, and as of the date of this Proxy Statement, the consideration to be paid by the Company in connection with the Merger was fair to the Company and its shareholders from a financial point of view (the "Fairness Opinion"). The full text of Slusser's Fairness Opinion is set forth as Exhibit B to this Proxy Statement. For its services in connection with the proposed Merger, Slusser will receive its reasonable out-of-pocket expenses and, upon the completion of the Merger, a fee of (i) $100,000 and (ii) 100,000 shares of the Company's Common Stock. See "THE MERGER - Opinion of Financial Advisor".

Recommendation of the Company's Board of Directors. The Company's Board of Directors believes the Merger is in the best interests of the Company and its stockholders and has unanimously approved the Merger Agreement and the consummation of the transactions contemplated thereby. The Board unanimously recommends that its stockholders approve and adopt the Merger Agreement, as well as the related Proposed Amendment to increase the number of shares of Common Stock which the Company is authorized to issue and the related amendment to the 1991 Plan which increases the number of shares subject to the 1991 Plan. The Board of Directors' recommendation is based upon a number of factors discussed in this Proxy Statement, including the Board's determination that the Merger is in the best interests of the Company and its stockholders, and the Board's belief that the way to maximize the prospects of enhancing stockholder value over the long-term is to merge the Company with another entity that is profitable. The Company's directors and executive officers beneficially owned 314,675 shares of the Company's Common Stock as of the Record Date, representing approximately 15.3% of the Company's Common Stock outstanding, and have advised the Company that they intend to vote in favor of the Merger, the Proposed Amendment, the Amendment to the 1991 Plan and each of management's nominees for director. In addition, the spouses of the Company's directors and executive officers owned 198,645 shares of the Company's Common Stock outstanding as of the Record Date. See "THE MERGER - Background of the Proposed Merger - Recommendation of the Company's Board of Directors; Reasons for the Merger."

Risk Factors. By voting in favor of the Merger, the Company's stockholders will, in effect, be approving a transaction which will alter the investment of the Company's stockholders to an investment in the combined assets and operations of Steiner and the Company, which will be controlled by Michael S. Steiner, Steiner's President and Chief Executive Officer, and his father, William K. Steiner, the Chairman of Steiner's Board of Directors. Such investment will, therefore, be subject to the risks of an investment in Steiner, as well as in the Company, such as dependence upon Michael S. Steiner and other members of the management group of Steiner for its success, the

control of a majority of the Company's Common Stock subsequent to the Merger by Michael S. Steiner and William K. Steiner which enables them, if they act together, to elect the entire Board of Directors, approve or disapprove most actions requiring stockholder approval, including amendments to the Certificate of Incorporation and bylaws of the Company, certain mergers or similar transactions, sales of all or substantially all of the Company's assets and "going private" transactions, and the power to prevent or cause a change in control of the Company. In addition, prior to the Merger, Steiner intends to refinance and increase its indebtedness by approximately $1,000,000, by borrowing up to $2,400,000 from a bank to fund a cash distribution to its shareholders prior to the Merger and to repay its line of credit. The bank loan will be guaranteed by the Company and collateralized by a first security interest in the assets of the Company, and is expected to contain financial covenants with respect to debt service coverage and leverage, the failure to comply with which could result in a foreclosure by the lender on the assets of Steiner and/or the Company. The Merger will also cause a dilution in tangible net book value per share of the Company's Common Stock (based upon certain assumptions) from $1.00 per share to $.55 per share. For a more detailed discussion of these and other factors which should be considered by the Company's stockholders in determining whether to approve and adopt the Merger Agreement, see "THE MERGER - Risk Factors."

Effective Date. The Merger will become effective (the "Effective Date") upon the filing of Articles of Merger and Plan of Merger ("Certificates of Merger") with the Department of State of the State of Florida. The Merger Agreement provides that the Certificates of Merger will be filed on a mutually agreed-upon date within five business days of the date on which all of the conditions precedent to the Merger have been either satisfied or waived. It is anticipated that the Effective Date will be on or as soon after the date of the Meeting as is practicable. See "THE MERGER - Terms of the Merger Agreement - The Effective Date."

Management of the Company. Upon consummation of the Merger, the Board of Directors of each of the Company and Steiner will consist of two designees of the Company (Messrs. Venerando J. Indelicato and Lloyd Frank assuming their election as directors at the Meeting) and four designees of Steiner, including Michael S. Steiner, Steiner's President and Chief Executive Officer, William K. Steiner, the Chairman of Steiner's Board of Directors, and two directors, Stuart Wagner and David Blyer, who were selected by Michael S. Steiner and William K. Steiner, but are not officers, directors or shareholders of Steiner. William K. Steiner will be the Chairman of the Board of Directors of each of the Company and Steiner, Michael S. Steiner will be the President and Chief Executive Officer of each of the Company and Steiner, and Mr. Indelicato, who is currently the President and Treasurer of the Company, will be the Chief Financial Officer of each of the Company and Steiner. All of the other current officers of the Company and Steiner will maintain their offices. See "THE MERGER - Terms of the Merger Agreement - Management and Operations of the Company After the Merger" and "THE MERGER - Steiner's Business - Executive Officers and Directors."

Operations of the Company. The Company and Steiner will continue to operate their respective present businesses as they are presently constituted. See "THE MERGER - Management and Operations of the Company After the Merger."

Interests of Certain Directors and Officers of Steiner. Steiner is wholly-owned by Michael S. Steiner and William K. Steiner, each of whom, when the Merger is consummated, will receive approximately 2,360,477 shares of the Company's Common Stock for his Steiner Common Stock, and each of whom will then own approximately 34.3% of the issued and outstanding shares of the Company's Common Stock to be outstanding immediately following the Merger. Pursuant to the Merger Agreement, Michael S. Steiner and William K. Steiner will have certain rights to cause the Company to register under the Securities Act of 1933, as amended, the shares of the Company's Common Stock they will be receiving for potential resale. William K. Steiner owns and leases to Steiner, and following the consummation of the Merger will continue to own and lease to Steiner, the facilities in which Steiner's executive offices and main distribution center are housed. See "THE MERGER - Steiner's Business- Executive Officers and Directors; Business - Facilities; Terms of the Merger Agreement - Registration Rights."

Dissenter's Rights of Appraisal. Under the Delaware General Corporation Law (the "DGCL"), holders of the Company's Common Stock will not be entitled to rights of appraisal in connection with the Merger. The holders of Steiner's shares of capital stock have executed the Merger Agreement in which they agreed to vote their shares of Common Stock in Steiner in favor of the Merger and, accordingly, will not have appraisal rights. See "THE MERGER - Absence of Dissenter's Rights of Appraisal for the Company's Stockholders."

Accounting Treatment of the Merger. The Merger will, for accounting purposes, be treated as a reverse acquisition, with Steiner being deemed to be the acquiring party and the Company being deemed to be the acquired party. The Merger will be accounted for using the purchase method of accounting. See "THE MERGER - Additional Effects of the Merger - Accounting Treatment of the Merger."

Certain Federal Income Tax Consequences. The Company has received an opinion from counsel to the effect that the Merger will not constitute a taxable event for federal income tax purposes for either the Company or its stockholders. For a discussion of the federal income tax consequences of the Merger to the Company and its stockholders, see "THE MERGER - Additional Effects of the Merger - Certain Federal Income Tax Consequences of the Merger."

Delisting of Securities from Nasdaq System. The Company has been advised by the Staff of the Nasdaq Stock Market, Inc. (the "Staff") that the Staff considers the Merger to be a reverse acquisition and that, since the combined entity is not expected to meet all of the criteria that would be applicable to gain an initial listing on the Nasdaq SmallCap Market, the Company will be delisted from the Nasdaq SmallCap Market effective on the date the Merger is consummated. At that time the Company expects that price quotations for its Common Stock will become available through

Nasdaq's Electronic Bulletin Board. See "Risk Factors - Delisting of Securities from Nasdaq System."

FINANCIAL INFORMATION

Summary Selected Historical and Pro Forma Combined Financial Data. The following tables set forth summary selected historical financial data for each of the Company and Steiner and pro forma combined financial data giving effect to the proposed Merger. The summary selected historical financial data for the Company as of June 30, 1997 and 1998 and for the years then ended, and for Steiner as of December 31, 1997 and June 30, 1998 and for the years ended December 31, 1996 and 1997 and for the six month periods ended June 30, 1997 and 1998, has been obtained from the financial statements of the Company and Steiner, respectively, appearing elsewhere in this Proxy Statement. The pro forma data is presented for illustrative purposes only and is not necessarily indicative of the operating results that would have occurred if the Merger had been consummated at January 1, 1997 or the financial position if the Merger had been consummated at June 30, 1998, nor is it necessarily indicative of future operating results or financial position. See the notes to "THE MERGER - Selected Pro Forma Combined Condensed Financial Data." THIS DATA SHOULD BE READ IN CONJUNCTION WITH THE MORE COMPLETE FINANCIAL INFORMATION AND THE NOTES THERETO

CONTAINED ELSEWHERE IN THIS PROXY STATEMENT.

<TABLE>
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SUMMARY SELECTED HISTORICAL FINANCIAL DATA
METRO-TEL CORP.

<S>	Fiscal Year Ended June 30, 1997 <C>	1998 <C>
OPERATING DATA (HISTORICAL):		
Net sales	$3,882,818	$3,839,077
Operating income (loss)	18,867	(509,851) (1)
Interest and other income	(6,254)	(10,181)
Provision for income taxes	13,000	(150,000)
Net income (loss)	$ 12,121	$ (349,670) (1)
PER SHARE DATA:		
Weighted average shares outstanding	2,025,711	2,054,046
Basic and diluted earnings (loss) per share	$.01	$(.17)

</TABLE>

BALANCE SHEET DATA (HISTORICAL):	June 30,1997	June 30,1998
Working capital	$2,225,056	$ 1,761,305
Total assets	3,554,676	3,532,215
Long-term debt	-	-
Stockholders' equity	3,163,625	2,813,955

- ------------------------------------

(1) Includes a $300,000 charge to earnings to establish a reserve for estimated professional fees in connection with the proposed Merger and a one time-write off of $105,917 for obsolete and discontinued inventory.

<TABLE>
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SUMMARY SELECTED HISTORICAL FINANCIAL DATA
STEINER-ATLANTIC CORP.

<S>	Fiscal Year Ended December 31, 1996 <C>	1997 <C>	Six Months Ended June 30, 1997 <C>	1998 <C>
OPERATING DATA (HISTORICAL):				
Total revenues	$14,015,717	$14,249,441	$6,584,160	$7,834,709
Operating income	664,331	430,907	359,243	280,312
Interest income	138,426	100,158	55,591	40,390
Management fee income	145,000	40,000	-	150,000
Interest expense	(83,543)	(80,940)	(35,740)	(26,509)
Net income	$864,214	$510,125	$379,094	$444,193

Pro forma amounts:				
Net income before income taxes	$864,214	$510,125	$379,094	$444,193
Provision for income taxes(1)	329,935	195,555	144,722	170,939
Pro forma net income	$534,279	$314,570	$234,372	$273,254
PER SHARE DATA:				
Weighted average shares outstanding, basic and diluted	339,500	339,500	339,500	339,500
Basic and diluted earnings per share	$1.57	$.93	$.69	$.80

</TABLE>

	December 31,1997	June 30,1998
BALANCE SHEET DATA (HISTORICAL):		
Working capital	$3,392,059	$1,864,879
Total assets	5,626,588	5,140,584
Long-term debt	316,613	216,613(2)
Shareholders' equity	3,436,662	1,943,378

- ------------------------------------

(1) The pro forma provision for income taxes have been computed as if Steiner-Atlantic Corp. were a Subchapter C corporation for tax purposes.

(2) Does not include borrowing subsequent to June 30, 1998.

<TABLE>
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PRO FORMA COMBINED FINANCIAL DATA(1)

	Fiscal Year Ended December 31,	Six Months Ended June 30,
	1997	1998
<S>	<C>	<C>
OPERATING DATA (PRO FORMA):		
Net sales	$18,242,562	9,567,356
Cost of goods sold	13,035,080	7,177,122
Gross Profit	5,207,482	2,390,234
Selling, general and administrative expenses	3,951,873	1,929,966
Research and development	218,155	116,566
Interest expense	223,106	95,799
Interest and other income	304,906	282,604
Income before income taxes	1,119,254	530,507
Provision for income taxes	429,063	204,155
Net income	$690,191	$326,352
PER SHARE DATA:		
Weighted average shares outstanding:	6,872,222	6,875,000
Basic	6,895,622	6,923,600
Diluted	$.10	$.05
Basic earning per share	$.10	$.05

Diluted earnings per share

</TABLE>

	June 30,1998
BALANCE SHEET DATA (PRO FORMA):	
Working capital	$4,627,240
Total assets	8,326,402
Long-term debt	1,393,033
Stockholders' equity	4,086,258

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(1) See Notes to Unaudited Pro Forma Combined Condensed Financial Statements included in this Proxy Statement for a listing of the assumptions and adjustments applied in the preparation of this information.

MARKET PRICES OF COMMON STOCK; DIVIDENDS

The Company's Common Stock is traded in the over-the-counter market and is quoted on the Nasdaq Stock Market-Small Cap Market under the symbol MTRO. The following table sets forth the high and low bid prices for the Company's Common Stock for each quarterly period during fiscal 1998 and fiscal 1997, as reported by Nasdaq. The quotations are without retail markups, markdowns or commissions and may not represent actual transactions.

	HIGH	LOW
Fiscal 1997		
First Quarter	$1 1/4	$1
Second Quarter	1 1/4	1
Third Quarter	1 1/4	1 1/16
Fourth Quarter	1 1/8	5/8
Fiscal 1998		
First Quarter	1 3/8	1 1/16
Second Quarter	1 1/2	7/8
Third Quarter	1 3/8	5/8
Fourth Quarter	1 3/4	25/32

On May 14, 1998, the trading day preceding the initial public announcement by the Company of the proposed Merger, the high and low sale prices of the Company's Common stock on the NASDAQ were $11/8 and $7/8 per share, respectively. On September 25, 1998, the high and low sale prices of the Company's Common Stock on the NASDAQ were 1 and 7/8 per share, respectively.

The Company has been advised by the Staff of the Nasdaq Stock Market, Inc. that the Staff considers the Merger to be a reverse acquisition and that, since the combined entity is not expected to meet all of the criteria that would be applicable to gain an initial listing on the Nasdaq SmallCap Market, the Company will be delisted from the Nasdaq SmallCap Market effective on the date the Merger is consummated. At that time the Company expects that quotations regarding its Common Stock will become available through Nasdaq's Electronic Bulletin Board.

The number of record holders of the Company's Common Stock as of September 15, 1998 was 966.

No cash dividends were declared or paid by the Company for more than the past five years. The Merger Agreement prohibits the Company from declaring or paying any dividends prior to the consummation of the Merger. See "THE MERGER - - Terms of the Merger Agreement - Certain Covenants Prior to Closing".

Steiner's Common Stock is owned by two holders of record and has not been publicly traded. Steiner, which is a Subchapter S Corporation, made distributions to its shareholders during the five year period preceeding the proposed Merger.

It is not the intention of the Company upon consummation of the Merger to pay dividends in the immediate future. Rather, it is anticipated that earnings will, for some period of time, be retained to help finance the growth of the Company and its business. In addition, the proposed Steiner bank loan will contain financial covenants with respect to debt service coverage and leverage which may limit the Company's ability to pay dividends. See "THE MERGER - - Additional Effects of the Merger - Dividend Policy of the Company."

PROPOSAL 2: AMENDMENT TO CERTIFICATE OF INCORPORATION TO INCREASE AUTHORIZED COMMON STOCK

In order to have a sufficient number of shares of its Common Stock authorized and available for issuance to complete the Merger in accordance with its terms, the Company has agreed to amend its Certificate of Incorporation to increase the authorized number of shares of the Company's Common Stock from 6,000,000 to 15,000,000. The text of the proposed amended section of the Company's Certificate of Incorporation is attached to this Proxy Statement in the form of Exhibit C (the "Proposed Amendment"). The adoption of the Proposed Amendment is a condition precedent to Steiner's obligation to consummate the Merger and the Board of Directors recommends a vote "FOR" approval of the Proposed Amendment. The amendment of the Company's Certificate of Incorporation is subject to, and would become effective only upon, consummation of the Merger. See "PROPOSAL NO. 2 - AMENDMENT OF THE COMPANY'S CERTIFICATE OF INCORPORATION."

PROPOSAL 3: AMENDMENT OF THE 1991 PLAN

The Merger Agreement provides for the Company to grant options to purchase up to 500,000 shares of the Company's Common Stock to current employees of Steiner, other than Steiner's shareholders, upon completion of the Merger, at an exercise price equal to the greater of the fair market value per share on the Closing Date or $1.00 per share. In order to have a sufficient number of shares of Common Stock reserved and available for issuance upon the exercise of such options, the Company's Board of Directors has approved an amendment to the 1991 Plan, in order to increase the number of shares of Common Stock which the Company is authorized to issue under the 1991 Plan from 250,000 to 850,000 Shares. The adoption of the amendment to the 1991 Plan by the Company's stockholders is a condition precedent to the consummation of the Merger, and the Board of Directors recommends a vote "FOR" approval of the amendment to the 1991 Plan. The amendment of the 1991 Plan is subject to, and would become effective only upon, consummation of the Merger. See "PROPOSAL NO. 3 - AMENDMENT OF THE 1991 PLAN."

PROPOSAL 4: ELECTION OF DIRECTORS

Stockholders will also be asked to elect four directors to serve until the Company's next Annual Meeting of Stockholders and until their successors are elected and qualified (or, in the case

of Michael Michaelson and Michael Epstein, the consummation of the Merger, if earlier). Michael Epstein, Lloyd Frank, Venerando J. Indelicato and Michael Michaelson are the Board's nominees for director. However, Messrs. Michaelson and Epstein, if elected, would cease to serve as directors upon consummation of the Merger. See "PROPOSAL 4 - ELECTION OF DIRECTORS."

VOTING RIGHTS AND PROXY INFORMATION

Proxies in the accompanying form are solicited on behalf, and at the direction of the Board of Directors. With respect to each matter, each stockholder is entitled to one vote, exercisable in person or represented by proxy at the Meeting, and entitled to vote at the Meeting, for each share of the Company's Common Stock held of record on the Record Date. While not required by Delaware law, the Company has determined to require the affirmative vote of a majority of the shares of the Company's Common Stock outstanding on the Record Date to approve and adopt the Merger Agreement. The affirmative vote of a majority of the shares of Common Stock outstanding on the Record Date will be required to approve and adopt the Proposed Amendment. The affirmative vote of a majority of the shares present in person or represented by proxy at the Meeting, and entitled to vote at the Meeting, will be required to amend the 1991 Plan. A plurality of the votes of the shares of the Company's Common Stock present in person or represented by proxy at the Meeting, and entitled to vote at the Meeting, is required with respect to the election of directors. Abstentions are considered as shares entitled to vote and, therefore, are effectively votes against the Merger Agreement, Proposed Amendment and amendment to the 1991 Plan. Broker nonvotes with respect to any matter are not considered as shares entitled to vote. However, because an affirmative vote of a majority of the outstanding shares of the Company's Common Stock is required to approve and adopt the Merger

Agreement and the Proposed Amendment, broker nonvotes will have the same effect as a vote "against" the Merger Agreement and Proposed Amendment. Broker nonvotes will have no effect on the outcome of the amendment of the 1991 Plan or on the election of directors.

All Proxies received will be voted in accordance with the specifications made thereon or, in the absence of any specification, for the election of all of the nominees named herein to serve as directors and in favor of each of the other matters proposed in this Proxy Statement by the Board of Directors. Any Proxy given pursuant to this solicitation may be revoked by the person giving it at any time prior to the exercise of the powers conferred thereby by (i) notice in writing or by submitting a later dated proxy to the Company at 250 South Milpitas Boulevard, Milpitas, California 95035, Attention: Lloyd Frank, Secretary, or (ii) by voting in person, at the Meeting.

If any other matters are properly presented at the Meeting for action, including a question of adjourning the meeting from time to time, the persons named in the Proxies and acting thereunder will have discretion to vote on such matters in accordance with their best judgment. The Meeting may be adjourned, and additional Proxies solicited, if at the time of the Meeting the votes necessary to approve and adopt the Merger Agreement, the Proposed Amendment and amend the 1991 Plan have not been obtained. Any adjournment of the Meeting would require the affirmative vote of the holders of at least a majority of the shares of the Company's Common Stock represented at the Meeting (regardless of whether such shares constituted a quorum).

RISK FACTORS

After giving effect to the Merger, the Company's stockholders will hold approximately 30% of the issued and outstanding Company's Common Stock. See "--Terms of the Merger Agreement The Merger; Issuance of Shares." By voting in favor of the Merger the Company's stockholders will in effect be approving a transaction which will alter the investment of the Company's stockholders to an investment in the combined business of Steiner and the Company, which will be controlled by Michael S. Steiner and William K. Steiner. The Company, therefore, believes that it is important that its stockholders recognize that their existing investment in the Company will, if the Merger is consummated, also be subject to the following risks. The considerations set forth below should be read in conjunction with the full discussion of Steiner's business and results of operations set forth elsewhere herein. See "--STEINER'S BUSINESS," "SELECTED HISTORICAL FINANCIAL DATA OF STEINER-ATLANTIC CORP.," "MANAGEMENT'S DISCUSSION AND ANALYSIS OF STEINER'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS," "THE COMPANY'S BUSINESS," "SELECTED HISTORICAL FINANCIAL DATA OF THE COMPANY," "MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS" and "FINANCIAL STATEMENTS."

Fluctuations in Demand for Dry-cleaning and Laundry Equipment. Demand for the dry cleaning and laundry equipment sold by Steiner can be affected by a number of factors outside Steiner's control. These include, among others, (i) changes in environmental laws and regulations by governmental entities; (ii) changes in textile fabrics and clothing that would require less professional dry cleaning services; and (iii) an economic downturn or recession that reduces employment or consumer income. As a result of such factors, the amount of dry cleaning and laundry equipment sold by Steiner is likely to vary from year to year, and these variations can contribute to fluctuations in the Company's consolidated operating results from period to period.

Reliance on Key Personnel. Steiner is heavily dependent on the efforts of Michael S. Steiner and other management personnel. The loss of the services of one or more of these individuals could have a material adverse effect on the Company. See "-- Steiner's Business - Executive Officers and Directors."

Highly Competitive Market. The national laundry and dry cleaning equipment distribution business is highly competitive and fragmented with over 100 full-line and partial-line equipment distributors within the United States. Steiner's management believes that all such distributors are independently owned and, with the exception of several regional distributors, operate primarily in local markets. In South Florida, Steiner's primary competition is derived from two full-line distributors which operate out of the Miami area. In the export market, Steiner primarily competes with a wholesale distributor located in the Northeast, and anticipates increased competition from other distributors, as the export market grows. Competition is based on price, product quality, delivery and support services provided by the distributor to the customer. Steiner believes that it meets competition principally by offering an extensive product selection, value-added services such as product inspection and quality assurance, a toll-free customer support line, reliability, warehouse

location, price and, with the Aero-Tech line, special features and exclusivity. Although Steiner believes that no single competitor offers a comparable combination of products and services, there can be no assurance that other companies, some with greater financial resources than Steiner, will not attempt to offer a range of products and services similar to those offered by Steiner, or otherwise compete more effectively in the laundry and dry cleaning equipment industry.

Control by Certain Stockholders; Potential for Conflicts of Interest; Difficulty of Consummating Hostile Takeovers. After the Merger, approximately 69% of the outstanding shares of the Company's Common Stock will be beneficially owned by Michael S. Steiner and William K. Steiner. See "-- Steiner's Business - Executive Officers and Directors." As a result, such persons, if they act together, generally will be able to elect all directors, and will have the power to approve or disapprove all actions requiring stockholder approval, including amendments to the certificate of incorporation and by-laws of the Company, mergers or similar transactions, sales of all or substantially all of the Company's assets and "going private" transactions, and the power to prevent or cause a change in control of the Company. In the future, these situations could make the acquisition of control of the Company and the removal of then existing management more difficult.

Delisting of Securities from Nasdaq System. The Company has been advised by the Staff of the Nasdaq Stock Market, Inc. that the Staff considers the Merger to be a reverse acquisition and that, since the combined entity is not expected to meet all of the criteria that would be applicable to gain an initial listing on the Nasdaq SmallCap Market, the Company will be delisted from the Nasdaq SmallCap Market effective on the date the Merger is consummated. At that time the Company expects that quotations regarding its Common Stock will become available through Nasdaq's Electronic Bulletin Board. The delisting of the Company's Common Stock could result in a decrease in the liquidity of the Company's Common Stock, with a lower trading volume than the trading volume of such shares prior to the Merger.

Borrowings by Steiner. The Company presently has no outstanding borrowings and its assets are unencumbered. Steiner presently has approximately $1,416,000 of bank borrowings. Prior to the Merger, Steiner intends to refinance and increase its indebtedness by approximately $1,000,000 by borrowing up to $2,400,000 from a bank to fund a cash distribution to its shareholders prior to the Merger and to repay its line of credit. The bank loan will be guaranteed by the Company and collateralized by a first security interest in the assets of Steiner and the Company. The bank loan is contingent, among other things, on a satisfactory review of current interim financial statements of Steiner and the Company, satisfactory credit and trade references on the Company and renewal of Steiner's existing line of credit, as to which, personal guarantees of William K. Steiner and Michael S. Steiner are to be released. The bank loan is expected to contain financial covenants with respect to debt service coverage and leverage (which may limit the Company's ability to pay dividends), the failure to comply with which could result in a foreclosure by the lender on the assets of Steiner and/or the Company.

Dilution. The tangible net book value per share of the Company's Common Stock as of June 30, 1998 was approximately $1.00 per share. The tangible net book value per share of Steiner's

Common Stock as of June 30, 1998 was approximately $.41 per share (after giving effect to the exchange of all of Steiner's Common Stock for 4,720,954 shares of the Company's Common Stock upon the consummation of the Merger). After giving effect to the pro forma adjustments and assuming no other changes in the Company's or Steiner's tangible net book value since June 30, 1998, and that 4,720,954 shares of the Company's Common Stock are issued to Steiner's shareholders upon the consummation of the Merger, the tangible net book value per share of the Company's Common Stock would be approximately $.55 per share, resulting in an immediate decrease in tangible net book value per share of approximately $.45 for the Company's shareholders and an immediate increase in tangible net book value per share of approximately $.14 for Steiner's shareholders.

No Assurance as to Market Price of the Company's Common Stock. Prior to the Merger, there has been a limited trading market for the Common Stock and Steiner's Common Stock has never been publicly traded. There can therefore be no assurances as to what the market price of the Company's Common Stock might be upon consummation of the Merger.

No Present Intention to Pay Dividends. It is not the intention of the Company to pay dividends in the immediate future. Rather, it is anticipated that earnings will, for some period of time, be retained to help finance the growth of the Company and its business. In addition, Steiner's proposed new bank borrowings may limit the Company's ability to pay dividends. See "THE MERGER - Additional Effects of the Merger - Dividend Policy of the Company."

PROPOSAL NO. 1 - THE MERGER

GENERAL DESCRIPTION

The Merger Agreement provides for a business combination between the Company and Steiner in which Metro-Tel Acquisition Corp. (the "Subsidiary"), a wholly-owned subsidiary of the Company, would be merged into Steiner and the holders of Steiner's stock would receive shares of the Company's Common Stock. As a result of the Merger, Steiner would become a wholly-owned subsidiary of the Company.

EFFECTIVE DATE OF THE MERGER

The Merger will become effective upon the filing of Articles of Merger and Plan of Merger, in the form attached as Appendix 1 to the Merger Agreement (the "Certificates of Merger"), with the Department of State of the State of Florida (the "Effective Date"). Although the Merger Agreement requires that the Merger be consummated within five business days after the date of the Meeting, it is expected that the Certificates of Merger will be filed as promptly as practicable after the approval and adoption of the Merger Agreement by the Company's stockholders has been obtained and all other conditions to the Merger have been satisfied or waived. It is presently expected that the Merger will be consummated on or about October 30, 1998, or as soon thereafter as such conditions are satisfied.

BACKGROUND OF MERGER

Negotiations with Steiner. Between January 1997 and July 1997, the Company's Board of Directors determined to pursue alternatives to increase stockholder's value that could be obtained by means of a strategic combination with another business entity. In July 1997, the Company retained Slusser Associates, Inc. ("Slusser"), as the Company's financial advisor to analyze the Company and contact potential merger partners and others to ascertain their possible interest in a transaction with the Company. Between October 1997 and May 1998 over 30 parties were contacted by Slusser, including telephone test equipment manufacturers, other potential strategic purchasers and various potential financial buyers.

In late November 1997, Slusser suggested to Venerando J. Indelicato, the Company's President, that Steiner might be an attractive merger partner for the Company. Slusser had previously represented Steiner from April 1994 until April 1995 in connection with exploring strategic alternatives. Various discussions of a possible business combination with Steiner were held early in December 1997 between Mr. Indelicato and representatives of Slusser. On December 4, 1997, an initial meeting was held at the offices of Steiner in Miami, Florida among William K. Steiner, Chairman of Steiner, Michael S. Steiner, President and Chief Executive Officer of Steiner, Mr. Indelicato and a representative of Slusser to explore a potential business combination. On December 22, 1997, a further meeting was held at the offices of the Company in Milpitas, California between

William K. Steiner, Richard Wildman, Executive Vice President of the Company, and a representative of Slusser to review the business of the Company and how the Company and Steiner might work together.

On January 10, 1998, Mr. Indelicato and two representatives of Slusser met in Miami, Florida with Messrs. William K. Steiner and Mr. Michael S. Steiner, to discuss a possible business combination. General terms of a business combination were discussed, but no firm agreement was reached.

Subsequent to the January 10, 1998 meeting, Mr. Indelicato, Mr. Wildman and representatives of Slusser met with representatives of other potential merger partners to explore if such companies were interested in considering a transaction with the Company. The Company received two other indications of interest to acquire the assets of the Company or its business for $3 million or less subject to due diligence and other matters. At meetings of the Company's Board of Directors on June 25, 1998 and August 13, 1998, the Company's Board of Directors concluded, based in part on advice from Slusser, that the merger with Steiner was more advantageous to the Company's shareholders than the sale of the Company pursuant to the other indications of interest.

On Tuesday, May 12, 1998, Mr. Indelicato and two representatives of Slusser met with Messrs. William K. Steiner and Michael S. Steiner in Steiner's offices in Miami, Florida to discuss a possible business combination. Both parties indicated that any transaction would be subject to due diligence and the approval of the Board of Directors of each company and various regulatory agencies.

During the meeting on May 12, 1998, the parties reached an agreement in principle in which the Steiner shareholders would receive as consideration approximately 4,700,000 shares of the Company, as a result of which the Steiner shareholders would own approximately 69% of the Company and the employees of Steiner, other than Michael and William Steiner, would be granted incentive stock options under the 1991 Plan pursuant to which they would be entitled to purchase approximately 500,000 shares of the Company's Common Stock.

On Friday, May 15, 1998, a public announcement was made concerning the proposed transaction.

Between May 12, 1998 and July 1, 1998 the parties and their respective counsel conducted diligence and negotiated the terms of the Merger Agreement. During that period, among other things, the Company's auditors reviewed Steiner's accounts, work papers and audit procedures, Mr. Indelicato conducted due diligence with respect to Steiner and counsel to the Company conducted due diligence and examined documents with respect to Steiner.

On June 25, 1998, the Company's Board of Directors met in New York City to discuss the transaction with Steiner. The Company's Board determined that the transaction with Steiner was in

the best interests of the Company's shareholders, and authorized the Company's officers to enter into the Merger Agreement.

On July 6, 1998, the Company and Steiner entered into the Merger Agreement and the Company issued a press release reporting that it had signed the Merger Agreement with Steiner.

Opinion of the Company's Financial Advisor. On June 25, 1998, the Company's Board of Directors received an oral opinion, which was followed by a written opinion dated August 12, 1998, from Slusser that, as of such dates, the consideration to be paid by the Company in connection with the Merger was fair to the Company and its stockholders from a financial point of view. Slusser has confirmed its written opinion as of the date of this Proxy Statement.

THE FULL TEXT OF SLUSSER'S OPINION DATED THE DATE OF THIS PROXY STATEMENT IS ATTACHED AS EXHIBIT B TO THIS PROXY STATEMENT. THE COMPANY'S STOCKHOLDERS ARE URGED TO READ THIS OPINION IN ITS ENTIRETY. SLUSSER'S OPINION IS DIRECTED ONLY TO THE FAIRNESS OF THE CONSIDERATION TO BE PAID BY THE COMPANY IN CONNECTION WITH THE MERGER FROM A FINANCIAL POINT OF VIEW AND DOES NOT CONSTITUTE A RECOMMENDATION TO ANY OF THE COMPANY'S STOCKHOLDERS AS TO HOW SUCH STOCKHOLDER SHOULD VOTE AT THE MEETING OR TO THE ADVISABILITY OF DISPOSING OF OR RETAINING THE COMPANY'S COMMON STOCK FOLLOWING THE MERGER. THE SUMMARY OF SLUSSER'S OPINION SET FORTH IN THIS PROXY STATEMENT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT OF SUCH OPINION.

In rendering its opinion, Slusser (i) reviewed the Merger Agreement; (ii) reviewed certain publicly available business and financial information relating to the Company; (iii) reviewed certain other information, including financial projections prepared by Steiner and the Company in the ordinary course of their respective businesses; and (iv) met with management teams of both Steiner and the Company to discuss the businesses of Steiner and the Company. Slusser also considered certain financial and other data regarding Steiner and the Company and stock information concerning the Company and compared that data with similar data for other publicly held companies in businesses similar to those of Steiner and the Company. In addition, Slusser considered the financial terms of certain other business combinations that had recently been effected or proposed. Slusser participated in discussions with Steiner and the Company's management regarding the strategic aspects of the Merger and considered such other information, financial studies, analyses and investigations and financial, economic and market data as it deemed relevant.

In connection with its review, Slusser did not independently verify any of the foregoing information and relied on such information as being complete and accurate in all material respects. With respect to financial projections provided to it, Slusser assumed they had been reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of Steiner and the Company as to the future financial performance of Steiner and the Company. In addition, Slusser did not make an independent evaluation or appraisal of any of the assets of Steiner and the Company.

In connection with rendering its opinion, Slusser considered a variety of valuation methods. The material valuation methods used are summarized below. These analyses taken together provided the basis for Slusser's opinion. For purposes of its analysis, Slusser assumed a price for the Company Common Stock of $1.0625 per share:

(1) Comparable Company Analysis. Using publicly available information, Slusser compared selected historical operating and financial data, stock data and financial ratios for the Company and certain other companies which, in Slusser's judgment, were deemed relevant to the Company for the purpose of this analysis.

(2) Selected Transaction Analysis. Using publicly available information, Slusser analyzed certain transactions which it deemed to be relevant.

(3) Trading History of the Common Stock. Slusser analyzed the price and trading volume history for the Company's Common Stock from December 1993 through the date of the fairness opinion. It was noted that the price of the Company Common Stock had been trading in anticipation of the Merger.

In preparing its opinion to the Company's Board of Directors, Slusser performed a variety of financial and comparative analyses, including those described above. This summary of such analyses does not purport to be a complete description of the analyses underlying Slusser's opinion. The preparation of a fairness opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analyses and the application of those methods to the particular circumstances. Therefore, such opinion is not readily susceptible to a summary description. In arriving at its opinion, Slusser did not attribute any particular weight to any analysis or factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Slusser believes that its analyses must be considered as a whole and that selecting portions of its analyses and other factors considered by it, without considering all analyses and factors, could create a misleading view of the processes underlying its opinion. Slusser made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of the Company, Steiner and Slusser. Any estimates contained in Slusser's analyses are not necessarily indicative of actual values, which may be significantly more or less favorable than as set forth therein. Estimates of the financial value of companies do not purport to be appraisals or necessarily reflect the prices at which companies actually may be sold. Because such estimates are inherently subject to uncertainty, neither the Company, Steiner, Slusser nor any other person is responsible for their accuracy.

In rendering its opinion, Slusser expressed no view as to the range of values at which the Company's Common Stock may trade following consummation of the Merger, nor did Slusser make any recommendations to the Company's shareholders with respect to how such holders should vote

on the Merger or to the advisability of disposing of or retaining the Company's Common Stock following the Merger.

The Company's Board of Directors selected Slusser as its financial advisor because Slusser is a recognized investment banking firm with experience in transactions similar to the Merger. Slusser had previously represented Steiner from April 1994 until April 1995 in connection with exploring strategic alternatives. As a part of its investment banking business, Slusser is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, private placements, and valuations for estate, corporate and other purposes.

Slusser will receive, upon completion of the Merger, total fees of (i) $100,000 and (ii) 100,000 shares of the Company's Common Stock for acting as financial advisor to the Company and preparing its fairness opinion. The Company has also agreed to reimburse Slusser for its out-of-pocket expenses and to indemnify Slusser against certain liabilities in connection with its engagement. Slusser previously received a $25,000 fee for financial advisory services provided to the Company.

Reasons for the Merger; Recommendation of the Company's Board of Directors. The proposed Merger, including the terms of the Merger Agreement and the consummation of the transactions contemplated thereby, was submitted to the Company's Board of Directors and unanimously approved at a meeting held on June 25, 1998. The Board of Directors believes that the Merger is in the best interests of the Company and its stockholders and recommends to the Company's stockholders that they vote FOR the Merger. No affiliations exist between the Company and its officers and directors and Steiner and its officers and directors.

The Board of Directors believes that the way to maximize the prospects of enhancing stockholder value over the long-term would be to merge the Company with another entity that is profitable and has prospects for future growth. In the opinion of the Board of Directors, the proposed Merger fits within these parameters. The Board of Directors was unable to locate an alternative merger partner which would offer the Company and its stockholders a better opportunity for increasing stockholder value over the long-term than that of merging with Steiner. All other offers received consisted of a limited amount of cash consideration without allowing the Company to participate in the upside potential of the new company.

Based on the foregoing, the Board of Directors has, subject to the requisite stockholder approval, authorized the Merger of a subsidiary of the Company with and into Steiner. While there can be no assurances that, given enough time, another potential merger partner would not have been located, the Board of Directors believed that it was in the Company's best interests to act on the proposed transaction with Steiner because the Company was doubtful that it would obtain a merger partner under more attractive terms in the near future. See "THE MERGER - Steiner's Business." The Board of Directors considered and analyzed a number of factors, including the following:

1. The long-term potential of Steiner's established, profitable and growing business. See "THE MERGER - Steiner's Business."

2. The fact that the Company's stockholders would, upon consummation of the Merger, own approximately 30% of the Common Stock of a company with growth potential, rather than a sale of the Company in a fully taxable, all cash transaction with no possibility of participating in the future potential growth of the Company. See "THE MERGER - Terms of the Merger Agreement; THE MERGER - Terms of the Merger Agreement - Issuance of Shares."

3. The historical financial and business information concerning Steiner that was presented to the Board. See "FINANCIAL STATEMENTS."

4. The Board's determination, based upon the cumulative business and financial experience of its members, of the relative values of the Company and Steiner.

5. The fact that the Company was advised by the law firm of Parker Chapin Flattau & Klimpl, LLP, the Company's outside counsel, that the Merger would not be a taxable transaction for the Company's stockholders. See "THE MERGER - Additional Effects of the Merger - Certain Federal Income Tax Consequences of the Merger."

6. The range of the market price at which the Company's Common Stock has been traded on the NASDAQ. See "MARKET PRICES OF COMMON STOCK; DIVIDENDS."

7. The prospects of the Company in the event the Merger is not consummated. In analyzing this factor, the Board of Directors also considered the likelihood of identifying another attractive prospective merger partner and negotiating terms as advantageous to the Company and its stockholders as those set forth in the Merger Agreement. In this regard, after contacting over 30 parties, the Company received only two other indications of interest to acquire the assets of the Company or its business for $3 million or less subject to due diligence and other matters. The Board of Directors reviewed these other possible sales of the Company's business in taxable, all cash transactions, and concluded that they were not as advantageous to the Company's shareholders as the proposed Merger. See "THE MERGER - Background of Merger."

The Board of Directors also recognized that, by approving the Merger, the Company's stockholders would in effect be making an investment in Steiner, and that such an investment poses various risks (including a dilution of book value and the risks inherent in investing in a service business) that are not currently inherent in an investment in the Company. See "RISK FACTORS."

In evaluating Steiner, the Board reviewed Steiner's business, personnel, assets and liabilities, in conjunction with both actual and estimated operating results and the changing of Steiner from a corporation taxed under Subchapter S to Subchapter C of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, based upon its review of Steiner's current business and prospects, as well as its view of the benefits to Steiner's business of being a public company having potential access to the public equity markets, the Board believed that the proposed Merger could bring long-term benefits to the Company and its stockholders.

In basing its conclusion upon the different considerations discussed above, the Company's Board of Directors did not assign any relative weight to the various factors it considered in reaching its decision. Rather, the Board weighed all of these considerations in their entirety in determining to recommend the Merger and the Merger Agreement to the Company and its stockholders.

TERMS OF THE MERGER AGREEMENT

The following is a brief summary of certain provisions of the Merger Agreement, a copy of which is attached as Exhibit A to this Proxy Statement. This summary is qualified in its entirety by reference to the full text of the Merger Agreement.

The Merger. Pursuant to the Merger Agreement, at the Effective Date, Metro-Tel Acquisition Corp., a newly formed Florida corporation and wholly-owned subsidiary of the Company (the "Subsidiary"), will be merged with and into Steiner, and Steiner will become a wholly-owned subsidiary of the Company.

Closing Date. Consummation of the Merger and the other transactions contemplated by the Merger Agreement (the "Closing") will, subject to the terms and conditions in the Merger Agreement, take place within five business days after the date of the Meeting or as soon thereafter as possible. The date on which the Closing takes place is referred to as the "Closing Date".

Articles of Merger. Following the Closing, and the satisfaction or waiver of the conditions to the Merger set forth in the Merger Agreement, and provided that the Merger Agreement has not been terminated, the Subsidiary and Steiner will cause Articles of Merger and a Plan of Merger to be prepared, executed, delivered and filed with the Florida Department of State, upon which the Merger will become effective.

Issuance of Shares. Each of the 2,054,046 shares of the Company's Common Stock outstanding prior to consummation of the Merger will remain outstanding following consummation of the Merger. Each share of Steiner's Common Stock outstanding prior to consummation of the Merger would be converted into 13.90561 shares of the Company's Common Stock, or in the aggregate, 4,720,954 shares of the Company's Common Stock. The result of such exchange would be that the holders of Steiner's Common Stock immediately prior to the Merger would own approximately 69% of the Company's Common Stock upon the consummation of the Merger, and the holders of the Company's Common Stock immediately prior to the Merger would own approximately 30% of the Company's Common Stock outstanding upon the consummation of the Merger. The remaining 100,000 shares of the Company's Common Stock to be outstanding immediately following the Merger would be issued to the Company's financial advisor. Both Steiner and the Company have agreed in the Merger Agreement not to issue any common stock or other equity securities prior to consummation of the Merger, other than with respect to options previously issued to employees of the Company. See "THE MERGER - Terms of the Merger Agreement Certain Covenants Prior to Closing."

The shares of the Company's Common Stock being issued to Steiner's shareholders pursuant to the Merger will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), but rather will be issued to them in a transaction exempt from the registration requirements of the Securities Act by virtue of the Company's compliance with the terms and provisions of Rule 506 of Regulation D promulgated thereunder. The Steiner stockholders will, however, have certain rights to cause the Company to register the shares being issued to them pursuant to the Merger under the Securities Act. See "THE MERGER - Terms of the Merger Agreement - Registration Rights."

Issuance of Stock Options. At the closing, the Company will grant incentive stock options ("ISOs") to purchase up to 500,000 shares of the Company's Common Stock to employees of Steiner, other than Steiner's shareholders, under the 1991 Plan effective as of the Effective Date, at an exercise price equal to the greater of $1.00 per share or the fair market value of the Company's Common Stock on the Closing Date. To the extent the market price on the Closing Date exceeds $1.00 per share, the ISOs issued will be limited to the number that will yield an aggregate exercise price of $500,000. To the extent ISOs covering fewer than 500,000 are issued, additional shares of the Company's Common Stock will be issued to Steiner's shareholders, so that the ISOs and additional shares aggregate 500,000. See "PROPOSAL NO. 3 - AMENDMENT TO THE 1991 PLAN".

Management and Operations of the Company After the Merger. The Merger Agreement provides that, at the Effective Date, each of the Company's and

Steiner's Boards of Directors will consist of five members, two of whom will have been designated by the Company and three of whom will have been designated by Steiner. The Company and Steiner have agreed that the Board of Directors will consist of six Members and that Steiner can designate four directors, of which two are not officers, directors or shareholders of Steiner. William K. Steiner will serve as Chairman of the Company's and Steiner's Board of Directors. The Company has designated Messrs. Indelicato and Frank as directors. See "ELECTION OF DIRECTORS - Nominees for Election as Directors." Steiner has designated Michael S. Steiner, William K. Steiner, Stuart Wagner and David Blyer as directors. The latter two designees are not officers, directors or shareholders of Steiner.

Michael S. Steiner, 42, has been President and Chief Executive Officer of Steiner since 1988. He owns 50% of Steiner's Common Stock. Pursuant to the Merger Agreement he will receive 2,360,477 shares of the Company's Common Stock for his Steiner Common Stock, and will own approximately 34.3% of the issued and outstanding shares of the Company's Common Stock. Before joining Steiner, he was engaged as an attorney specializing in business and tax law. Pursuant to the Merger Agreement, upon consummation of the Merger, he will be President and Chief Executive Officer of each of the Company and Steiner.

William K. Steiner, 68, has been Chairman of the Board of Steiner since he founded the Company in 1960. He owns 50% of Steiner's Common Stock. Pursuant to the Merger Agreement he will receive 2,360,477 shares of the Company's Common Stock for his Steiner Common Stock, and will own approximately 34.3% of the issued and outstanding shares of the Company's Common

Stock. Upon consummation of the Merger, he will be Chairman of the Boards of Directors of each of the Company and Steiner.

Stuart Wagner, 67, has been retained as a consultant for Diversitech Corp. since 1997. From 1975 to 1997, Mr. Wagner served as President of Wagner Products Corp., a manufacturer and distributor of products in the HVAC industry, a company which he founded.

David Blyer, 38, serves as Chief Executive Officer and President of Vento Software, a company which he co-founded in 1994. Vento Software develops software for specialized business applications. Before founding Vento Software, Mr. Blyer served as Senior Account Manager of the South Florida and Caribbean regions for Tandem Computers.

Assuming that the Merger occurs and the four directors who are nominated herein are in fact elected, Messrs. Epstein and Michaelson will not remain members of the Company's Board of Directors following the Merger, notwithstanding their reelection to the Company's Board of Directors pursuant to Proposal No. 4 above.

Pursuant to the Merger Agreement, at the Effective Time the following individuals will serve as the executive officers of each of the Company and Steiner in the following capacities:

Name	Position
Michael S. Steiner	President and Chief Executive Officer
Venerando J. Indelicato	Chief Financial Officer

For information concerning Mr. Indelicato, who is currently serving as President and Treasurer of the Company, see "ELECTION OF DIRECTORS - Nominees for Election as Directors." All officers of the Company and Steiner who are not executive officers will retain their positions following the Effective Time.

No Solicitations. Each of the Company, Steiner and its shareholders has agreed, until the Effective Date, not to, directly or indirectly, (i) solicit or initiate any discussion with, or (ii) enter into negotiations or agreements with, or furnish any information to any person or entity concerning any proposal for a merger, sale of substantial assets, sale of shares of stock or securities or other takeover or business combination transaction (an "Acquisition Proposal") involving the Company or Steiner, provided, however, that there is no prohibition from taking any action described in clause (ii) above, to the extent such action is authorized by the Board of Directors of the Company or Steiner, respectively, in the exercise of such Board's good faith judgment as to the fiduciary duties to shareholders, which judgment is based upon the written advice of independent outside legal counsel that a failure of such Board of Directors to take such action would be likely to constitute a breach of its fiduciary duties to shareholders.

Representations and Warranties. The Merger Agreement contains various representations and warranties being made by the Company and Steiner as they pertain to itself. The representations and warranties of the Company and Steiner, with exceptions, relate to, among other things: (a) its organization and good standing; (b) its capitalization; (c) the due authorization by them and binding effect on them of the Merger Agreement; (d) their ownership interests in other entities; (e) their corporate power and authority; (f) the absence of restrictions and conflicts with the Merger Agreement; (g) the Company's reports filed with the Securities and Exchange Commission; (h) the Company's and Steiner's financial statements and records; (i) it has no material undisclosed liabilities; (j) the absence of certain changes with respect to the Company since March 31, 1998, and Steiner since December 31, 1997, including the absence of any material adverse change in the Company's and Steiner's businesses, results of operations, working capital, condition, prospects or manner of conducting their businesses; (k) the Company's and Steiner's tax returns and payment of taxes; (l) the title and condition of the Company's and Steiner's assets; (m) the Company's and Steiner's intellectual properties; (n) their contracts; (o) their licenses and permits; (p) the Company's and Steiner's compliance with laws; (q) their insurance and surety agreements; (r) certain relationships; (s) their employee benefit plans; (t) the Company's and Steiner's labor relations; (u) the Company's and Steiner's compliance with provisions of the Foreign Corrupt Practices Act of 1977, as amended; (v) environmental matters with respect to Steiner; (w) the brokers and finders retained in connection with the contemplated transactions; and (x) the accuracy of information furnished to the Company and Steiner. Except for Steiner's representations respecting taxes, the representations and warranties contained in the Merger Agreement will not survive the Closing and the Merger.

Conduct of Business Prior to Closing. During the period until the Closing Date, the Company and Steiner have agreed, among other things, to conduct their respective operations in the ordinary and usual course of business, consistent with past and current practices and to use their best efforts to maintain and preserve intact their respective business organizations and goodwill, to retain the services of their key officers and employees and to maintain satisfactory relations with their customers, suppliers and others having business relationships with them. Without limiting the foregoing, the Company and Steiner have agreed not to, among other things, incur (except that Steiner may (i) reasonably borrow under its $2,250,000 existing line of credit commitment, and (ii) borrow from an institution on terms reasonably satisfactory to the Company an amount sufficient to pay Steiner's shareholders' bonuses and a distribution in an aggregate amount equal to Steiner's earnings and profits from January 1, 1998 to the Closing Date) or prepay obligations, encumber assets or sell assets outside the ordinary course of business, commit to material capital expenditures, increase employee compensation or benefits or issue shares or grant options warrants or rights to purchase capital stock or securities convertible into or exchangeable for capital stock (except for the grant of options by the Company at the Effective Date to key employees of Steiner as contemplated in the Merger Agreement).

Certain Covenants. Each of Steiner and the Company have agreed, among other things, to advise the other in writing of any event or the existence of any state of facts that (a) would make any of its representations and warranties in the Merger Agreement untrue in any material respect or (b)

would otherwise constitute a material adverse change in its business, results of operation, working capital, assets, liabilities or condition (financial or otherwise) or prospects. In addition, each of the parties to the Merger Agreement have agreed to use its best efforts to: (a) proceed promptly to make or give the necessary applications, notices, requests and filings in order to obtain at the earliest practicable date and, in any event, before the Closing Date, the approvals, authorizations and consents necessary to consummate the transactions contemplated by the Merger Agreement; (b) cooperate with and keep the others informed of any matter which may result in a failure by such party to fulfill any covenant of such party or which may provide the other party with a right to terminate the Merger Agreement; and (c) take such actions as the other parties may reasonably request to consummate the transactions contemplated by the Merger Agreement and use its best efforts and diligently attempt to satisfy, to the extent within its control, all conditions precedent to the obligations to close the Merger Agreement.

Indemnification. Michael S. Steiner and William K. Steiner, Steiner's sole shareholders have agreed to indemnify and hold Steiner, the Company and their affiliates (collectively, the "Indemnified Parties") harmless on an after-tax basis from and against the full amount of any loss, claim, damage, liability, cost or expense (including attorneys' fees), judgments, fines and amounts paid in settlement of any claim, action, suit, proceeding or investigation, resulting to the Indemnified Parties (collectively, a "Loss"), either directly or indirectly, from any breach of or inaccuracy in the representations and warranties, or covenants and agreements respecting taxes made by Steiner in the Merger Agreement.

Conditions Precedent. The respective obligations of the Company and Steiner to consummate the Merger are subject to the fulfillment of several conditions, including among others, that:

(a) the Merger Agreement will have been approved and adopted by the affirmative vote of the holders of a majority of all of the outstanding shares of the Company's Common Stock;

(b) no action or proceeding before any court or administrative agency, by any government agency or any other person will have been instituted or threatened challenging or otherwise relating to the Merger, or which otherwise would, if adversely determined, materially and adversely affect Steiner or the Company;

(c) no action, statute, rule or regulation will have been proposed or enacted by any federal, state, or foreign government or governmental agency which would render the parties unable to consummate the Merger or make the Merger illegal or prohibit, restrict or delay consummation of the Merger; and

(d) other than the filing of Articles of Merger, all authorizations, consents, orders or approvals of, or declarations or filings with, or expirations or terminations of waiting periods imposed by any governmental authority, the failure to obtain which would have a material adverse effect on Steiner and its subsidiaries, will have been filed, occurred or been obtained.

Except as may be waived by the Company, the obligation of the Company to consummate the transactions contemplated by the Merger Agreement is subject to the satisfaction of the following conditions, among others:

(a) Steiner will have, or will have caused to be, satisfied or complied with and performed in all material respects all terms, covenants and conditions of the Merger Agreement to be satisfied, complied with or performed by Steiner;

(b) all of the representations and warranties made by Steiner in the Merger Agreement and in all certificates and other documents delivered to the Company pursuant to or in connection with the transactions contemplated by the Merger Agreement will have, in general, been true and correct in all material respects as of the date of the Merger Agreement, and will be true and correct in all materials respects at the Closing Date;

(c) the Company shall have received certain opinions from Greenberg Traurig, P.A., counsel to Steiner;

(d) there shall not have occurred since December 31, 1997, with exceptions, a material adverse change in the business, results of operations or prospects of Steiner;

(e) Steiner will have obtained the written consent of William K. Steiner to the assignment to the Surviving Corporation of the October 6, 1995 lease between William K. Steiner and Steiner covering 290 N.E. 68 Street, 297 N.E. 67 Street, and 277 N.E. 67 Street, Miami, Florida 33138 (the "Premises"), which written consent will contain an absolute and unconditional indemnification and hold harmless of the Company, Steiner and their affiliates from and against the full amount of any loss, claim, damage, liability, cost or expense (including attorneys' fees), judgments, fines and amounts paid in settlement of any claim, action, suit, proceeding or investigation relating to any alleged violations of Environmental Law with respect to any actual or alleged environmental contamination or the release of any hazardous substances at or on the Premises;

(f) Steiner will have entered into an agreement, on terms reasonably satisfactory to the Company, with Weissco Development Inc. ("Weissco") and William K. Steiner and Michael S. Steiner, pursuant to which, among other things, Weissco agrees to pay 100% of its pre-tax profits to the Surviving Corporation as a management fee; and

Except as may be waived by Steiner, the obligation of Steiner to consummate the transactions contemplated by the Merger Agreement is subject to the satisfaction of the following conditions, among others:

(a) the Company will have, or will have caused to be, satisfied or complied with and performed in all material respects all terms, covenants and conditions of the Merger Agreement to be satisfied, complied with or performed by the Company;

(b) all of the representations and warranties made by the Company in the Merger Agreement and in all certificates and other documents delivered by the Company pursuant to the Merger Agreement or in connection with the transactions contemplated thereby will have been true and correct in all material respects as of the date of the Merger Agreement, and will be true and correct in all material respects at the Closing Date;

(c) Steiner will have received certain opinions from Parker Chapin Flattau & Klimpl, LLP, counsel to the Company, and from Greenberg Traurig, P.A., counsel to Steiner; and

(d) there will not have occurred since March 31, 1998, a material adverse change in the business, results of operations or prospects of the Company.

Registration Rights. The shares of the Company's Common Stock to be received by William K. Steiner and Michael S. Steiner, will not be registered for issuance to them under the Securities Act. The Merger Agreement provides that, on their request, the Company, at its expense, will prepare, file and cause to become and remain effective, a registration statement to register their shares of the Company's Common Stock. They can also request registration of their shares of the Company's Common Stock if the Company registers any other shares of the Company's Common Stock, with exceptions. The Company and William K. Steiner and Michael S. Steiner have each agreed to indemnify the other from losses, damages, liabilities, costs or expenses caused by an untrue statement or omission contained in the registration statement, unless made in reliance on information furnished by, or on behalf of, the other party.

Termination. The Merger Agreement provides that it may be terminated and the Merger may be abandoned at any time on or before the Closing Date:

(a) by mutual consent of Steiner and the Company;

(b) by the Company or Steiner if the other receives an Acquisition Proposal under circumstances that do violate the no solicitations provisions of the Merger Agreement. See "THE MERGER - Terms of the Merger Agreement - No Solicitations";

(c) by Steiner if there has been a material misrepresentation or breach of warranty in the representations and warranties of the Company set forth in the Merger Agreement, or if there has been any material failure on the part of the Company to comply with its obligations under the Merger Agreement which failure, if capable of cure, is not cured within 30 days after the giving of written notice thereof to the Company by Steiner;

(d) by the Company if there has been a material misrepresentation or breach of warranty in the representations and warranties of Steiner set forth in the Merger Agreement or if there has been any material failure on the part of Steiner to comply with its obligations under the Merger Agreement which failure, if capable of cure, is not cured within 30 days after the giving of written notice thereof to Steiner by the Company; or

(e) by either Steiner or the Company if the transactions contemplated by the Merger Agreement have not been consummated by December 31, 1998, unless such failure of consummation is due to the failure of the terminating party to perform or observe any covenant, agreement or condition set forth in the Merger Agreement to be performed or observed by it at or before the Closing Date.

ABSENCE OF DISSENTER'S RIGHTS OF APPRAISAL FOR THE COMPANY'S STOCKHOLDERS

Under the DGCL, holders of the Company's Common Stock will not be entitled to rights of appraisal in connection with the Merger.

ADDITIONAL EFFECTS OF THE MERGER

Accounting Treatment of the Merger. The Merger, if consummated as proposed, will for accounting and financial reporting purposes be treated as a reverse acquisition with Steiner being deemed to be the acquiring party and the Company being deemed to be the acquired party (notwithstanding the fact that, as a matter of corporate and securities laws, the Company will survive the Merger as the parent of Steiner), with Steiner being deemed to be acquiring the Company in return for an approximate 30% equity interest in Steiner. After consummation of the Merger, the results of operations of the Company will be included in the consolidated financial statements of Steiner, which consolidated financial statements will be the consolidated financial statements for the Company.

Certain Federal Income Tax Consequences of the Merger. The Company has received a written opinion from Parker Chapin Flattau & Klimpl, LLP, counsel to the Company, to the effect that the Merger will not constitute a taxable event for federal income tax purposes for either the Company or its stockholders.

The Merger Agreement provides that a condition to Steiner's obligation to consummate the proposed Merger is that Steiner shall have received a written opinion from Greenberg Traurig, P.A., counsel to Steiner, as to the following material U. S. federal income tax consequences of the Merger:

(a) the Merger will constitute a reorganization within the meaning of Sections 368 (a)(1)(A) and 368(a)(2)(E) of the Internal Revenue Code;

(b) no gain or loss will be recognized by Steiner's shareholders as a result of the Merger;

(c) the tax basis of the Company's Common Stock to be received by Steiner's shareholders will be equal to the tax basis of their Steiner Common Stock and the holding period of their Company's Common Stock will include the holding period of their Steiner Common Stock; and

(d) Steiner will not recognize, income gain or loss as a result of the Merger.

Delisting of Securities from Nasdaq System. The Company has been advised by the Staff of the Nasdaq Stock Market, Inc. that the Staff considers the Merger to be a reverse acquisition and that, since the combined entity is not expected to meet all of the criteria that would be applicable to gain an initial listing on the Nasdaq SmallCap Market, the Company will be delisted from the Nasdaq SmallCap Market effective on the date the Merger is consummated. At that time the Company expects that price quotations for its Common Stock will become available through Nasdaq's Electronic Bulletin Board.

Dividend Policy of the Company. It is the intention of the Company after the Effective Time not to pay dividends in the immediate future. Rather, it is anticipated that earnings will, for some period of time, be retained to help finance the accelerated growth of the Company and its business.

Possibility that the Merger Will Not Be Consummated. There are a number of conditions to the obligations of both the Company and Steiner under the Merger Agreement to consummate the Merger. See " -- Terms of the Merger Agreement - Conditions to Closing." These conditions include the approval and adoption of the Merger Agreement by the Company's stockholders.

It is expected that if the Merger is not approved by the Company's stockholders, or if the Merger is not consummated for any other reason, the Company's management will continue to manage the Company while it continues to pursue strategic alternatives. The primary alternative would be to attempt to locate and negotiate a merger with another merger partner. No assurance can be given that another merger partner could be located or that, if located, the terms of a merger agreement with another merger partner would be favorable to the Company and its stockholders. The secondary alternative would be to continue to operate the Company's business, while exploring the possibility of a sale of the Company or its business to a third party. The Company does not believe that any of these alternatives would provide the same prospects for enhancing stockholder value over the long-term as the Merger. For these reasons, the Company's Board of Directors believes that the consummation of the Merger is the best alternative for the Company and its stockholders. See "-- Background of the Proposed Merger."

FINANCIAL STATEMENTS

The Company's audited financial statements as of June 30, 1997 and 1998, and for the years ended June 30, 1997 and 1998, are annexed hereto. Steiner's unaudited financial statements as at June 30, 1998 and for the six months ended June 30, 1998, and Steiner's audited financial statements as of December 31, 1996 and 1997, and for the years ended December 31, 1996 and 1997 are annexed hereto. An "Index to Financial Statements" is set forth on the last two pages of this Proxy Statement, and is immediately followed by the aforesaid financial statements.

SELECTED HISTORICAL FINANCIAL DATA OF THE COMPANY

The following selected historical financial data of the Company as of June 30, 1997 and 1998 and for the years then ended, have been derived from the financial statements of the Company, which have been audited by Grant Thornton LLP. The selected financial data of the Company should be read in conjunction with "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE COMPANY" and the financial statements of the Company including the notes thereto included elsewhere in this Proxy Statement.

	YEAR ENDED JUNE 30,	
	1997	1998
OPERATING RESULTS:		
Net sales..............................	$3,882,818	$3,839,077
Cost of goods sold.....................	2,413,529	2,570,561
Gross profit.....................	1,469,289	1,268,516
Selling, general and administrative expenses.............	1,212,361	1,249,612
Expenses related to pending acquisition.........................	-	300,000
Research and development................	238,061	228,755
Interest and other income..............	(6,254)	(10,181)
Earnings (loss) before provision for income taxes.........................	25,121	(499,670)
Provision for income taxes.............	13,000	(150,000)
Net earnings (loss)	$12,121	$(349,670)
Earnings (loss) per common share - Basic and diluted...................	$.01	$(.17)
Weighted average number of common shares outstanding- Basic and diluted...................	2,025,711	2,054,046

	June 30,	
	1997	1998
BALANCE SHEET DATA:		
Working capital	$ 2,225,056	$ 1,761,305
Total assets	3,554,676	3,532,215
Stockholders' equity	3,163,625	2,813,955

SELECTED HISTORICAL FINANCIAL DATA OF STEINER-ATLANTIC CORP.

The following selected historical financial data of Steiner as of December 31, 1997 and for each of the years ended December 31, 1996 and 1997, have been derived from the financial statements of Steiner, which have been audited by BDO Seidman, LLP, independent auditors. The selected financial data presented below as of June 30, 1998 and for each of the six months ended June 30, 1997 and 1998 have been derived from unaudited financial statements of Steiner. Such unaudited financial statements include all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the information set forth therein. The selected financial data of Steiner should be read in conjunction with "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF STEINER" and the financial statements of Steiner including the notes thereto included elsewhere in this Proxy Statement.

<TABLE>
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	YEAR ENDED DECEMBER 31,		SIX MONTHS ENDED JUNE 30,	
	1996	1997	1997	1998
			(UNAUDITED)	
<S>	<C>	<C>	<C>	<C>
OPERATING RESULTS:				

- -----------------

Net sales............................	$13,857,817	$14,093,632	$6,511,446	$7,747,321
Commissions and other income..........	157,900	155,809	72,714	87,388
Total Revenues........................	14,015,717	14,249,441	6,584,160	7,834,709
Cost of sales.........................	9,953,041	10,344,113	4,628,985	5,856,339
Selling, general and administrative expenses	3,398,345	3,474,421	1,545,932	1,698,058
Total................................	13,351,386	13,818,534	6,224,917	7,554,397
Operating income......................	664,331	430,907	359,243	280,312
Other income (expense):				
Interest income.................	138,426	100,158	55,391	40,390
Management fee income............	145,000	40,000	--	150,000
Interest expense................	(83,543)	(60,940)	(35,740)	(26,509)
Total other income....................	199,883	79,218	19,851	163,881
Net income...........................	$ 864,214	$ 510,125	$ 379,094	$ 444,193
Pro forma amounts :				
Net income before income taxes...	$ 864,214	$ 510,125	$ 379,094	$ 444,193
Provision for income taxes ..	329,935	195,555	144,722	170,939
Pro forma net income.................	$ 534,279	$ 314,570	$ 234,372	$ 273,254
Pro forma net income per share........	$1.57	$.93	$.69	$.80
Weighted average number of basic and diluted shares of common stock outstanding.....................	339,500	339,500	339,500	339,500

</TABLE>

	December 31,1997	June 30,1998
BALANCE SHEET DATA (HISTORICAL):		
Working capital	$3,392,059	$1,864,879
Total assets	5,626,588	5,140,584
Long-term debt	316,613	216,613(1)
Shareholders' equity	3,436,662	1,943,378

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(1) Does not include borrowings subsequent to June 30, 1998.

PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS

The accompanying unaudited pro forma combined condensed financial statements are based upon the historical condensed balance sheets and condensed statements of operations of the Company and Steiner. The unaudited pro forma combined condensed balance sheet has been prepared as if the acquisition occurred on June 30, 1998. The unaudited pro forma combined condensed financial statements of operations for the year ended December 31, 1997 and for the six months ended June 30, 1998 have been prepared as if the acquisition had occurred on January 1, 1997. The statements are based on accounting for the business combination as a reverse acquisition, whereby the Company will be the surviving corporate entity, but Steiner is the accounting acquirer. As Steiner is the accounting acquirer in a transaction accounted for as a purchase in accordance with generally accepted accounting principles, the purchase price has been allocated to the Company's assets and liabilities based upon preliminary estimates of their respective fair values. The pro forma information may not be indicative of the results that actually would have occurred if the Merger had been in effect from and on the dates indicated or which may be obtained in the future.

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UNAUDITED PRO FORMA COMBINED
CONDENSED BALANCE SHEET
JUNE 30, 1998

	HISTORICAL METRO TEL	HISTORICAL STEINER-ATLANTIC	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED
<S>	<C>	<C>		<C>
ASSETS				
Current assets:				
Cash and cash equivalents	$ 475,508	$ 828,390		$ 1,303,898
Accounts receivable - net	486,144	1,021,213		1,507,357
Inventory	1,434,147	2,767,624	$ 149,314 (1)	4,351,085
Other assets	78,766	228,245		307,011
Total current assets	2,474,565	4,845,472	149,314	7,469,351
Fixed assets - net	151,346	146,461		297,807
Deferred income taxes	133,000		(46,000) (9)	87,000
Goodwill	763,628		(763,628) (2) 313,917 (3)	313,917
Other assets	9,676	148,651		158,327
Total assets	$ 3,532,215	$ 5,140,584	$ (346,397)	$ 8,326,402
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Line of credit		$ 1,000,000	$ 324,678(15) (1,324,678)(16)	
Current portion of long-term debt		200,000	148,258(16)	348,258
Accounts payable and accrued liabilities	$ 713,260	1,391,222		2,104,482
Customer deposits		389,371		389,371
Total current liabilities	713,260	2,980,593	(851,742)	2,842,111
Deferred income taxes	5,000			5,000
Long-term debt		216,613	1,176,420(16)	1,393,033 (17)
Stockholders' equity:				
Common stock at par	52,007	169,750	(169,750) (4) 120,524 (5)	172,531
Treasury stock	(68,750)			(68,750)
Additional paid-in capital	2,152,423		381,104 (6)	2,533,527
Retained earnings	678,275	1,773,628	(678,275) (6) (324,678)(15)	1,448,950
Total stockholders' equity	2,813,955	1,943,378	(671,075)	4,086,258
Total liabilities and stockholders' equity	$ 3,532,215	$ 5,140,584	$ (346,397)	$ 8,326,402

</TABLE>

The accompanying notes are an integral part of the Unaudited Pro Forma Combined Condensed Financial Statements.

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UNAUDITED PRO FORMA COMBINED CONDENSED STATEMENTS OF OPERATIONS

	YEAR ENDED DECEMBER 31, 1997				SIX MONTHS ENDED JUNE 30, 1998			
	HISTORICAL METRO TEL	HISTORICAL STEINER-ATLANTIC	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED	HISTORICAL METRO TEL	HISTORICAL STEINER-ATLANTIC	PRO FORMA ADJUSTMENTS	PRO FORMA COMBINED
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Net sales	4,148,930	$ 14,093,632		$18,242,562	$ 1,820,035	$ 7,747,321		$9,567,356
Cost of sales	2,531,317	10,344,113	$ 159,650(7)	13,035,080	1,320,783	5,856,339		7,177,122
Gross profit	1,617,613	3,749,519	(159,650)	5,207,482	499,252	1,890,982		2,390,234
Selling, general and administrative	1,252,585	3,474,421	(25,133)(8) (750,000)(11)	3,951,873	919,475	1,698,058	$(12,567)(10) (375,000)(11) (300,000)(12)	1,929,966
Research and development	218,155			218,155	116,566			116,566
Operating income (loss)	146,873	275,098	615,483	1,037,454	(536,789)	192,924	687,567	343,702
Interest expense		60,940	162,166(14)	223,106		26,509	69,290(14)	95,799
Interest and other income	8,939	295,967		304,906	4,826	277,778		282,604

Income (loss) before tax	155,812	510,125	453,317	1,119,254	(531,963)	444,193	618,277	530,507
Income tax expense (benefit)	65,300		363,763(9)	429,063	(162,900)		367,055(9)	204,155
Net income (loss)	90,512	$ 510,125	$ 89,554	690,191	$(369,063)	$ 444,193	$ 251,222	$ 326,352
Weighted average shares outstanding								
Basic	2,051,268		4,820,954(5)	6,872,222	2,054,046		4,820,954(5)	6,875,000
Diluted	2,074,668		4,820,954(5)	6,895,622	2,054,046		4,869,554(13)	6,923,600
Earnings (loss) per common share								
Basic	0.04			$ 0.10	$ (0.18)			$ 0.05
Diluted	0.04			0.10	(0.18)			0.05

The accompanying notes are an integral part of the Unaudited Pro Forma Combined Condensed Financial Statements.

</TABLE>

NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS

(1) Adjustment for purchase accounting applied to the Company's net assets acquired by Steiner.
(2) Adjustment to eliminate goodwill recorded on the Company's historical financial statements.
(3) To reflect excess of cost over acquired net assets. Such goodwill and related amortization is subject to possible adjustment resulting from completion of the valuation of the Company's assets and liabilities.
(4) To reflect elimination of Steiner Common Stock at par deemed purchased by the Company.
(5) To reflect issuance of 4,720,954 shares of the Company's common stock to former Steiner stockholders and 100,000 shares to the Company's financial advisor.
(6) To reflect elimination of the Company's historical retained earnings and adjustment to additional paid-in-capital for purchase accounting.
(7) Adjustment for additional cost of goods sold due to write-up of the Company's inventory in purchase accounting.
(8) To reflect elimination of amortization on historical Company goodwill of $29,817 and new amortization on excess of purchase price over acquired net assets of the Company of $4,684 using an estimated life of 15 years.
(9) The estimated tax effect on the pro forma adjustments and the combined operations.
(10) To reflect elimination of amortization on historical Company goodwill of $14,909 and new amortization on excess of purchase price over acquired net assets of the Company of $2,342 using an estimated life of 15 years.
(11) Adjustment for executive compensation excluding the agreed upon salary to be paid to Michael J. Steiner after consummation of the transaction.
(12) To reflect elimination of $300,000 of non-recurring transaction costs.
(13) To reflect issuance of 4,720,954 shares of the Company's common stock to former Steiner stockholders and 100,000 shares to the Company's financial advisor and an adjustment of 48,600 shares for the assumed exercise of outstanding stock options of the Company.
(14) Adjustment for additional interest expense incurred on debt used by Steiner to pay undistributed S-corporation earnings to Steiner shareholders per the Merger Agreement.
(15) To reflect additional debt and payment of undistributed S-corporation earnings to Steiner shareholders.
(16) Adjustment to reclassify existing debt arrangements to term loan.
(17) Does not include borrowings subsequent to June 30, 1998.

COMPARATIVE PER SHARE DATA (UNAUDITED)

The following table presents, as of the dates and for the periods indicated on the basis indicated in the footnote to the table, the: (a) book value per common share and (b) income (loss) from continuing operations per common share: (i) on a historical basis for each of the Company and Steiner, and (ii) on a pro forma basis for the Company for determining book value, assuming the Merger had been effective at June 30, 1998, and for determining income (loss), assuming the Merger had been effective at January 1, 1997. The following data should be read in conjunction with the historical financial statements and the Selected Pro Forma Combined Condensed Financial Statements of the Company and Steiner included elsewhere in this Proxy Statement. See "INDEX TO FINANCIAL STATEMENTS".

<TABLE>
<CAPTION>

	PER SHARE OF COMMON STOCK	
	BOOK VALUE(1)	INCOME (LOSS)(1)
<S>	<C>	<C>
THE COMPANY - HISTORICAL		
As of June 30, 1998 and for the year then ended..........................	1.37	(.17)
STEINER - HISTORICAL		
As of December 31, 1997 and for the year then ended......................	.73	.11
For the six months ended June 30, 1997..................................		.08
As of June 30, 1998 and for the six months then ended....................	.41	.09
THE COMPANY EQUIVALENT PRO FORMA COMBINED		
For the year ended December 31, 1997.....................................		.01
As of June 30, 1998 and for the six months then ended....................	.59	.05

</TABLE>

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(1) For comparability purposes, book value and income (loss) per share date for Steiner is based upon 4,720,954 weighted average common shares outstanding for the dates and periods indicated.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF STEINER'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the financial statements and notes thereto contained elsewhere in this Proxy Statement.

RESULTS OF OPERATIONS

Comparison of Six Months Ended June 30, 1998 and June 30, 1997.

Net sales increased by $1,235,875 (19.0%) during the six month period ending June 30, 1998 from the same period of 1997. Sales of dry-cleaning equipment decreased by 12.2% due to a decrease in the number of dry-cleaning plants being opened. This decrease was offset by increases in sales of laundry equipment (65.6%), coin laundry equipment (16.9%) and spare parts (11.5%).

Steiner's gross profit margin, expressed as a percentage of net sales, decreased during the first six months of 1998 to 24.4% from 28.9% for the same period of 1997. The decrease is mostly attributable to the change in the mix of product sales.

Commissions and other income increased by $14,674 (20.2%) during the six month period of 1998 compared to the same period of 1997.

Selling, general and administrative expenses increased by $102,126 (6.4%) during the six month period of 1998, but as a percentage of total revenues decreased to 21.7% from 24.8% during the same period of 1997. This increase was primarily due to increases in salaries (4.9%), telephone expenses (61.0%), professional fees (23.1%), conventions (64.4%), maintenance and repairs (102.8%) miscellaneous expenses (69.4%) and bad debt expenses of $39,948. These increases were mostly offset by reductions in commissions (54.0%), advertising (9.7%), office expense (16.6%) and depreciation and amortization (19.7%).

Other income increased by $144,030 (from $19,851 to $163,881), mostly due to an increase in management fees from an affiliated company. The Company believes that interest expense will increase as a result of increased borrowings to fund a cash distribution to shareholders prior to completion of the Merger.

Comparison of Years Ended December 31, 1997 and December 31, 1996.

Net sales increased by $235,815 (1.7%) in 1997 over 1996. Sales of dry cleaning equipment decreased by 16.4% due to a decrease in the number of dry cleaning plants being opened. This decrease in sales of dry cleaning equipment was offset by increases in sales of laundry equipment (4.3%), coin laundry equipment (32.6%) and spare parts (16.8%).

Steiner's gross profit margin, expressed as a percentage of sales, decreased to 26.6% in 1997 from 28.2% in 1996. The decrease in gross profit margin is mainly attributable to the change in the mix of product sales.

Commissions and other income decreased by $2,091 (1.3%) in 1997 over 1996.

Selling, general and administrative expenses increased in 1997 by $76,076 (2.2%) and as a percentage of sales to 24.6% from 24.5% in 1996. This increase was primarily due to increases in salaries (2.0%), payroll taxes (23.4%), commissions (14.1%) and a one time loss associated with an international transaction. These increases were largely offset by reductions in telephone expense (17.4%), depreciation and amortization (13.5%), convention expenses (55.7%), postage and freight (55.2%) and maintenance and repairs (35.7%).

Other income decreased by $120,665 (60.4%) in 1997 over 1996, mainly due to a reduction in management fee income associated with an affiliated company.

FINANCIAL POSITION AND LIQUIDITY

For the six month period ending June 30, 1998, cash increased by $196,059. Of the cash generated by operating activities ($1,573,579), $444,193 was derived from net income and $15,621 was derived from non-cash expenses for depreciation and amortization along with $39,948 for bad debt expense. Additional cash from operating activities was provided by a decrease in inventories ($340,679), a decrease in accounts and lease receivables ($251,443) and a decrease in other assets ($49,415). Cash also increased due to an increase in accounts payable ($347,187) and customer deposits ($85,093). Cash of $15,043 was used in investing activities to purchase capital assets. Cash of $1,362,477 was used in financing activities for the repayment of debt ($100,000) and to fund a cash distribution to shareholders ($1,937,477) which offset new borrowings of $500,000 from Steiner's line of credit plus $175,000 borrowed from a related company. Steiner is anticipating increased borrowing to fund future distributions to shareholders prior to the completion of the Merger.

During the year ended December 31, 1997 cash increased by $49,492. Of the cash generated by operating activities ($446,618), $510,125 was derived from net income and $34,643 was derived from non-cash expenses for depreciation and amortization along with $21,799 for bad debt expense. Additional cash from operating activities was provided by a decrease in inventories ($73,249), an increase in accounts payable and accrued expenses ($70,597) and an increase in customer deposits ($124,406). These were offset by an increase in accounts and lease receivables ($373,356) and other assets ($14,845). Cash of $80,406 was used in investing activities to purchase capital assets ($30,406) and invest in an affiliate ($50,000). Cash of $316,720 was used in financing activities to support additional borrowings ($500,000), repayment of debt ($216,720) and to fund a cash distribution to shareholders ($600,000). Steiner believes that the cash which it expects to generate from operations will be sufficient to meet operational needs in 1998.

STEINER'S BUSINESS

General. Founded in 1960, Steiner is a supplier of dry cleaning equipment, industrial laundry equipment and steam boilers, offering over 30 lines of commercial systems to customers in South Florida, the Caribbean and Central and South American markets ("Latin America"). Steiner's services include: (1) designing and planning "turn-key" laundry and/or dry cleaning systems to meet the layout, volume and budget needs of a variety of institutional and retail customers, (2) supplying replacement equipment and parts to its customers, (3) providing warranty and preventive maintenance through factory-trained technicians and service managers, (4) selling its own line of dry cleaning systems to customers in the United States, the Caribbean and Latin America, and (5) selling process steam systems and boilers.

Steiner's laundry equipment includes washers and dryers, including coin-operated machines, boilers, water reuse and heat reclamation systems, flatwork ironers and automatic folders. Steiner's dry cleaning equipment includes dry cleaning machines, garment presses, finishing equipment, and sorting and distributing conveyors. Steiner's marketing staff sells to a customer base that includes franchise and independent drycleaners, hotels, motels, hospitals, cruise lines, nursing homes, governmental institutions and distributors. Steiner operates in three leased adjacent facilities totaling approximately 47,000 square feet in Miami, and has approximately 30 non-union employees.

History. Steiner was founded in 1960 by William K. Steiner. Steiner initially operated as a distributor of dry cleaning systems and boilers, and as a rebuilder of laundry, dry cleaning and boiler equipment. Steiner expanded in

1972 when it began distributing institutional laundry equipment to hotels, motels and hospitals. In 1980, Steiner began importing dry cleaning systems from an English manufacturer, and four years later, Steiner developed a relationship with an Italian manufacturer of dry cleaning systems. In 1990, Steiner established its own branded product line with the introduction of an updated dry cleaning system under the Aero-Tech label, substantially all of which is currently manufactured exclusively for Steiner in Italy.

Product Lines. Steiner offers a broad line of over 30 laundry and dry cleaning systems and boilers and over 1,000 accessory parts. Steiner's products are manufactured by a number of suppliers. Steiner also markets a complete line of dry cleaning equipment under its Aero-Tech trademark. Steiner's product lines are positioned and priced to appeal to customers in the high-end, mid-range and value priced markets. Suggested prices for most of Steiner's products range from approximately $5,000 to $50,000. Steiner's product line offers its customers a "one-stop shop" for laundry and dry cleaning systems, boilers and accessories.

Business Strategy. Steiner's primary objective is to increase its revenues and profitability through growth in its existing markets and expansion into new geographical areas. To accomplish its goal, Steiner has implemented a business strategy containing four major elements: (1) continue geographic expansion, particularly in the fast-growing Caribbean and Latin American markets; (2)

pursue suitable acquisition candidates that would augment or complement Steiner's existing operations, (3) expand the Aero-Tech brand dry cleaning equipment, including developing and marketing new technology dry cleaning machines to capitalize on anticipated regulatory changes concerning solvents, and (4) expand its high margin parts business.

(1) Geographical Expansion. Steiner's management believes that the international market provides an opportunity for growth since Steiner has not attained a significant degree of market penetration in either Latin America or the Caribbean. Although subject to certain risks, Steiner believes broadening its international sales will provide it access to markets which have high growth potential. To accomplish its goal, Steiner plans to grow by emphasizing exports from the United States, and entering into distribution agreements with strong regional partners that minimize Steiner's capital exposure and maximize its access to local markets.

(2) Pursue Strategic Acquisitions. Steiner currently seeks selected acquisitions to enhance and broaden its product lines, to obtain new product lines and to expand its overall customer base. Steiner's management believes the dry cleaning equipment and laundry distribution business is about to enter a consolidation phase. Underlying causal factors include: aging of business founders and their desire for liquidity; need for volume gains in order to obtain lower prices from manufacturers and maintain margins in the competitive market place; financing restraints and the need to modernize accounting and management information systems. In addition, for a number of manufacturers, a stronger independent distribution system could result in a greater market penetration of their products. Steiner intends to seek to acquire companies that have (1) an established customer base, (2) a reputation for quality service, (3) a product line compatible with Steiner's current and anticipated products, and (4) the potential to benefit from Steiner's centralized purchasing power. Steiner's strategy is to acquire complementary businesses inexpensively and to introduce economies and enhanced distribution capabilities in order to maximize the value of acquired assets. Historically, Steiner has obtained new products and broadened its customer base by employing experienced personnel from within the industry. Any future acquisition may result in the use of Steiner's cash, necessitate borrowings or result in the sale or issuance of debt or equity securities to private sources or in public markets. The issuance of any debt could result in the incurrence of significant interest expense and an obligation to repay such debt in priority to payments to Steiner's stockholders. The issuance of equity could result in substantial dilution in the equity interest of existing stockholders. Although Steiner is considering acquisitions and is currently engaged in various stages of discussions with regard to potential acquisitions, Steiner is not presently a party to any commitment with respect to any acquisition.

(3) Develop and Market Advanced Technology Dry Cleaning Systems Under the Aero-Tech Brand Name. Steiner's management believes that there is a considerable opportunity to substantially expand sales of its Aero-Tech line. Currently the Aero-Tech product line has sales of approximately $2.0 million. Aero-Tech is a full line of dry cleaning machines. Steiner plans to broaden the product line to include other dry cleaning equipment, such as laundry and dry cleaning presses. Steiner's brand strategy is to become a national distributor and build recognition and customer loyalty. Steiner's management anticipates that during the next three to five years,

environmental and safety-related factors will receive increased emphasis from regulatory agencies as anticipated changes by federal and state regulatory agencies become effective. Steiner believes that such changes represent an opportunity to obtain increased sales and market share for the Aero-Tech line.

(4) Expand Steiner's High Margin Parts Business. One of Steiner's long-term strategy objectives is to increase its parts sales. Each machine sold by Steiner represents the potential for additional sales based upon the subsequent need for parts. Steiner estimates that on average, sales of replacement parts over the equipment life can represent up to 15% of the initial sale price of the equipment. Steiner currently offers its customers a comprehensive inventory of over 1,000 different parts that are ready to ship within 24 hours. Steiner's management believes that sales of parts are less cyclical than original equipment sales, offer greater growth potential long-term and generally afford a higher profit margin. Steiner has consistently expanded its parts business by increasing market penetration and broadening its product offerings. Steiner's sales of parts increased from approximately $1.825 million in 1993 to approximately $3.0 million in 1997. Steiner plans to continue to expand its parts business by identifying and developing new market niches such as increasing its international distribution activities and expanding its product line.

Sources of Supply. Steiner purchases laundry and dry cleaning systems, boilers and other products from a number of manufacturers, none of which accounted for more than 20% of its purchases for the twelve months ended June 30, 1998. Steiner has established long-standing relationships with many of the leading laundry, dry cleaning and boiler manufacturers. Steiner's management believes these supplier relationships provide Steiner with a substantial competitive advantage, including exclusivity in certain products and areas and favorable prices and terms. Therefore, the loss of a major vendor relationship could affect Steiner's business. Historically, Steiner has not experienced difficulty in purchasing desired products from its suppliers and believes it has good working relationships with its suppliers.

In 1990, Steiner introduced its own line of dry cleaning equipment, marketed under the Aero- Tech brand name, manufactured exclusively for Steiner in Italy. This line represented approximately 13% of Steiner's revenues for the twelve months ended June 30, 1998. Steiner does not have a formal contract with its Italian manufacturer, but relies on its long-standing relationship with it. Steiner collaborates in the design and closely monitors the quality of the manufactured product and believes its Aero-Tech systems exceed the environmental regulations set by safety and environmental regulatory agencies. Steiner must place its orders with its Italian manufacturer prior to the time Steiner has received all of its orders. However, because of Steiner's close working relationship with its Italian manufacturer, Steiner can adjust orders rapidly and efficiently to reflect a change in customer demands.

According to its arrangement with its manufacturer, Steiner purchases dry cleaning systems from its manufacturer in Italian lire. However, in the case of a substantial decline in the value of the U.S. dollar against the Italian lire or the implementation of custom duties, import controls or trade barriers with Italy, Steiner has the ability to have its Aero-Tech line manufactured by other

international suppliers. Imports into the United States are affected by the cost of transportation, the imposition of import duties and increased competition from greater production demands abroad. The United States and Italy may, from time to time, impose new quotas, duties, tariffs or other restrictions or adjust prevailing quotas, duty or tariff levels, which could affect Steiner's margins on its Aero-Tech systems. United States customs duties presently are approximately 1% of invoice cost on dry cleaning systems.

Customers and Markets. Steiner's customer base consists of approximately 350 customers in the United States, the Caribbean and Latin America. Steiner's customers include dry cleaning chains and institutions, cruise lines, and government agencies. No customer accounted for more than 10% of Steiner's revenues during Steiner's fiscal year ended December 31, 1997 or the six months ended June 30, 1998.

The following table sets forth the approximate geographic distribution of Steiner's sales for the six months ended June 30, 1998:

	Revenues	% of Total
United States	$5,316,711	68.6%
Latin America	$1,217,397	15.7%
Caribbean	$1,147,918	14.8%
Other	$ 65,295	.9%
Total	$7,747,321	100%

Sales, Marketing and Customer Support. Steiner's laundry and dry cleaning equipment products are marketed in the United States, the Caribbean, Mexico and other Latin American countries. Steiner employs seven sales executives to market its products in South Florida and the international markets. Aero-Tech products are sold by the same seven sales executives. Steiner supports its products by representative advertising in trade publications, participating in trade shows and engaging in regional promotions and sales incentive programs. A substantial portion of Steiner's equipment sales are obtained by telephone and fax inquiries originated by the customer or by Steiner and significant repeat sales are derived from existing customers.

Steiner seeks to become the single supplier of laundry and dry cleaning equipment to each of its customers. Steiner currently offers over 30 lines of commercial laundry, dry cleaning and boiler systems, along with a comprehensive parts inventory consisting of over 1,000 parts and accessories. Steiner's product lines are offered under a wide range of price points to address the needs of a diverse customer base. By providing "one-stop" shopping, Steiner believes it is better able to attract and support potential customers who can choose from Steiner's broad product line.

Steiner seeks to establish customer satisfaction by offering (1) an on-site training and preventive maintenance program performed by factory trained technicians and service managers; (2) design and layout assistance; (3) maintenance of a comprehensive parts and accessories inventory and same day or overnight availability; and (4) competitive pricing. Steiner provides a toll-free support line to resolve customer service problems and estimates that it resolves approximately 75% of the service inquiries on the first call.

Steiner trains its sales and service employees to provide service and customer support. Steiner uses specialized classroom training, instructional videos and vendor sponsored seminars to educate employees about product information. In addition, Steiner's technical staff has prepared comprehensive training manuals, written in English and Spanish, relating to specific training procedures. Steiner's technical personnel are continuously updated and retrained as new technology is developed. Steiner monitors service technicians' continued educational experience and fulfillment of requirements in order to evaluate their competence. All of Steiner's service technicians receive service bulletins, service technicians' tips and continued training seminars.

Facilities. Steiner's executive offices and main distribution center are housed in three leased adjacent facilities totaling approximately 47,000 square feet in Miami, Florida. Steiner believes its facilities are adequate for its present needs and that suitable space would be available to accommodate its future needs. Steiner currently has three separate leases on its facilities in Miami, Florida. The following table sets forth certain information concerning the leases at these facilities:

Facility	Approximate Sq. Ft.	Expiration	Annual Rent (1)
Miami, Florida (2)	27,000	October 2004	$88,616
Miami, Florida	8,000	Month to Month	$21,300
Miami, Florida (3)	12,000	December, 1999	$26,520

(1) Annual rent includes 6.5% sales tax.
(2) Facility owned by William K. Steiner. Steiner and the Company believe the terms of this lease are at least as favorable as could be obtained from unaffiliated third parties. The lease includes a right to renew for an additional ten-year term at a rent to be agreed upon by the parties.
(3) Lease contains one three-year lease extension with adjustments for changes in the Consumer Price Index.

Trademarks. Steiner is the owner of United States service mark registrations for the names Aero-Tech, Logitrol, Petro-Star, Aqua Star and Enviro-Star. Steiner intends to use and protect these or related service marks, as necessary. Steiner believes its trademarks and service marks have significant value and are an important factor in the marketing of its products.

Competition. The laundry and dry cleaning equipment distribution business is highly competitive and fragmented with over 100 full-line or partial-line equipment distributors in the United States. Steiner's management believes that no distributor supplies more than 6% of the market and that substantially all such distributors are independently owned and, with the exception of several regional distributors, operate primarily in local markets. Competition is based on price, product quality, delivery and support services provided by the distributor to the customer. In South Florida, Steiner's principal domestic market, Steiner's primary competition is derived from two full-line distributors which operate out of the Miami area. In the export market, Steiner primarily competes with a wholesale distributor located in the Northeast and anticipates increased competition from other distributors, as the export market grows. As Steiner expands the sale of its Aero-Tech line to its distributors on a national level, it competes with over a dozen manufacturers of dry cleaning equipment whose products are distributed nationally. Steiner competes by offering an extensive product selection, value-added services, such as product inspection and quality assurance, toll-free customer support line, reliability, warehouse location, price and, with the Aero-Tech line, competitive special features and exclusivity.

Environmental Regulations. Over the past several decades in the United States, federal, state and local governments have enacted environmental protection laws in response to public concerns about the environment. A number of industries, including the dry cleaning and laundry equipment industry, are subject to these evolving laws and implementing regulations. As a supplier to the industry, Steiner serves customers who are primarily responsible for compliance with environmental regulations. Among the federal laws that Steiner believes are applicable to the industry, are the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), which provides for the investigation and remediation of hazardous waste sites; the Resource Conservation and Recovery Act of 1976, as amended ("RCRA"), which regulates generation and transportation of hazardous waste as well as its treatment, storage, and disposal; and the Occupational Safety and Health Administration Act ("OSHA"), which regulates exposure to toxic substances and other health and safety hazards in the workplace. Most states and a number of localities have laws that regulate the environment which are at least as stringent as the federal laws. In Florida, environmental matters are regulated by the Florida Department of Environmental Protection which generally follows the Environmental Protection Agency's ("EPA") policy in the EPA's implementation of CERCLA and RCRA and closely adheres to OSHA's standards.

Product Liability and Insurance. Steiner's business entails the risk of product liability claims. Although Steiner has not experienced any major product liability claims to date, such claims could have an adverse impact on it. Steiner maintains product liability insurance with coverage of $1,000,000 million per occurrence and a $10 million umbrella policy with a major national insurance company.

Employees. Steiner currently employs 30 employees, of whom 3 are executive management, 10 are sales and marketing, 9 are administrative and clerical, 4 are technicians and 4 are in warehouse support. None of Steiner's employees are subject to a collective bargaining agreement, nor has

Steiner experienced any work stoppages. Steiner believes that its relations with employees are excellent.

Weissco Development, Inc. Weissco Development, Inc. ("Weissco") is a Florida corporation, wholly-owned by an Agreement Shareholder. Weissco is engaged in the business of leasing commercial space in newly constructed shopping centers and re-leasing the space to dry cleaning or laundry operators. In certain instances, Weissco will construct a dry cleaning or laundry operation and re-lease the space on a "turn-key" basis or will sell equipment to the operator. Weissco pays virtually all of its pre-tax profits to Steiner as a management fee. For the six month period ended June 30, 1998 Steiner received $150,000 in management fees from Weissco and for the twelve month period ended December 31, 1997, Steiner received $40,000 in management fees from Weissco. Pursuant to the Merger Agreement, a condition precedent to the Company's obligation to consummate the Merger is that Steiner shall have entered into an agreement with Weissco, on terms reasonably satisfactory to the Company, pursuant to which Weissco agrees to pay 100% of its pre-tax profits to the Company as a management fee.

Executive Compensation. Steiner has been a subchapter S Corporation under the Internal Revenue Code since June 1, 1987, and will continue that status until the Effective Date of the Merger. Upon consummation of the Merger, Michael S. Steiner will receive an annual salary at the rate of $175,000 from the Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the financial statements and notes thereto contained elsewhere in this Proxy Statement.

RESULTS OF OPERATIONS

Comparison of Years Ended June 30, 1998 and. June 30, 1997.

Net sales were $43,741 (1.1%) lower in fiscal year 1998 than in fiscal 1997. Reference is made to the table for information concerning sales by product lines of the Company during the two-year period ended June 30, 1998. Sales of telephone test equipment decreased by $19,934 (.6%) in fiscal 1998 from fiscal 1997, mostly due to a decrease of 42.6% in sales of transmission test equipment, which offset increases of 6.2% in outside plant test sets and 10.3% in installer's test sets. The increases in outside plant and installer's test sets were mainly attributable to the introduction and sale of new products, while the decrease in transmission test equipment sales was due to the effects of a mature product line. Sales of customer premise equipment decreased by $37,603 (31.1%) in fiscal 1998 over fiscal 1997, mainly due to a decrease in dialer sales of 63.1% which offset an increase in call handling products of 87.5%. The increase in call handling products was due to newly introduced products, while the decrease in dialer sales was attributable to the reduced demand for dialers in the domestic market. Sales of miscellaneous products and services increased by $13,796 (8.6%) in fiscal 1998 over fiscal 1997 due mainly to increased sales of spare parts and repairs. The Company implemented selective price increases during the third quarter of fiscal 1998; however, because of the limited portion of the year in which the new prices were in effect, the price increases had minimal impact on reported sales.

The Company's gross profit margin, expressed as a percentage of sales, decreased to 33.0% in fiscal 1998 from 37.8% in fiscal 1997, mainly due to a one time-write off of $105,917 for obsolete and discontinued inventory. In addition, overhead expenses increased by 9.1% due to increases in salaries, payroll expenses and depreciation which was offset, in part, by decreases in supplies, factory travel and freight expenses.

Selling, general and administrative expenses increased in fiscal 1998 by $37,251 (3.1%) and as a percentage of sales to 32.5% in fiscal 1998 from 31.2% in fiscal 1997. This increase was mainly due to an increase in sales expense (9.4%) which results from increases in commissions, royalties and salaries which offset a reduction in travel and entertainment expenses. Increased sales expenses also offset a reduction in general and administrative expenses of 2.3%, which was due to reductions in most accounts except for professional fees connected with the hiring of an investment banking firm.

A reserve of $300,000 was established in fiscal 1998 for estimated professional fees in connection with the proposed Merger pursuant to which Steiner would become a wholly-owned subsidiary of the Company, with approximately 69% of the Company's shares of Common Stock to be outstanding immediately following the Merger to be owned by the two shareholders of Steiner.

Research and development expenses were $9,306 (3.9%) lower in fiscal 1998 than in fiscal 1997, mainly due to lower salary expenses, payroll costs and supplies.

Royalties, interest and other income increased by $3,927 (62.8%) in fiscal 1998 from fiscal 1997, mostly due to increased cash balances invested for most of fiscal 1998.

The provision for income taxes was a credit of $150,000 or 30% of the pre-tax loss in fiscal 1998 compared to a charge of $13,000 or 51.7% of the pre-tax profit in fiscal 1997. The credit in fiscal 1998 was below the Federal statutory rate of 34% primarily as a result of the effects of the net operating loss carryback created in fiscal 1998 and good will amortization, offset by State income taxes incurred despite the Company's loss. The provision in fiscal 1997 exceeded such Federal statutory rate primarily due to State income taxes, non-deductible charges to earnings, principally goodwill, and other rate adjustments.

FINANCIAL POSITION AND LIQUIDITY

During the year ended June 30, 1998, cash and cash equivalents decreased by $23,107 to $475,508. Cash provided by operating activities was $56,986 despite a loss for financial reporting purposes of $349,670. Such loss included non-cash charges of $74,012 for depreciation and amortization, $105,917 for a one time write-off of obsolete and discontinued inventory, as well as a $300,000 provision for accrued expenses related to the pending Merger, offset by a $108,000 credit for deferred income tax benefits ($99,000 of which related to such accrued expenses). Cash of $80,093 was used in investing activities for capital expenditures. The Company believes that its present cash and cash it expects to generate from operations will be sufficient to meet its operational needs in fiscal 1999. Steiner proposes to obtain a revolving credit facility subsequent to the Merger to support the activities of Steiner.

YEAR 2000 COMPLIANCE

The Company believes that its internal management information systems, billing, payroll and other information services are Year 2000 compliant. The Company has already upgraded its software programs at a cost of less than $2,000 and has carried out certain tests of its accounts payable and accounts receivable files which are date sensitive and found all systems to operate properly.

The Company believes that one of its transmission products is not Year 2000 compliant. The Company is reviewing certain engineering changes. The product tests transmission qualities of telephone circuits which are not date sensitive and will not obsolete units in the field. Liability exposure, if any, associated with this product is believed by the Company to be minimal and limited to the approximate $5,000 cost of each unit. The Company has sold approximately 12 of these units in the last 5 years.

The Company is not linked by computer with any of its customers or vendors. Orders are received and purchase orders are sent by telecopy, telephone or mail. None of these methods are date sensitive.

THE COMPANY'S BUSINESS

GENERAL. The Company was incorporated under the laws of the State of Delaware on June 30, 1963. Its executive offices are located at 250 South Milpitas Boulevard, Milpitas, California 95035, and its telephone number is 408-946-4600. Since its inception, the Company has been engaged in the manufacture and sale of telephone test and customer premise equipment utilized by telephone and telephone interconnect companies in the installation and maintenance of telephone equipment. Through internal research and development and through acquisition, the Company has added various product lines to its telephone test and customer premise product lines.

PRODUCT LINES. The following table sets forth the approximate net sales of each of the Company's two products lines and of its other products and services, as a group, and the percentages which such sales bear to total net sales during each of the three years ended June 30, 1998:
<TABLE>
<CAPTION>

	June 30,			
	1998		1997	
	Amount	%	Amount	%
	(dollars in thousands)			
<S>	<C>	<C>	<C>	<C>
Telephone Test Equipment	$3,582	93%	$3,602	93%
Customer Premise Equipment	83	2%	121	3%
Other Products and Services	174	5%	160	4%
	$3,839	100%	$3,883	100%

</TABLE>

The downsizing of the Regional Bell Operating Companies ("RBOCs") during the past several years has reduced the number of Telecom craft personnel who are potential users of the Company's test equipment and, accordingly, the Company's sales. To reduce the impact that has occurred as a result of the downsizing of the RBOCs, through research and development, the Company has begun introducing new products aimed at reducing its dependence on the RBOCs and is entering into new markets, principally the public utility and data industry, for its existing and new products.

Telephone Test Equipment. The Company manufactures and sells a line of telephone test equipment which includes portable test sets, which are designed for use in locating high resistance faults resulting from moisture in exchange cables and by cable splicers on exchange and toll cables for identification of cable wires and other tone-testing purposes; linemen's rotary and/or touch-tone testing handsets and portable line test sets for use by telephone installers, repairmen and central office personnel; hand and pole exploring coils which are used in cable fault finding; solid state conversion amplifier kits; Volt-Ohmmeter test sets; and Cable Hound(R), a portable electronic unit that locates and determines the depth of underground cable and metal pipes primarily for the telephone, utility and construction industries.

In addition, the Company manufactures a line of transmission test equipment used in telephone company central office installations by operating companies, long distance telephone resellers and

large companies who own their own networks. Among these products are digital and analog rack-mounted test systems, portable transmission test sets, remote test systems and fiber optic test sets.

Customer Premise Equipment. The Company manufactures and markets a line of telephone station and peripheral products, including telephone call sequencers (which answer calls on up to 12 incoming unattended lines, provide the caller with an appropriate message and place the calls in queue until answered by an attendant) and a line of digital announcers (which provide a pre-programmed message with the ability to ring through at the end of the message if so desired by the caller). This product line also includes a series of specialty telephone products, including call diverters (call forwarding devices used both by end-users and in telephone company central offices), speed dialers, specialty telephones and amplified handsets for the hearing impaired.

In addition, the Company has begun distributing a line of Channel Service Units/Data Service Units (CSU/DSU) for the data industry. These devices are used to terminate a digital channel on a customer's premises and enable computer data to be transmitted and received at high speeds over the telephone line without the use of a modem.

Other Products and Services. In addition, the Company sells a variety of accessory products, primarily head sets and alligator clips. The Company also sells spare parts for its product lines and provides repair services for its products.

METHODS OF DISTRIBUTION. The Company presently sells its products through its own regional sales managers and sales representatives who assist the Company's national telephone equipment distributors. Sales managers are presently based in Georgia and California. In addition, the Company maintains an in-house sales staff at its facilities in Milpitas, California.

COMPETITION. Competition is high with respect to each of the Company's product lines. However, as the products contained in such lines are varied and similar products contain varying features, neither the Company nor any of its competitors is a dominant factor in any product line market, except for linemen's test sets for which Dracon, a division of Harris Corporation, is dominant.

The principal method of competition for each of the Company's products is price and product features, with service and warranty having a relatively less significant impact. The Company believes its product lines are competitively priced. Many of the Company's competitors have greater financial resources and have more extensive research and development and marketing staffs than the Company.

RAW MATERIALS. The basic materials used in the manufacture of the Company's telephone test equipment and telephone station and peripheral telephone equipment consist of electronic components. The Company utilizes many suppliers and is not dependent on any supplier. Its raw materials generally are readily available from numerous suppliers.

PATENTS AND TRADEMARKS. The Company has obtained a number of patents and has a number of trademarks which are used to identify its product lines. No patent or trademark is considered to be material to the Company's overall operations. The Company also pays royalties to third parties under arrangements permitting the Company to manufacture various items in its product lines.

PRINCIPAL CUSTOMERS. The Company is not dependent upon any single customer. However, North Supply Company, a national distributor of telephone products, accounted for approximately 19% and 15% of the Company's net sales for the years ended June 30, 1997 and 1998, respectively. The Company believes that, should it for any reason lose this distributor, the Company would not be adversely impacted since these sales would be absorbed by other distributors.

RESEARCH AND DEVELOPMENT. The Company is regularly engaged in the design of new products and improvement of existing products for all of its product lines. The amount specifically allocated to research and development activities in fiscal 1997 and 1998, principally salaries, was $238,061 and $228,755, respectively. All research and development is Company-sponsored, except for products designed for the Company by unaffiliated third parties compensated by either a lump-sum payment or on a royalty basis.

The Company intends to continue its policy of reviewing potential acquisitions of new product lines, additional products for its existing product lines and the enhancement of its production and distribution capabilities. Such acquisitions could lead to the issuance of notes, use of the general working capital of the Company and/or issuance of shares of the Company's capital stock.

COMPLIANCE WITH ENVIRONMENTAL AND OTHER GOVERNMENTAL LAWS AND REGULATIONS. Certain of the Company's customer premise equipment products that connect to public telephone networks need Federal Communications Commission (or, in the case of foreign sales, the equivalent agency in the foreign country in which they will be sold) approval prior to their sale. The Company does not believe that compliance with Federal, state and local environmental and other laws and regulations which have been adopted have had, or will have, a material effect on its capital expenditures, earnings or competitive position.

EMPLOYEES. As of August 31, 1998, the Company had in its employ 31 persons on a full-time basis. Of these, 19 were engaged in production, 3 in engineering, 5 in sales and 4 in administration.

FOREIGN AND GOVERNMENT SALES. Export sales were approximately $252,000 and $189,000 in fiscal 1997 and 1998, respectively. Such export sales were made principally to Europe, Canada and South America. Most export sales are made primarily through distributors and agents. Foreign sales are affected by the strength of the United States dollar. Revenues from sales to the United States government (none of the contracts relating thereto being subject to renegotiation of profits or termination at the election of the government) are immaterial.

PROPERTIES. The Company's manufacturing operations are conducted in approximately 21,500 square feet of space in Milpitas, California (which includes warehouse and administrative facilities and which, since September 1, 1996, has also housed the Company's executive offices) under a lease expiring on March 31, 1999. The Company believes its facilities, including machinery and equipment, are suitable and adequate for its present operations. The Company does not anticipate unusual capital expenditures due to aging, repair or replacement of machinery and equipment.

PROPOSAL NO. 2
AMENDMENT OF THE COMPANY'S CERTIFICATE OF INCORPORATION

On June 25, 1998, the Company's Board of Directors voted to adopt an amendment to the Company's Certificate of Incorporation (the "Proposed Amendment"). A copy of the Proposed Amendment is attached to this Proxy Statement as Exhibit C and is incorporated herein by this reference. The Proposed Amendment would increase the number of authorized shares of the Company's Common Stock from 6,000,000 to 15,000,000.

Adoption of the Proposed Amendment will require the affirmative vote of the holders of a majority of the outstanding shares of the Company's Common Stock. It is a condition precedent to the consummation of the Merger that the Proposed Amendment be adopted. See "THE MERGER Terms of the Merger Agreement - Conditions to Closing." The Board of Directors recommends a vote "FOR" adoption of the Proposed Amendment. The Proposed Amendment, if adopted, will become effective only upon consummation of the Merger.

As of the date of this Proxy Statement, there were 2,054,046 shares of the Company's Common Stock issued and outstanding. Upon consummation of the Merger, an additional 4,720,954 shares of the Company's Common Stock will be issued to Steiner's shareholders and 100,000 shares will be issued to Slusser, thereby increasing the outstanding shares of the Company's Common Stock to 6,875,000. In addition to the shares of the Company's Common Stock that will be issued and outstanding upon the consummation of the Merger, options for up to 725,000 shares of the Company's Common Stock will have been granted pursuant to the Company's option plans and certain options granted to directors prior to the adoption of the 1984 Non-Employee Director Stock Option Plan, and an additional 265,000 shares will be reserved for the grant of future options under the 1996 Plan and the 1984 and 1994 Non-Employee Director Stock Option Plans. Therefore, a total of 7,865,000 shares will be issued and outstanding or reserved for issuance following the Merger. The Company currently is authorized to issue 6,000,000 shares of Common Stock. Therefore, the Merger could not be effected without increasing the number of authorized shares of the Company's Common Stock. As noted above, the Proposed Amendment, if adopted, will increase the number of authorized shares of the Company's Common Stock from 6,000,000 to 15,000,000. The Company would then have available for future use approximately 7,135,000 shares of the Company's Common Stock that are both unissued and unreserved. The Company has no present intended use for the shares of the Company's Common Stock which are being authorized in connection with the Proposed Amendment but which will remain unissued and unreserved after consummation of the Merger.

The Board considers the size of the proposed increase in the number of authorized shares of the Company's Common Stock desirable, as it gives the Board the necessary flexibility to issue Common Stock in connection with, among other possible uses, stock dividends and splits, acquisitions, financings, and for other general corporate purposes, without incurring the expense and delay incident to obtaining stockholder approval of an amendment to the Company's then existing certificate of incorporation increasing the number of authorized shares of the Company's Common Stock at the time of such action (except as may be required for a particular issuance by applicable law

or by the rules of any national securities association or stock exchange on which the Company's Common Stock may then be listed). The authorization of the additional shares could enable the Board of Directors of the Company to render more difficult or discourage an attempt by another person or entity to obtain control of the Company. Such additional shares could be issued by the Board in a public or private sale, merger or other transaction, increasing the number of outstanding shares and thereby diluting the equity interest and voting power of a party attempting to obtain control of the Company. However, after the consummation of the Merger the composition of the Company's stock ownership will make it impracticable for an unaffiliated third party to attempt a hostile takeover of the Company, since Steiner's shareholders, Michael S. Steiner and William K. Steiner, would beneficially own, individually, approximately 69% of the Company's Common Stock. See "PROPOSAL NO. 3 - AMENDMENT OF THE 1991 PLAN" and "THE MERGER".

PROPOSAL NO. 3
AMENDMENT OF THE 1991 PLAN

On June 25, 1998, the Company's Board of Directors unanimously adopted an amendment to the Company's 1991 Stock Option Plan (as amended to date) (the "1991 Plan"). The 1991 Plan is designed to provide an incentive to key employees (including directors and officers who are key employees) of the Company and its present and future subsidiaries and to offer an additional inducement in obtaining the services of such individuals. The proposed amendment would increase the number of incentive stock options that a stock option committee would be allowed to issue from 250,000 to 850,000, of which, pursuant to the Merger Agreement, incentive stock options would be granted to current employees of Steiner, other than Steiner's shareholders, to purchase up to 500,000 shares of the Company's Common Stock, depending on the market value of the Company's Common Stock on the date of consummation of the Merger, at an exercise price equal to of the greater of the fair market value per share on the Closing Date or $1.00 per share. Options for 145,000 shares of the Company's Common Stock have been granted under the 1991 Plan. Accordingly, upon the granting of options to Steiner's employees for 500,000 shares of the Company's Common Stock, options granted under the 1991 Plan for an aggregate of 645,000 shares of the Company's Common Stock will be outstanding. In addition, options are outstanding for 80,000 shares of the Company's Common Stock granted to non-employee directors under the 1984 and 1994 Non-Employee Director Stock Option Plans.

The approval of the amendment to the 1991 Plan will require the affirmative vote of the holders of a majority of the shares present, in person or by proxy, at the Meeting and entitled to vote. It is a condition precedent to Steiner's obligation to consummate the Merger that the amendment to the 1991 Plan be approved. See "THE MERGER - Terms of the Merger Agreement - Conditions to Closing." The Board of Directors recommends a vote "FOR" approval of the 1991 Plan.

The following summary of certain material features of the 1991 Plan does not purport to be complete.

DESCRIPTION OF THE 1991 PLAN

The purpose of the 1991 Plan is to promote the interests of the Company and to provide participants with a proprietary interest in the Company. All key employees of the Company and Steiner will be eligible to receive options under the 1991 Plan.

The 1991 Plan is administered by the Board of Directors which, to the extent it determines, may delegate its powers with respect to the administration of the 1991 Plan to a Committee of the Board of Directors of the Company ("Compensation Committee") consisting of not less than two directors, each of whom will be a "non-employee director" within the meaning of Rule 16b-3 or any successor rule or regulation) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Committee has authority, subject to the terms of the 1991 Plan, to determine when and to whom to make grants of options, the number of shares to be covered by the grants, the types and terms of options, and the exercise price of options and to prescribe, amend and rescind rules and regulations relating to the 1991 Plan.

Under the terms of the 1991 Plan, "incentive stock options" ("ISOs"), within the meaning of section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), and non-qualified stock options ("NSOs") may be granted to eligible employees. Shares subject to issuance under the 1991 Plan may be authorized and unissued shares or treasury shares.

Each ISO may be exercised over a period determined by the Committee in its discretion, but not to exceed 10 years from the date of grant. In addition, in the case of an ISO granted to an individual who, at the time such ISO is granted, owns shares possessing 10% or more of the total combined voting power of all classes of stock of the Company or its parent or subsidiary corporations (a "10% Stockholder"), the exercise period for an ISO may not exceed five years from the date of grant. In the case of a NSO, the exercise period shall in all cases be determined by the Committee.

The exercise price of an option may not be less than the fair market value of the shares of the Common Stock on the date of grant, except that, in the case of an ISO granted to a 10% Stockholder, the option exercise price may not be less than 110% of such fair market value on the date of grant.

If the employment of the grantee terminates for any reason, other than by reason of death or disability, options may be exercised by the grantee within the three-month period following the date of termination, or, if the grantee is terminated for cause or the grantee's employment terminates without the consent of the Company, the options shall become null and void. If the grantee dies or becomes disabled while employed, all outstanding awards, to the extent then vested, may, generally, be exercised by the grantee within one year after the grantee's termination by reason of disability or, in the event of the grantee's death, by the grantee's execution, administrative or other person entitled by law to the grantee's rights under such option. In no case may options be exercised later than the expiration date specified in the grant. Options may be transferred by a grantee only by will or by the laws of descent and distribution, and during his or her lifetime may be exercised only by the grantee.

The shares of Common Stock purchased pursuant to an option may be paid in cash, by certified check or, if and to the extent provided by the Committee, by delivery of previously acquired shares of Common Stock with a fair market value equal to the total purchase price, or in a combination of such methods.

Notwithstanding any other provision of the 1991 Plan, in the event of any change in the outstanding Common Stock by reason of a stock dividend, stock split, stock combination, recapitalization, merger or consolidation in which the Company is the surviving corporation, reorganization or the like, the aggregate number and kind of shares subject to the 1991 plan, the aggregate number and kind of shares subject to each outstanding option and the exercise price thereof shall be appropriately adjusted by the Board of Directors, whose determination shall be conclusive.

In the event of (a) the liquidation or dissolution of the Company, (b) a merger or consolidation in which the Company is not the surviving corporation, or (c) any other capital reorganization in which more than 50% of the shares of Common Stock entitled to vote in the election of directors are exchanged, outstanding options shall terminate, unless other provision is made therefor in the transaction.

FEDERAL INCOME TAX TREATMENT

The following is a general summary of the federal income tax consequences under current tax law of NSOs and ISOs. It does not purport to cover all of the special rules, including the exercise of an option with previously-acquired shares, or the state or local income or other tax consequences inherent in the ownership and exercise of stock options and the ownership and disposition of the underlying shares.

An optionee does not recognize taxable income for federal income tax purposes upon the grant of a NSO or an ISO.

Upon the exercise of a NSO, the optionee recognizes ordinary income in an amount equal to the excess, if any, of the fair market value of the shares acquired on the date of exercise over the exercise price thereof, and the Company generally is entitled to a deduction for such amount at that time. If the optionee later sells shares acquired pursuant to the exercise of a NSO, he or she recognizes long-term or short-term capital gain or loss, depending on the period for which the shares were held. Long-term capital gain is generally subject to more favorable tax treatment than ordinary income or short-term capital gain.

Upon the exercise of an ISO, the optionee does not recognize taxable income. If the optionee disposes of the shares acquired pursuant to the exercise of an ISO more than two years after the date of grant and more than one year after the transfer of the shares to him or her, the optionee recognizes long-term capital gain or loss and the Company is not be entitled to a deduction. However, if the optionee disposes of such shares within the required holding period, all or a portion of the gain is treated as ordinary income and the Company generally is entitled to deduct such amount.

In addition to the federal income tax consequences described above, an optionee may be subject to the alternative minimum tax, which is payable to the extent it exceeds the optionee's regular tax. For this purpose, upon the exercise of an ISO, the excess of the fair market value of the shares over the exercise price therefor is an adjustment which increases alternative minimum taxable income. In addition, the optionee's basis in such shares is increased by such excess for purposes of computing the gain or loss on the disposition of the shares for alternative minimum tax purposes. If an optionee is required to pay an alternative minimum tax, the amount of such tax which is attributable to deferral preferences (including the ISO adjustment) is allowed as a credit against the optionee's regular tax liability in subsequent years. To the extent the credit is not used, it is carried forward.

NEW PLAN BENEFITS

No options were granted by the Company during its fiscal year ended June 30, 1998 or thereafter. The grant of options is within the discretion of the Committee. Accordingly, except for options to purchase up to 500,000 shares of the Company's Common Stock that are intended to be granted to current employees of Steiner (other than Steiner's shareholders) as discussed above, the Company is unable to determine future options, if any, that may be granted.

On September 25, 1998, the high and low sale prices of the Company's Common Stock on the Nasdaq SmallCap Market were $1.00 and $0.875 per share, respectively.

PROPOSAL NO. 4 - ELECTION OF DIRECTORS

NOMINEES FOR ELECTION AS DIRECTORS

The Board of Directors of the Company currently consists of four members. All of the directors are elected annually and hold office until the next succeeding Annual Meeting of Stockholders or until their respective successors are duly elected and qualified. It is intended that the persons named in the proxy as proxies will, except as noted below, vote "FOR" the election of the following nominees as directors:

Michael Epstein
Lloyd Frank
Venerando J. Indelicato
Michael Michaelson

Each of the foregoing persons currently serves as a director of the Company and was most recently elected as such at the Annual Meeting of Stockholders held on November 5, 1997. The Board of Directors of the Company does not contemplate that any of such nominees will become unable to serve. If, however, any of such nominees should become unable to serve before the Meeting, proxies solicited by the Board of Directors will be voted by the persons named as proxies therein in accordance with the best judgment of such proxies.

Notwithstanding the foregoing, upon consummation of the Merger the Company's Board of Directors would consist of six members, two of whom have been designated by the Company and four of whom have been designated by Steiner. Messrs. Indelicato and Frank are the Company's designees as directors, and would therefore continue as directors of the Company after the Effective Time of the Merger. Messrs. Epstein and Michaelson would, by virtue of the Merger Agreement be removed from the Company's Board of Directors at the Effective Time. If for whatever reason the Merger does not occur, Messrs. Epstein and Michaelson would continue to hold office as directors of the Company as set forth above.

The following table sets forth the name, age, business experience for the past five years and other directorships of each of the Company's directors:

Name, Age and Other Positions, if any, with the Company	Period Served as Director and Business Experience Past 5 Years
Michael Epstein, 60	Director from August 1990 until September 1991 and continuously since January 1, 1994. Has been an independent investor since December 1995. For more than five years prior thereto, was an investment banker with the investment banking firm of Allen & Company Incorporated.
Lloyd Frank, 73 Secretary	Director since 1977. Has been a member of the law firm of Parker Chapin Flattau & Klimpl, LLP for more than the past five years. The Company retained Parker Chapin Flattau & Klimpl during the Company's last fiscal year and is retaining that firm during the Company's current fiscal year. Also, serves as a director of Park Electrochemical Corporation.
Venerando J. Indelicato, 65 President and Treasurer	Director since 1966. Has been President and Treasurer of the Company for more than the past five years.
Michael Michaelson, 75	Director since 1978. Has been an independent publishing and marketing consultant for more than the past 5 years. Also serves as a director of Allied Devices Corp. and Retail Entertainment Group, Inc.

MEETINGS OF THE BOARD OF DIRECTORS

During the Company's fiscal year ended June 30, 1998, its Board of Directors held five meetings. Each director attended each of the meetings of the Board of Directors and the committees on which he served which were held that fiscal year.

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

The Board's Audit Committee, whose members are Messrs. Michael Epstein, Lloyd Frank and Michael Michaelson, is authorized to examine and consider matters related to the audit of the Company's accounts, the financial affairs and accounts of the Company, the scope of the independent auditors' engagement and their compensation, the effect on the Company's financial statements of any proposed changes in generally accepted accounting principles, disagreements, if any, between the Company's independent auditors and management, matters of concern to the independent auditors resulting from the audit, and the results of the independent auditors' review of internal accounting controls. This committee is also authorized to nominate independent auditors, subject to approval by the Board of Directors. The Audit Committee held one meeting during the year ended June 30, 1998.

The members of the Compensation Committee are Messrs. Michael Epstein, Lloyd Frank and Michael Michaelson. This committee approves salaries of all employees of the Company in excess of $50,000 per annum and bonuses to persons whose annual compensation (including bonuses) would exceed $50,000 per annum, administers (including granting options under) the 1991 Plan, approves changes in retirement plans and reviews the Company's other employee benefit arrangements. The Compensation Committee held one meeting during the year ended June 30, 1998.

EXECUTIVE COMPENSATION

The following table sets forth information concerning the compensation of Venerando J. Indelicato, the Company's Chief Executive Officer and Richard Wildman, the Company's Executive Vice President, the Company's only executive officers whose cash compensation exceeded $100,000 during the Company's fiscal year ended June 30, 1998, for services in all capacities to the Company during the Company's 1998, 1997 and 1996 fiscal years:

<TABLE>
<CAPTION>

	Annual Compensation		Long-Term Compensation	
Name and Principal Position	Year	Salary	Options#	All Other Compensation
<S>	<C>	<C>	<C>	<C>

Venerando J. Indelicato	1998	$172,676(1)	--	$9,000(2)
President and Chief	1997	$172,676	--	$9,000
Executive Officer	1996	$172,640	--	$9,000
Richard Wildman	1998	$152,423(3)	--	$9,000(2)
Executive Vice President	1997	$ 94,711	50,000	$5,038

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</TABLE>

(1) The Company is a party to an employment agreement with Mr. Indelicato pursuant which he serves as Chief Executive Officer of the Company at an annual salary of $175,000, subject

to increase and bonuses in the discretion of the Company's Board of Directors, for a term expiring on June 30, 2001. Mr. Indelicato and the Company have agreed that, if the Merger is consummated, his employment agreement may be terminated by him or by the Company at any time after December 31, 1999 on 90 days notice.

(2) "All Other Compensation" for fiscal 1998 includes (i) $6,000, representing the Company's contribution allocated to Messrs. Indelicato and Wildman under the Company's Profit Sharing Plan in fiscal 1998 and (ii) $3,000, which was the Company's matching contribution in fiscal 1998 to Messrs. Indelicato's and Wildman's deferred compensation under the Company's Profit Sharing Plan pursuant to Section 401(k) of the Internal Revenue Code of 1986, as amended.

(3) The Company is a party to a letter agreement with Mr. Wildman pursuant to which Mr. Wildman is serving as Executive Vice President of the Company at an annual salary of $150,000. The letter agreement contains no term.

1998 FISCAL YEAR-END OPTION VALUES

No options were granted to Mr. Indelicato or Mr. Wildman during the Company's fiscal year ended June 30, 1998 and neither Mr. Indelicato nor Mr. Wildman acquired shares upon the exercise of stock options during the Company's fiscal year ended June 30, 1998. The following table contains information concerning the number and value, at June 30, 1998, of unexercised options held by Messrs. Indelicato and Wildman:

Name	Number of Unexercised Options Held at Fiscal Year-End (Exercisable/ Unexercisable)	Value of Unexercised In-the-Money Options Held at Fiscal Year-End (Exercisable/ Unexercisable)(1)
Venerando J. Indelicato	50,000/0	$14,125/$0
Richard Wildman	12,500/37,500	$ 4,297/$12,891

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(1) At fiscal year end, the market value of such shares (the mean between the low bid and high asked quotations on the NASDAQ Stock Market) exceeded the exercise price of the underlying shares.

COMPENSATION OF DIRECTORS

Each non-employee director receives a fee of $5,000 per annum. Directors are also reimbursed for out-of-pocket expenses incurred in connection with performing their duties. In the event that the Board of Directors holds more than four meetings during a fiscal year in addition to its meeting held on the date of the Annual Meeting of Stockholders, each director receives $750 for each such additional meeting such director attends.

Pursuant to the Company's 1994 Non-Employee Director Stock 1991 Plan, each non-employee director of the Company serving on August 24, 1994 was granted an option to purchase 10,000 shares of the Company's Common Stock and each person who subsequently becomes a non-employee director is also to be granted an option to purchase 10,000 shares of the Company's Common Stock at an exercise price equal to 100% of the fair market value of the Company's Common Stock on the date of grant. Each option is for a term of ten years and vests over a four-year period commencing one year after the date of grant (with vesting credit given for any service on the Board of Directors prior to the date of grant).

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information, as at September 1, 1998, with respect to the shares of Common Stock which are beneficially owned by (i) any person (including any "group", as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934), who is known to the Company to be the beneficial owner of more than five percent of the Company's outstanding Common Stock, (ii) the executive officer of the Company named in the Summary Compensation Table under the caption "Executive Compensation", below, (iii) each director and nominee to serve as a director of the Company and (iv) all executive officers and directors of the Company as a group:

BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP (1)	PERCENT OF CLASS (2)
Venerando J. Indelicato 12307 Marblehead Drive Tampa, FL 33626	259,150(3)	12.3%
Madeline Indelicato 12307 Marblehead Drive Tampa, FL 33626	136,219(4)	6.5%
Norma Beidler R.D. 1 Accord, N.Y. 12404	154,246	7.5%
Barry Traub 243 Vallejo Street San Francisco, CA 94111	118,492(5)	5.8%

BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP (1)	PERCENT OF CLASS (2)
Michael Michaelson 135 East 71st Street New York, N.Y. 10021	127,900(6)(7)	6.2%
Michael Epstein 7 Northwood Court Woodbury, N.Y. 11797	17,500(8)	*
Lloyd Frank 25 Central Park West New York, N. Y. 10023	32,625(6)(9)	1.6%
Richard Wildman 210 Likely Drive Alamo, CA 94507	23,750(10)	1.2%
Executive officers and directors as a group (5 persons)	460,925(11)	22.4%

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1. Except as noted in the following footnotes, all beneficially owned shares are owned with sole voting and investment power.

2. Asterisk indicates less than one percent.

3. Includes 432 shares owned jointly with his wife, Madeline Indelicato, and 50,000 shares which are not outstanding but which are subject to issuance upon exercise of presently exercisable options granted to Mr. Indelicato under the Company's 1991 Stock 1991 Plan. Excludes all shares owned beneficially by Mrs. Indelicato referred to below in this table (except the aforementioned 432 shares), as to which Mr. Indelicato disclaims beneficial ownership.

4. Includes 432 shares owned jointly with her husband, Venerando J. Indelicato. Excludes all shares owned beneficially by Mr. Indelicato referred to above in this table (except the aforementioned 432 shares), as to which Mrs. Indelicato disclaims beneficial ownership.

5. Includes 100,000 shares owned by a partnership in which Mr. Traub is the sole general partner.

6. Includes 20,000 shares which are not outstanding but which are subject to issuance upon exercise of presently exercisable options granted

pursuant to stock option contracts between the Company and such non-employee director which were approved by stockholders and 10,000 shares which are not outstanding but which are subject to issuance upon exercise of

presently exercisable options granted pursuant to the Company's 1994 Non-Employee Director Stock 1991 Plan.

7. Excludes 41,364 shares (2.0% of the Company's outstanding Common Stock) owned by Mr. Michaelson's wife, as to which Mr. Michaelson disclaims beneficial ownership.

8. Represents the portion of options granted pursuant to the Company's 1984 and 1994 Non- Employee Director Stock 1991 Plans which are exercisable within 60 days after September 1, 1998.

9. Excludes 21,494 shares (1.0% of the Company's outstanding Common Stock) owned by Mr. Frank's wife, as to which Mr. Frank disclaims beneficial ownership.

10. Includes 18,750 shares which are not outstanding but which are subject to issuance upon exercise of the portion of options granted to Mr. Wildman under the Company's 1991 Stock Plan which are presently exercisable or exercisable within 60 days after September 1, 1998.

11. Includes 146,250 shares which are not outstanding but which are subject to issuance upon exercise of the portion of options which are presently exercisable or exercisable within 60 days after September 1, 1998. Excludes 198,645 shares (9.7% of the Company's outstanding Common Stock) owned by spouses of the Company's executive officer and directors, as to which such executive officers and directors disclaim beneficial ownership.

VOTING REQUIREMENTS

While not required by Delaware law, the Company has determined to require the affirmative vote of a majority of the shares of the Company's Common Stock outstanding on the Record Date to approve "PROPOSAL NO. 1 - THE MERGER." The affirmative vote of the holders of a majority of the outstanding shares of the Company's Common Stock is required to approve "PROPOSAL NO. 2 - AMENDMENT TO THE COMPANY'S CERTIFICATE OF INCORPORATION." In addition, the affirmative vote of the holders of a majority of the outstanding shares of the Company's Common Stock present in person or represented by proxy at the Meeting, and entitled to vote at the Meeting is required to approve "PROPOSAL NO. 3 - THE AMENDMENT TO 1991 PLAN." The consummation of the Merger is conditioned upon stockholders approval of proposals 2 and 3. In the event the Merger is not consummated, the Board may abandon filing the Amendment to increase the number of authorized shares of Common Stock, notwithstanding the approval of Proposal 2. Each of the Company's directors and executive officers has indicated his intention to vote in favor of all of these proposals. The Company's directors and executive officers beneficially owned 314,675 shares of the Company's Common Stock as of the Record Date, representing approximately 15.3% of the Company's Common Stock then outstanding. In addition, the spouses of the Company's directors and executive officers owned 198,645 shares of the Company's Common Stock as of the Record Date. A plurality of the votes of the shares present in person or represented by proxy at the Meeting and entitled to vote thereon is required with respect to the election of directors.

INDEPENDENT ACCOUNTANTS

Grant Thornton LLP, independent public accountants, have audited the financial statements of the Company since 1985. The selection of Grant Thornton LLP was based upon the recommendation of the Board's Audit Committee, which reviewed the professional competence of the firm and its audit scope. The Board selects the Company's independent accountants each year upon the recommendation of the Board's Audit Committee. BDO Seidman, independent public accountants, have audited the financial statements of Steiner since 1993. The election of BDO Seidman was based upon the recommendation of the management of Steiner, who reviewed the professional competence of the firm and its audit scope. Assuming that the Merger is consummated, the Company's Board of Directors will meet after the Merger to determine the Company's independent accountants for the year ending June 30, 1999.

A representative of Grant Thornton LLP will be present at the Meeting to respond to appropriate questions of stockholders and to make a statement if he so desires. A representative of BDO Seidman will also be present at the Meeting to respond to appropriate questions of stockholders regarding Steiner and to make a statement if he so desires.

STOCKHOLDER PROPOSALS

Stockholder proposals intended to be presented at the Company's 1999 Annual Meeting of Stockholders, which the Company contemplates holding in September, 1999, must be received at the company's principal executive offices located at 250 South Milpitas Boulevard, Milpitas, California 95035, on or before May 3, 1999 for consideration for inclusion in the Company's Proxy Statement and form of proxy relating to that meeting.

OTHER MATTERS

As of the date of this Proxy Statement, the Company's management does not know of any business, other than that mentioned above, which will be presented for consideration at the Meeting. However, if any other matters should properly come before the Meeting, it is the intention of the persons named in the accompanying form of proxy to vote the proxies in accordance with their judgment on such matters.

STOCKHOLDERS MAY OBTAIN, WITHOUT CHARGE, A COPY OF THE COMPANY'S ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED JUNE 30, 1998, WHICH THE COMPANY HAS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION, BY WRITING LLOYD FRANK, SECRETARY, METRO-TEL CORP., 250 SOUTH MILPITAS BOULEVARD, MILPITAS, CALIFORNIA 95035.

By Order of the Board of Directors,

/s/ Lloyd Frank

Lloyd Frank
Secretary

Date: October 5, 1998

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Page

METRO-TEL CORP.

STEINER-ATLANTIC CORP.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Stockholders
Metro Tel Corp.

We have audited the accompanying balance sheets of Metro Tel Corp. as of June 30, 1997 and 1998, and the related statements of operations, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Metro Tel Corp. as of June 30, 1997 and 1998, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

/S/ GRANT THORNTON LLP

San Jose, California
August 10, 1998

METRO TEL CORP.

BALANCE SHEETS

JUNE 30,

<TABLE>
<CAPTION>

ASSETS

<S>	<C> 1997	<C> 1998
CURRENT ASSETS		
Cash and cash equivalents	$ 498,615	$ 475,508
Trade receivables, net of allowance for doubtful accounts of $10,000 in 1997 and 1998	550,457	486,144
Inventories	1,516,339	1,434,147
Prepaid expenses and other	43,696	78,766
Total current assets	2,609,107	2,474,565
DEFERRED INCOME TAXES	27,000	133,000
PROPERTY AND EQUIPMENT - AT COST		
Machinery and equipment	486,683	566,732
Furniture and fixtures	76,883	76,927
Leasehold improvements	8,765	8,765

	572,331	652,424
Less accumulated depreciation and amortization	457,671	501,078
	114,660	151,346
OTHER ASSETS		
Goodwill, net of accumulated amortization of $399,255 in 1997 and $429,071 in 1998	793,444	763,628
Other, net	10,465	9,676
	803,909	773,304
	$3,554,676	$3,532,215

</TABLE>

The accompanying notes are an integral part of these statements.

METRO TEL CORP.

BALANCE SHEETS (CONTINUED)

JUNE 30,

<TABLE>
<CAPTION>

LIABILITIES AND STOCKHOLDERS' EQUITY

	1997	1998
CURRENT LIABILITIES		
<S>	<C>	<C>
Accounts payable	$ 212,171	$ 196,694
Accrued liabilities	171,880	216,566
Accrued expenses related to pending acquisition	-	300,000
Total current liabilities	384,051	713,260
DEFERRED INCOME TAXES	7,000	5,000
COMMITMENTS AND CONTINGENCIES	-	-
STOCKHOLDERS' EQUITY		
Common stock, 6,000,000 shares authorized, 2,080,296 shares issued and 2,054,046 shares outstanding in 1997 and 1998	52,007	52,007
Additional paid-in capital	2,152,423	2,152,423
Retained earnings	1,027,945	678,275
	3,232,375	2,882,705
Less 26,250 shares of treasury stock - at cost	(68,750)	(68,750)
	3,163,625	2,813,955
	$ 3,554,676	$ 3,532,215

</TABLE>

The accompanying notes are an integral part of these statements.

METRO TEL CORP.

STATEMENTS OF OPERATIONS

YEARS ENDED JUNE 30,

<TABLE>
<CAPTION>

	1997	1998
<S>	<C>	<C>
Net sales	$ 3,882,818	$ 3,839,077
Cost of goods sold	2,413,529	2,570,561
Gross profit	1,469,289	1,268,516
Selling, general and administrative expenses	1,212,361	1,249,612
Expenses related to pending acquisition	-	300,000
Research and development	238,061	228,755
Interest and other income	(6,254)	(10,181)
	1,444,168	1,768,186
Earnings (loss) before provision for income taxes	25,121	(499,670)
Provision for income taxes	13,000	(150,000)
NET EARNINGS (LOSS)	$ 12,121	$ (349,670)
Earnings (loss) per common share - Basic and diluted	$.01	$(.17)
Weighted average number of common shares outstanding -		
Basic and diluted	2,025,711	2,054,046

</TABLE>

The accompanying notes are an integral part of these statements.

METRO TEL CORP.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

YEARS ENDED JUNE 30, 1997 AND 1998

<TABLE>
<CAPTION>

	Common Stock $.025 Par Value Shares	Amount	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at July 1, 1996	2,030,296	$50,757	$2,107,173	$1,015,824	$(68,750)	$3,105,004
Net earnings	-	-	-	12,121	-	12,121
Stock options exercised	50,000	1,250	45,250	-	-	46,500
Balance at June 30, 1997	2,080,296	52,007	2,152,423	1,027,945	(68,750)	3,163,625
Net loss	-	-	-	(349,670)	-	(349,670)
BALANCE AT JUNE 30, 1998	2,080,296	$52,007	$2,152,423	$ 678,275	$(68,750)	$2,813,955

</TABLE>

The accompanying notes are an integral part of these statements.

METRO TEL CORP.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30,

<TABLE>
<CAPTION>

	1997	1998
Cash flows from operating activities:		
<S>	<C>	<C>
Net earnings (loss)	$ 12,121	$(349,670)
Adjustments to reconcile net earnings (loss) to net cash provided		
by operating activities		
Depreciation and amortization	66,558	74,012
Deferred income taxes	(3,000)	(108,000)
(Increase) decrease in operating assets:		
Trade receivables	165,646	64,313
Inventories	(102,960)	82,192
Prepaid expenses and other assets	(18,345)	(35,070)
Increase (decrease) in operating liabilities:		
Accounts payable	2,203	(15,477)
Accrued liabilities	(2,324)	44,686
Accrued expenses related to pending acquisition	-	300,000
Income taxes payable	(18,866)	-
Net cash provided by operating activities	101,033	56,986
Cash flows from investing activities:		
Capital expenditures	(60,842)	(80,093)
Cash flows from financing activities:		
Issuance of common stock	46,500	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	86,691	(23,107)
Cash and cash equivalents at beginning of year	411,924	498,615
Cash and cash equivalents at end of year	$498,615	$ 475,508
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Income taxes	$ 60,127	$ 1,989

</TABLE>

The accompanying notes are an integral part of these statements.

METRO TEL CORP.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Metro Tel Corp. (the "Company") is a Delaware corporation engaged principally in the manufacture and sale of telephone test equipment and customer premise equipment, as well as related accessories. The principal market for the Company's products is the United States. A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows:

1. Revenue Recognition

Sales are recorded as products are shipped.

2. Inventories

Inventories are stated at the lower of cost or market. Cost is principally determined by the weighted average method, which approximates the first-in, first-out ("FIFO") method.

3. Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives (generally 5 to 10 years), on a straight-line basis. Depreciation and amortization of property and equipment was $36,740 and $43,407 in fiscal 1997 and 1998, respectively.

4. Goodwill

Goodwill, representing cost in excess of the book value of net assets acquired, is being amortized on a straight-line basis over a period of 40 years. On an ongoing basis, management reviews the valuation and amortization of goodwill to determine possible impairment by comparing the carrying value to the undiscounted future cash flows of the related assets.

5. Income Taxes

Deferred income taxes are recognized for temporary differences between the financial statement and income tax bases of assets and liabilities and loss carryforwards and tax credit carryforwards for which income tax benefits are expected to be realized in future years. A valuation allowance is established to reduce deferred tax assets if it is more likely than not that all, or some portion, of such deferred tax assets will not be realized. The effect on deferred

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

taxes of a change in tax rates is recognized in the statement of operations in the period that includes the enactment date.

6. Earnings (Loss) Per Common Share

The Company has adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 128, Earnings Per Share, for all periods presented. SFAS No. 128 requires a dual presentation of basic and diluted earnings per share ("EPS").

Basic earnings (loss) per common share is based upon the weighted average number of shares of common stock outstanding during the year. Common stock equivalents are included in the weighted average number of common shares outstanding, for purposes of calculating diluted earnings per share, when their effect is dilutive. The effect of common stock equivalents on earnings (loss) per share is anti-dilutive in 1997 and 1998. The adoption of SFAS No. 128 for fiscal 1997 had no impact on previously reported earnings per share.

7. Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents for purposes of the statement of cash flows.

8. Principal Customers

The Company sells its products principally to companies in the telecommunications industry and to distributors, with its credit risk being dependent on the economic conditions of the industry and generally prevailing economic conditions. The Company performs ongoing credit evaluations of its customers and does not generally require collateral. Sales to two customers accounted for 19% and 10% of total sales for fiscal 1997 and 15% and 11% of total sales for fiscal 1998. Two customers accounted for 18% and 16% of trade receivables at June 30, 1997 and 15% and 13% of trade receivables at June 30, 1998.

9. Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - INVENTORIES

The components of inventories are summarized as follows:

	June 30, 1997	June 30, 1998
Raw materials	$692,368	$640,414
Work-in-process	232,818	289,498
Finished goods	591,153	504,235
	$1,516,339	$1,434,147

NOTE C - STOCK OPTIONS

The Company has in effect a 1991 Stock Option Plan and a 1994 Non-Employee Director Stock Option Plan that authorize the grant of options to purchase 250,000 and 100,000 shares, respectively, of the Company's common stock to key management employees of the Company and members of the Company's Board of Directors, respectively. The plans provide that option prices will not be less than the fair market value per share on the date the option is granted. Accordingly, no compensation cost has been recognized for options granted under the plans. Had compensation cost for the plans been determined based on the fair value of the options at the grant dates consistent with the method prescribed in SFAS No. 123, Accounting for Stock-Based Compensation, the Company's net earnings and earnings per share would have been reduced to the pro forma amounts indicated below. Pro forma amounts for 1997 and 1998 may not be indicative of pro forma results in future periods because the pro forma amounts below do not include pro forma compensation cost for options granted prior to fiscal 1996.

NOTE C - STOCK OPTIONS (continued)

	1997	1998
Net earnings (loss)		
As reported	$12,121	$(349,670)
Pro forma	2,087	(357,311)
Per share		
As reported	$0.01	$(.17)
Pro forma	0.00	(.17)

The fair value of each option grant is estimated on the date of grant using the Black-Scholes options pricing model with the following weighted-average assumptions used for grants in 1997 (there were no grants in 1998): no dividend yield; expected volatility of 90%; risk-free interest rate of 5.9%; and expected lives of 4 years.

In addition, in each of June 1991 and May 1993, the Company granted stock options to purchase 30,000 shares of its common stock to nonemployee directors at an exercise price of $1.19 and $1.00 per share, respectively, the fair market values on the dates of grant. These options were not granted pursuant to the Company's stock option plans. Options for 20,000 shares expired in May 1996. The remaining options to purchase 40,000 shares are exercisable over a ten-year period.

A summary of the status of options granted under the Company's stock options plans, including options granted to non-employee directors prior to the 1994 Plan, as of June 30, 1997 and 1998, and changes during the years ended on those dates, is presented below.

<TABLE>
<CAPTION>

	1997		1998	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>
Outstanding at beginning of year	231,000	$0.98	225,000	$0.98
Granted	90,000	0.90	-	-
Exercised	(50,000)	0.93	-	-
Canceled or expired	(46,000)	0.85	-	-
	225,000	$0.98	225,000	$0.98
Weighted average grant-date fair value of options granted during the year		$0.65		-

</TABLE>

NOTE C - STOCK OPTIONS (continued)

The following information relates to stock options outstanding at June 30, 1998:

Range of exercise prices	$0.81-$1.19
Options outstanding	225,000
Weighted average exercise price of options outstanding	$0.98
Weighted average remaining contractual life (years)	8
Options exercisable	209,000
Weighted average exercise price of options exercisable	$0.98

NOTE D - INCOME TAXES

The provision (benefit) for income taxes is summarized as follows:

	June 30, 1997	June 30, 1998
Current		
Federal	$11,000	$(40,000)
State	5,000	(2,000)
Deferred	(3,000)	(108,000)

	$13,000	$(150,000)

The tax effects of temporary differences which give rise to deferred tax assets (liabilities) are summarized as follows:

	June 30, 1997	June 30, 1998
Deferred tax assets (liabilities)		
Acquisition costs	$ -	$99,000
Operating loss carryforward	-	7,000
Inventory capitalization	15,500	14,000
Vacation accrual	8,500	10,000
Trade receivables	3,000	3,000
Depreciation	(7,000)	(5,000)
	20,000	128,000
Valuation allowance	-	-
Net deferred tax asset	$20,000	$128,000

The following is a reconciliation of the provision for income taxes to the Federal statutory income tax rate:

	June 30, 1997	June 30, 1998
Federal statutory rate	34.0%	(34.0)%
State taxes, net of Federal benefit	6.5	(4.2)
Amortization of goodwill	13.2	2.0
Effect of operating loss carryback	-	5.5
Effect of graduated Federal tax rates	(11.9)	-
Other, net	9.9	.7
	51.7%	(30.0)%

NOTE E - ACCRUED LIABILITIES

Accrued liabilities are summarized as follows:

	June 30, 1997	June 30, 1998
Payroll and employee benefits	$80,934	$108,387
Profit-sharing contributions	49,589	54,528
Accrued professional fees	36,000	36,000
Other	5,357	17,651
	$171,880	$216,566

NOTE F - EMPLOYEE BENEFIT PLANS

The Company maintains a profit-sharing plan which covers substantially all employees. Annual contributions, determined at the discretion of the Board of Directors, were $49,589 in fiscal 1997 and $54,527 in fiscal 1998.

The Company also maintains a 401(k) retirement plan which covers substantially all employees and provides for voluntary employee contributions with employer matching contributions of up to 2% of the employee's compensation. The Company's matching contribution for this 401(k) retirement plan was $19,000 for both fiscal 1997 and 1998.

NOTE G - COMMITMENTS AND CONTINGENCIES

Leases

The Company occupies a manufacturing and warehouse facility in California pursuant to a noncancelable operating lease expiring in March 1999. This lease does not contain a renewal option. The minimum rental commitment under this lease, at June 30, 1998, is $87,000.

Rent expense charged to operations (including rent under a noncancelable lease for an office facility in New York which expired in February 1997) was $147,000 and $116,000 for fiscal 1997 and 1998, respectively.

Employment Agreements

The Company is obligated under an employment agreement, expiring June 30, 2001, with an officer to pay $173,000 per annum. The Company is also a party to an employment arrangement with another executive officer pursuant to which he has been receiving a salary of $150,000 per annum since July 1, 1997.

Royalty Agreement

The Company is presently obligated pursuant to a royalty agreement to pay the greater of 10% of sales of certain products or $75,000 per year. Payments were $79,800 and $113,000 for fiscal 1997 and 1998, respectively. The Company is also obligated pursuant to a second royalty agreement to pay 10% of annual sales of certain other products. Payments under the second royalty agreement were $27,000 and $10,000 for fiscal 1997 and 1998, respectively.

NOTE H - EXPORT SALES

Export sales were approximately $252,000 and $189,000 in fiscal 1997 and 1998, respectively.

NOTE I - FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments including cash and cash equivalents, accounts receivable and accounts payable approximated fair value as of June 30, 1997 and 1998.

NOTE J - SUBSEQUENT EVENTS

On July 1, 1998, the Company and Steiner-Atlantic Corporation ("Steiner") entered into an agreement which provides for the merger of a newly-formed Subsidiary of the Company with and into Steiner. Upon completion of the merger, Steiner will become a wholly-owned subsidiary of the Company and the Company would issue 4,270,954 shares of common stock to the present shareholders of Steiner, which would represent approximately 69% of the shares to be outstanding immediately following the completion of the merger. In addition, the Company will grant options at 100% of fair market value for the purchase of up to 500,000 shares of its common stock to employees of Steiner other than Steiner shareholders.

For financial accounting purposes, this transaction will be accounted for as a reverse acquisition of the Company by Steiner.

Report of Independent Certified Public Accountants

Board of Directors and Shareholders
Steiner-Atlantic Corp.
Miami, Florida

We have audited the accompanying balance sheet of Steiner-Atlantic Corp. as of December 31, 1997 and the related statements of income, shareholders' equity and cash flows for each of the two years in the period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Steiner-Atlantic Corp. at December 31, 1997, and the results of its operations and its cash flows for each of the two years in the period then ended in conformity with generally accepted accounting principles.

/S/ BDO SEIDMAN, LLP

Miami, Florida
April 1, 1998, except for Note 1
which is as of July 1, 1998

BDO Seidman, LLP

Steiner-Atlantic Corp.
Balance Sheets

<TABLE>
<CAPTION>

	December 31, 1997	June 30, 1998 (Unaudited)
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 632,331	$ 828,390
Accounts receivable (Note 7)	1,214,523	1,021,213
Current portion of lease receivables (Notes 2 and 7)	193,562	161,007
Inventories	3,108,303	2,767,624
Other current assets (Note 6)	116,653	67,238
Total current assets	5,265,372	4,845,472
LEASE RECEIVABLES - due after one year (Notes 2 and 7)	214,177	148,651
PROPERTY AND EQUIPMENT, at cost - net of accumulated depreciation and amortization (Note 3)	147,039	146,461
	$ 5,626,588	$ 5,140,584
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Line of credit (Note 5)	$ 500,000	$ 1,000,000
Accounts payable and accrued expenses (Note 6)	869,035	1,391,222
Customer deposits	304,278	389,371
Current portion of term loan (Note 5)	200,000	200,000
Total current liabilities	1,873,313	2,980,593
TERM LOAN, less current portion (Note 5)	316,613	216,613
Total liabilities	2,189,926	3,197,206

COMMITMENTS (Notes 6, 8 and 9)		
SHAREHOLDERS' EQUITY		
Common stock, $.50 par value:		
Authorized shares - 600,000; issued and outstanding 339,500 shares	169,750	169,750
Retained earnings	1,448,950	1,448,950
Undistributed shareholders' earnings	1,817,962	324,678
Total shareholders' equity	3,436,662	1,943,378
	$ 5,626,588	$ 5,140,584

</TABLE>

See accompanying summary of significant accounting policies and notes to financial statements.

Steiner-Atlantic Corp.
Statements of Income

<TABLE>
<CAPTION>

<S>	<C> Year ended December 31, 1996	<C> Year ended December 31, 1997	<C> Six months ended June 30, 1997 (Unaudited)	<C> Six months ended June 30, 1998 (Unaudited)
REVENUES:				
NET SALES	$ 13,857,817	$ 14,093,632	$ 6,511,446	$ 7,747,321
COMMISSIONS AND OTHER INCOME	157,900	155,809	72,714	87,388
Total	14,015,717	14,249,441	6,584,160	7,834,709
COST OF SALES	9,953,041	10,344,113	4,628,985	5,856,339
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (NOTE 6)	3,398,345	3,474,421	1,595,932	1,698,058
Total	13,351,386	13,818,534	6,224,917	7,554,397
OPERATING INCOME	664,331	430,907	359,243	280,312
Other Income (Expense):				
Interest income	138,426	100,158	55,591	40,390
Management fee income (Note 6)	145,000	40,000	-	150,000
Interest expense	(83,543)	(60,940)	(35,740)	(26,509)
TOTAL OTHER INCOME	199,883	79,218	19,851	163,881
NET INCOME	$ 864,214	$ 510,125	$ 379,094	444,193
Net income per share	$ 2.55	$ 1.50	$ 1.12	$ 1.31
Weighted average number of shares of common stock outstanding	339,500	339,500	339,500	339,500
PRO FORMA AMOUNTS (UNAUDITED):				
Net income	$ 864,214	$ 510,125	$ 379,094	444,193
Provision for income taxes (Note 4)	329,935	195,555	144,722	170,939
PRO FORMA NET INCOME (UNAUDITED)	$ 534,279	$ 314,570	$ 234,372	$ 273,254
Pro forma net income per share (unaudited)	$ 1.57	$ .93	$ .69	$ .80
Weighted average number of shares of common stock				

outstanding	339,500	339,500	339,500	339,500

</TABLE>

See accompanying summary of significant accounting policies and notes to financial statements.

Steiner-Atlantic Corp.
Statements of Shareholders' Equity
For the years ended December 31, 1996 and 1997
and for the six months ended June 30, 1998

<TABLE>
<CAPTION>

	Common Stock	Retained Earnings	Undistributed Shareholders' Earnings	Total Stockholders' Equity
<S>	<C>	<C>	<C>	<C>
Balance at December 31, 1995	$ 169,750	$ 1,448,950	$ 1,813,623	$ 3,432,323
Distributions	-	-	(770,000)	(770,000)
Net income	-	-	864,214	864,214
Balance at December 31, 1996	169,750	1,448,950	1,907,837	3,526,537
Distributions	-	-	(600,000)	(600,000)
Net income	-	-	510,125	510,125
Balance at December 31, 1997	169,750	1,448,950	1,817,962	3,436,662
Distributions	-	-	(1,937,477)	(1,937,477)
Net income	-	-	444,193	444,193
Balance at June 30, 1998 (unaudited)	$ 169,750	$ 1,448,950	$ 324,678	$ 1,943,378

</TABLE>

See accompanying summary of significant accounting policies and notes to financial statements.

Steiner-Atlantic Corp.
Statements of Cash Flows

<TABLE>
<CAPTION>

	Years ended December 31,		Six months ended June 30,	
	1996	1997	1997	1998
			(Unaudited)	
<S>	<C>	<C>	<C>	<C>
CASH PROVIDED BY OPERATING ACTIVITIES:				
Net income	$ 864,214	$ 510,125	$ 379,094	$ 444,193
Adjustments to reconcile net income to net cash provided by operating activities:				
Bad debt expense	19,414	21,799	-	39,948
Depreciation and amortization	40,064	34,643	14,622	15,621
Net changes in operating assets and liabilities:				
(Increase) decrease in:				
Accounts and lease receivables	331,387	(373,356)	(91,154)	251,443
Inventories	(185,972)	73,249	69,903	340,679
Other current assets	32,998	(14,845)	(77,328)	49,415
Other assets	134,720	-	(3,160)	-
Increase (decrease) in:				
Accounts payable and accrued expenses	(89,415)	70,597	131,436	347,187
Customer deposits	(35,138)	124,406	243,442	85,093
Cash provided by operating activities	1,112,272	446,618	666,855	1,573,579
CASH USED FOR INVESTING ACTIVITIES:				
Loan to affiliate	-	(50,000)	-	-
Capital expenditures	(23,850)	(30,406)	-	(15,043)

Cash used for investing activities	(23,850)	(80,406)	-	(15,043)
CASH USED FOR FINANCING ACTIVITIES:				
Borrowings (repayments) under line of credit (net)	(300,000)	500,000	-	500,000
Payments on term loan	(183,334)	(216,720)	(116,666)	(100,000)
Cash distributions to shareholders	(770,000)	(600,000)	(200,000)	(1,937,477)
Borrowings from shareholder	250,000	-	-	-
Repayment of loan from shareholder	(250,000)	-	-	-
Borrowings from related company	-	-	-	175,000
Cash used for financing activities	(1,253,334)	(316,720)	(316,666)	(1,362,477)
Increase (decrease) in cash and cash equivalents	(164,912)	49,492	350,189	196,059
Cash and cash equivalents at beginning of period	747,751	582,839	582,839	632,331
Cash and cash equivalents at end of period	$ 582,839	$ 632,331	$ 933,028	$ 828,390
Supplemental Information:				
Cash paid for:				
Interest	$ 83,543	$ 60,940	$ 35,740	$ 26,509

</TABLE>

See accompanying summary of significant accounting policies and notes to financial statements.

Steiner-Atlantic Corp.
Summary of Significant Accounting Policies
Unaudited with respect to the six months ended June 30, 1997 and 1998

NATURE OF BUSINESS

Steiner-Atlantic Corp. ("Steiner") sells commercial and industrial laundry and dry cleaning equipment, boilers and replacement parts.

Steiner primarily sells to customers located in the United States, the Caribbean and Latin America.

INVENTORIES

Equipment inventories are valued at the lower of cost (determined on the specific identification basis) or market. Replacement part inventories are valued at the lower of cost or market determined on the first-in first-out method.

PROPERTY, EQUIPMENT AND DEPRECIATION

Property and equipment are stated at cost. Depreciation and amortization are calculated on the accelerated or straight-line methods for financial reporting purposes and the accelerated method for income tax purposes over lives of five to seven years for furniture and equipment and the life of the lease for leasehold improvements.

INCOME TAXES

Steiner has elected to be taxed as an S Corporation under applicable provisions of the Internal Revenue Code. Under such election, shareholders include Steiner's income in their own federal income tax returns. Accordingly, Steiner is not subject to income taxes.

The pro forma provisions for income taxes and net income assume that Steiner was subject to income tax.

For the purpose of the pro forma provision for income taxes, Steiner has adopted the provisions of Statement of Financial Accounting Standards (SFAS) 109, Accounting for Income Taxes for all periods presented. Under the asset and liability method of SFAS 109, deferred taxes are recognized for differences between financial statement and income tax bases of assets and liabilities.

STATEMENT OF CASH FLOWS

For purposes of this statement, cash equivalents include all highly liquid investments with original maturities of three months or less.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

EARNINGS

Per Share Net income and pro forma net income per share are based on the weighted average number of shares of common stock outstanding during each period.

FAIR VALUE OF FINANCIAL INSTRUMENts

The Company's financial instruments consist principally of cash, accounts receivable, leases receivables, accounts payable and accrued expenses. The carrying amounts of such financial instruments as reflected in the balance sheet approximate their estimated fair value as of December 31, 1997. The estimated fair value is not necessarily indicative of the amounts the Company could realize in a current market exchange or of future earnings or cash flows.

NEW ACCOUNTING PRONOUNCEMENT

In June 1997, the Financial Accounting Standards Board issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," which Steiner will adopt as required for all periods beginning after December 15, 1997. This statement requires the disclosure of certain information about operating segments in the financial statements. It also requires that public companies report certain information about their products and services, the geographic areas in which they operate and their major customers.

The new standard is effective for financial statements for periods beginning after December 15, 1997 and requires comparative financial information for earlier years to be restated. Disclosure is not required for interim periods during the first year. The adoption of this new standard is not expected to have a significant impact on Steiner's financial statements.

INTERIM FINANCIAL STATEMENTS

The financial statements for the six months ended June 30, 1998 and 1997 are unaudited. In the opinion of management, such financial statements include all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of financial position and the results of operations. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year.

1. GENERAL

On July 1, 1998, Metro-Tel Corp. ("Metro-Tel") and Steiner-Atlantic Corp. ("Steiner") entered into a merger agreement, whereby Metro-Tel will acquire all the issued and outstanding shares of capital stock of Steiner in exchange for 4,720,954 shares of Metro-Tel. In addition, Metro-Tel will issue up to 500,000 shares of its common stock or grant options for the purchase of up to 500,000 shares of its common stock to shareholders and employees of Steiner.

For financial accounting purposes, this transaction will be accounted for as a reverse acquisition of Metro-Tel by Steiner.

2. LEASE RECEIVABLES

Lease receivables result from customer leases of equipment under arrangements which qualify as sales-type leases. At June 30, 1998, annual future lease payments, net of deferred interest ($57,164 at June 30, 1998), due under these leases are as follows:

Year ending June 30,	
1999	$ 161,007
2000	68,026
2001	41,659
2002	24,016
2003	12,628
Thereafter	2,322
	$ 309,658

3. PROPERTY AND EQUIPMENT

Major classes of property and equipment consist of the following:

<TABLE>
<CAPTION>

<S>	December 31, 1997 <C>	June 30, 1998 <C>
Furniture and equipment	$ 433,535	$ 448,578
Leasehold improvements	237,682	237,682
Total cost	671,217	686,260
Less accumulated depreciation and amortization	524,178	539,799
	$ 147,039	$ 146,461

</TABLE>

4. INCOME TAXES (UNAUDITED)

The following are the components of pro forma income tax provision:

<TABLE>
<CAPTION>

	Year Ended December 31, 1996	1997	Six Months Ended June 30, 1997	1998
<S>	<C>	<C>	<C>	<C>
Current				
Federal	$ 279,616	$ 189,074	$ 131,487	$ 143,910
State	47,864	32,366	22,508	24,536
	327,480	221,440	153,995	168,446
Deferred				
Federal	2,096	(22,102)	(7,918)	2,129
State	359	(3,783)	(1,355)	364
	2,455	(25,885)	(9,273)	2,493
Total	$ 329,935	$ 195,555	$ 144,722	$ 170,939

</TABLE>

The pro forma provision for income taxes represents the estimated income taxes that would have been reported had Steiner not been an S Corporation and had been subject to Federal and state income taxes.

The reconciliation of pro forma income tax computed at the United States federal statutory tax rate of 34% to the proforma provision for income taxes is as follows:

<TABLE>
<CAPTION>

	Year Ended December 31, 1996	1997	Six Months Ended June 30, 1997	1998
<S>	<C>	<C>	<C>	<C>
Tax at the United States statutory rate	$ 293,833	$ 173,443	$ 128,892	$ 153,826
State income taxes, net of federal benefit	31,827	18,865	13,961	16,374
Other	4,275	3,247	1,869	739
Total	$ 329,935	$ 195,555	$ 144,722	$ 170,939

</TABLE>

If Steiner was subject to income taxes, a deferred tax liability would be recorded, through a charge to operations, for the tax effect of cumulative temporary differences between financial and tax reporting. Such deferred tax liability results principally from temporary differences relating to the allowance for doubtful accounts and depreciation and would have amounted to approximately $20,000 at June 30, 1998 had Steiner been subject to federal and state taxes at such date.

5. CREDIT AGREEMENT

The credit agreement with a commercial bank includes a line of credit of $2,250,000 and a term loan initially of $1,000,000. At June 30, 1998 and December 31, 1997, Steiner had available lines of credit in the amount of $1,250,000 and $1,750,000, respectively, and owed $416,613 and $516,613, respectively, under the term loan. The term loan is due in

60 monthly payments of $16,667, plus interest through August 2000. The line of credit is due on demand and is available for working capital purposes and the issuance of import letters of credit and bankers acceptances. Borrowings under the agreement bear interest at the prime rate (8.5% at June 30, 1998 and 8.5% at December 31, 1997), are collateralized by all of Steiner's assets, and are personally guaranteed by the shareholders. The agreement requires maintenance of certain financial ratios and contains other restrictive covenants.

At June 30, 1998 and December 31, 1997, Steiner had outstanding letters of credit aggregating approximately $0 and $35,000, respectively.

6. RELATED PARTY TRANSACTIONS

During the years ended December 31, 1996 and 1997 and the six months ended June 30, 1997 and 1998, Steiner charged management fees of $145,000, $40,000, $0 and $150,000, respectively, to a company under common ownership. At December 31, 1997, $50,000 is due from such company and is included in other current assets in the accompanying balance sheet. During 1998, the related company made a non-interest bearing advance of $325,000, payable on demand, to Steiner. At June 30, 1998, $175,000 is due to such company and is included in accounts payable and accrued expenses in the accompanying balance sheet.

Steiner leases warehouse and office space from a shareholder under an operating lease which expires in October 2004. Minimum future rental commitments under this lease approximate $90,000 per annum through October 2004.

7. CONCENTRATIONS OF CREDIT RISK

Steiner places its excess cash in overnight deposits with a large national bank. Concentration of credit risk with respect to trade and lease receivables is limited due to a large customer base. Trade and lease receivables are generally collateralized with equipment sold.

8. COMMITMENT

Steiner leases additional warehouse space under operating leases which expire in December 1999, with an option to renew for an additional three year period. Minimum future rental commitments under these leases approximate $50,000 a year. Rent expense, including rentals paid to related parties, aggregated $138,768 and $141,700 for the years ended December 31, 1996 and 1997 and $71,650 and $70,850 for six months ended June 30, 1997 and 1998, respectively.

9. DEFERRED COMPENSATION PLAN

Steiner adopted a participatory deferred compensation plan wherein it matches employee contributions up to 1% of an eligible employee's yearly compensation. All employees are eligible to participate in the plan after one year of service. Steiner provided for $7,368 and $10,792 for the years ended December 31, 1996 and 1997 and $5,260 and $5,735 for the six months ended June 30, 1997 and 1998, respectively, in contributions. The plan is tax exempt under Section 401(k) of the Internal Revenue Code.

10. EXPORT SALES

Net sales includes export sales to nonaffiliated customers as follows for the years ended December 31, 1996 and 1997 and for the six months ended June 30, 1997 and

1998:

	Year Ended December 31,		Six Months Ended June 30,	
	1996	1997	1997	1998
Caribbean	$1,345,301	$ 1,793,076	$ 365,591	$ 1,147,918
Latin America	1,314,838	1,595,797	500,976	1,217,397
Other	381,528	560,639	245,256	65,295
	$3,041,667	$ 3,949,512	$1,111,823	$ 2,430,610

EXHIBIT A

AGREEMENT OF MERGER
AMONG
METRO-TEL CORP.,
METRO-TEL ACQUISITION CORP.,
STEINER-ATLANTIC CORP.,
WILLIAM STEINER and
MICHAEL S. STEINER

DATED AS OF JULY 1, 1998

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AGREEMENT OF MERGER

INTRODUCTION

This Agreement of Merger (the "Agreement") is made as of the 1st day of July, 1998, among Metro-Tel Corp., a Delaware corporation ("Parent"); Metro-Tel Acquisition Corp., a Florida corporation (the "Subsidiary"), which is a wholly-owned direct subsidiary of Parent; Steiner-Atlantic Corp., a Florida corporation (the "Company"); and each of William Steiner and Michael S. Steiner, sole shareholders of the company (each an "Agreement Shareholder" and, collectively, the "Agreement Shareholders").

RECITALS

The respective Boards of Directors of the Parent and the Company, as well as the Agreement Shareholders, have determined that it is in the best interests of their respective corporations to cause the Subsidiary to merge into the Company, all upon the terms and provisions, and subject to the conditions, hereinafter set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties hereto covenant and agree as follows:

ARTICLE 1

THE MERGER

1.1 MERGER. In accordance with the provisions of the Florida Business Corporation Act ("FBCA"), at the Effective Date (as hereinafter defined), the Subsidiary shall be merged (the "Merger") into the Company, and the Company shall be the surviving corporation (from and after the Effective Date, as defined in Section 1.3, the "Surviving Corporation") and as such shall continue to be governed by the laws of the State of Florida.

1.2 CONTINUING CORPORATE EXISTENCE. Except as may otherwise be set forth herein, the corporate existence and identity of the Company, with all its purposes, powers, rights, privileges, immunities and franchises, shall continue unaffected and unimpaired by the Merger, and the corporate existence and identity of the Subsidiary, with all its purposes, powers, rights, privileges, immunities and franchises, at the Effective Date, shall be merged with and into that of the Company, and the Surviving Corporation shall be vested fully therewith and the separate corporate existence and identity of the Subsidiary shall thereafter cease except to the extent continued by statute.

1.3 EFFECTIVE DATE. The Merger shall become effective upon the filing of Articles of Merger and Amended and Restated Plan of Merger attached hereto as Appendix I with the Department of State of the State of Florida ("Department of State") on the Closing Date (as defined herein) or as soon as thereafter practicable pursuant to Section 607.1105 of the FBCA (the "Effective Date").

1.4 CORPORATE GOVERNMENT.

(a) The Articles of Incorporation of the Company, as in effect on the Effective Date, shall continue in full force and effect, and shall be the Articles of Incorporation of the Surviving Corporation.

(b) The Bylaws of the Company, as in effect as of the Effective Date, shall continue in full force and effect and shall be the Bylaws of the Surviving Corporation.

(c) From and after the Effective Date, Michael S. Steiner shall be the President and Chief Executive Officer of the Surviving Corporation and Parent, and Venerando J. Indelicato shall be the Chief Financial Officer of the Surviving Corporation and Parent.

(d) At the Effective Time the Boards of Directors of the Surviving Corporation and Parent shall (a) be set at five members, and (b) consist of (i) three members to be designated by the Surviving Corporation prior to the filing of the Proxy Statement referred to in Section 5.6 hereof, and (ii) two members to be designated by Parent prior to the filing of such Proxy Statement.

1.5 RIGHTS AND LIABILITIES OF THE SURVIVING CORPORATION. At the Effective Date, the Surviving Corporation shall have the following rights and obligations:

(a) The Surviving Corporation shall have all the purposes, powers, rights, privileges, immunities and franchises, and shall be subject to all the duties and liabilities, of a corporation organized under the laws of the State of Florida.

(b) The Surviving Corporation shall possess all of the purposes, powers, rights, privileges, immunities and franchises, of either a public or private nature, of the Company and the Subsidiary, and all property, real, personal and mixed, all debts due on whatever account, including subscription to shares, all other chooses in action and every other interest of or belonging or due to the Company and the Subsidiary shall be taken and deemed to be transferred or vested in the Surviving Corporation without further act or deed.

(c) The Surviving Corporation shall thenceforth be responsible and liable for all liabilities and obligations of the Company and the Subsidiary, and any claim existing or action or proceeding pending by or against the Subsidiary or the Company may be prosecuted as if the Merger had not occurred or the Surviving Corporation may be substituted in its place.

Neither the rights of creditors nor any liens upon the property of the Subsidiary or the Company shall be impaired by the Merger.

1.6 CLOSING. Consummation of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Greenberg Traurig Hoffman Lipoff Rosen & Quentel, P.A., commencing at 11:00 a.m., local time, (i) within five (5) business days after the date on which the annual meeting of Parent's Shareholders described in Section 6.3 (the "Annual Meeting") occurs or (ii) as soon as possible thereafter when each of the other conditions set forth in Article 9 have been satisfied or waived; and shall proceed promptly to conclusion, or at such other place, time and date as shall be fixed by mutual agreement between Parent and the Company. The day on which the Closing shall occur is referred to herein as the "Closing Date". At the Closing, each party will cause to be prepared, executed, delivered and filed with the Department of State of the State of Florida Articles of Merger and all other appropriate and customary documents as any party or its counsel may reasonably request for the purpose of consummating the transactions contemplated by this Agreement. All actions taken at the Closing shall be deemed to have been taken simultaneously at the time the last of any such actions is taken or completed.

1.7 TAX CONSEQUENCES. It is intended that the merger shall constitute a reorganization described in Sections 368(a)(1)(A) and 368(a)(2)(E) of the Internal Revenue Code of 1986, as amended (the "Code"), and that this Agreement shall constitute a "plan of reorganization" for the purposes of Section 368 of the Code. The parties shall treat the transactions contemplated hereby consistently with such intention.

ARTICLE 2

CONVERSION OF SHARES; TREATMENT OF OPTIONS

2.1 CONVERSION OF SHARES.

(a) As of the Effective Date, by virtue of the Merger and without any action on the part of any holder thereof:

(i) Subject to Section 2.2 below, each of the 339,500 shares of Common Stock, $.50 par value, of the Company ("Company Common Stock") issued and outstanding immediately prior to the Effective Date shall be converted into 13.90561 shares of Common Stock, $.25 par value, of Parent ("Parent Common Stock");

(ii) Each share of Company Common Stock issued and held immediately prior to the Effective Date in the Company's treasury shall be cancelled and retired without payment of any consideration therefor and shall cease to exist; and

(iii) Each share of Common Stock, par value $.001 per share, of the Subsidiary issued and outstanding immediately prior to the Effective Date shall be converted into one share of Common Stock, par value $.001 per share, of the Surviving Corporation.

2.2 ADDITIONAL SHARES TO BE ISSUED. As additional consideration for the shares of Company Common Stock owned by the Agreement Shareholders, if ISOs for less than 500,000 Shares are granted pursuant to Section 2.4 of this Agreement, as of the Effective Date Parent shall deliver to each of the Agreement Shareholders one-half of the number of Shares that, together with the number of Shares covered by the ISOs granted pursuant to Section 2.4 of this Agreement, aggregate 500,000 Shares.

2.3 FRACTIONAL SHARES. No certificate or scrip representing fractional shares of Parent Common Stock shall be issued upon the surrender for exchange of the Company Common Stock certificates, and notwithstanding anything contained in Section 2.1 to the contrary, the number of shares of Parent Common Stock to which each holder of Company Common Stock shall be entitled at the Effective Time shall be rounded (up or down, as the case may be) to the closest whole number of shares of Parent Common Stock.

2.4 STOCK OPTIONS. At the Closing, Parent shall deliver to the Agreement Shareholders' designees, who shall be employees of the Company on the Closing Date other than the Agreement Shareholders, Incentive Stock Options ("ISOs") under the Company's 1991 Stock Option Plan (as amended October 25, 1996) (the "Stock Option Plan"), effective as of the Effective Date, providing for ISOs on shares of Parent Common Stock ("Shares"), at an exercise price of the greater of (i) the fair market value per Share (as defined in paragraph 6 of the Stock Option Plan) on the Closing Date or (ii) $1.00 per Share (the "Exercise Price"), for the number of Shares that, multiplied by the Exercise Price per Share, yields an aggregate Exercise Price of $500,000.

2.5 ADJUSTMENT. If, between the date of this Agreement and the Effective Date the outstanding shares of Company Common Stock or Parent Common Stock shall have been changed into a different number of shares or a different class by reason of any stock dividend, split-up, stock combination, exchange of shares, reclassification, readjustment or the like with a record date within such period, the number of shares of Parent Common Stock issued pursuant to the Merger and all other relevant amounts shall be adjusted to appropriately reflect such change.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to Parent and Subsidiary, subject to the terms and conditions contained herein, as follows:

3.1 ORGANIZATION AND GOOD STANDING OF THE COMPANY. The Company is a corporation duly organized, validly existing and active under the laws of the State of Florida.

3.2 CAPITALIZATION OF THE COMPANY.

(a) The authorized capital stock of the Company consists of 600,000 shares of common stock, $.50 par value. As of the close of business on June 30, 1998, there are 339,500 shares of Company Common Stock issued and outstanding. There are no shares of Company Common Stock held in the

Company's treasury. All of the issued and outstanding shares of Company Common Stock have been duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights.

(b) Other than as set forth in Section 3.2(b) of the Company's Disclosure Schedule, there are no voting trusts, shareholder agreements or other voting arrangements to which the Company is a party or, to the knowledge of the Company, to which any of the shareholders of the Company are a party or bound.

(c) There is no outstanding subscription, contract, convertible or exchangeable security, option, warrant, call, put or other right obligating the Company to issue, sell, exchange, or otherwise dispose of, or to purchase, redeem or otherwise acquire, shares of, or securities convertible into or exchangeable for, capital stock of the Company.

(d) Each Agreement Shareholder owns 50% of the Company's issued and outstanding Company Common Stock.

3.3 DUE AUTHORIZATION; BINDING EFFECT. The Company has the corporate power and authority to execute and deliver this Agreement and, subject to the approval of this Agreement by its shareholders, to perform its obligations under this Agreement and the other documents executed or to be executed by the Company in connection with this Agreement. The execution, delivery and performance by the Company of this Agreement and the other documents executed or to be executed by Company in connection with this Agreement and the Merger have been duly authorized by the Board of Directors of the Company, and the Agreement Shareholders have committed to approve this Agreement. This Agreement and the other documents which have been executed and which will be executed by the Company in connection

with this Agreement have been, or will have been when executed and delivered, as the case may be, duly executed and delivered by the Company and are, or will be when executed and delivered, the legal, valid and binding obligations of the Company enforceable in accordance with their terms except that (a) enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights; (b) the availability of equitable remedies may be limited by equitable principles of general applicability; and (c) rights to indemnification and contribution may be limited by considerations of public policy. Upon the filing of the Articles of Merger and the Amended and Restated Plan of Merger, annexed hereto as Appendix I, with the Department of State of the State of Florida, the Merger will be a valid and effective merger under the FBCA. No shareholder of the Company is entitled to assert dissenter's rights under Section 607.1302 of the FBCA. The transactions contemplated herein do not constitute a "control-share acquisition" and are not otherwise subject to the provisions of Section 607.0902 of the FBCA.

3.4 CAPITAL STOCK OF COMPANY SUBSIDIARIES AND OTHER OWNERSHIP INTERESTS. The Company is not the record or beneficial owner of any equity interest in any corporation, joint venture, partnership or other entity.

3.5 CORPORATE POWER AND AUTHORITY. The Company has the corporate power and authority and all licenses and Governmental Permits (as defined in Section 3.14) required by governmental authorities to own, lease and operate their properties and assets and to carry on its business as currently being conducted, except where the failure to have any such licenses and Governmental Permits would not, individually or in the aggregate, have a material adverse effect on the business, results of operation, working capital, assets, liabilities, condition (financial or otherwise) or prospects of the Company.

3.6 ABSENCE OF RESTRICTIONS AND CONFLICTS. Except as set forth in Section 3.6 of the Disclosure Schedule, the execution, delivery and performance of this Agreement, the consummation of the Merger and the other transactions contemplated by this Agreement and the fulfillment of and compliance with the terms and conditions of this Agreement do not and will not, with the passing of time or the giving of notice or both, subject only to the approval of this Agreement by the Company's shareholders, violate or conflict with, constitute a breach of or default under, result in the loss of any benefit under or permit the acceleration of any obligation under (i) any term or provision of the Articles of Incorporation or Bylaws of the Company, (ii) any Contract (as defined in Section 3.13) or Governmental Permit (as defined in Section 3.14) except where any such violations, conflicts, breaches, defaults, losses of benefit or accelerations would not, individually or in the aggregate, have a material adverse effect on the business, results of operation, working capital, assets, liabilities, condition (financial or otherwise) or prospects of the Company, (iii) any judgment, decree or order of any court or governmental authority or agency to which the Company is a party or by which the Company or any of its properties is bound, or (iv) any statute, law, regulation or rule applicable to the Company except where any such violations, conflicts, breaches, defaults, losses of benefit or accelerations would not, individually or in the aggregate, have a material adverse effect on the business, results of operation, working capital, assets, liabilities, condition (financial or otherwise) or prospects of the

Company. Except for compliance with the applicable requirements of the Securities Act of 1933 (the "Securities Act"), the Securities Exchange Act of 1934 (the "Exchange Act"), and applicable state securities laws and the filing of Articles of Merger with the Department of State, no consent, approval, order or authorization of, or registration, declaration, except as set forth in Section 3.6 of the Disclosure Schedule, or filing with, any governmental agency or public or regulatory unit, agency, body or authority (under any Governmental Permit or otherwise) or any third party (under any contract or otherwise) is required in connection with the execution, delivery or performance of this Agreement by the Company or the consummation of the transactions contemplated hereby or the ownership and operation by the Surviving Corporation of its businesses and properties after the Effective Date in substantially the same manner as now owned and operated.

3.7 FINANCIAL STATEMENTS AND RECORDS OF THE COMPANY. The Company has delivered to Parent and the Subsidiary true, correct and complete copies of the balance sheets of the Company as of December 31, 1997 (the "Company Balance Sheet") and December 31, 1996 and the statements of income and undistributed shareholders' earnings, and statements of cash flows of the Company for the fiscal years then ended, including the notes thereto, in each case examined by and accompanied by the report thereon of BDO Seidman, LLP. (the "Company Financial Statements"). The Company Financial Statements have been prepared from, and are in accordance with, the books and records of the Company and present fairly, in all material respects, the assets, liabilities and financial position of the Company as of the dates thereof, and its results of operations and changes in financial position for the periods then ended, in each case in conformity with generally accepted accounting principles, consistently applied, except as noted therein. Since December 31, 1997, there has been no change in accounting principles applicable to, or methods of accounting utilized by, the Company. The books and records of the Company have been and are being maintained in accordance with good business practice, reflect only valid transactions, are complete and correct in all material respects, and present fairly in all material respects the basis for the financial position and results of operations of the Company set forth in the Company Financial Statements.

3.8 NO MATERIAL UNDISCLOSED LIABILITIES. There are no material liabilities or obligations of the Company of any nature, whether absolute, accrued, contingent or otherwise, other than the liabilities and obligations that are reflected, accrued, or reserved against on the Company Balance Sheet (for which the reserves are appropriate and reasonable) and those incurred in the ordinary course of business and consistent with past practices since December 31, 1997.

3.9 ABSENCE OF CERTAIN CHANGES.

(a) Since December 31, 1997, the Company has operated in the ordinary course of business and in a manner consistent with the manner in which it operated prior to January 1, 1998. Without limiting the generality of the foregoing, the Company has not (except as may result from the transactions contemplated by this Agreement or as set forth in Section 3.9(a) of the Company's Disclosure Schedule) to any material extent:

(i) suffered any material adverse change in its business, results of operations, working capital, assets, liabilities, condition (financial or otherwise), prospects or the manner of conducting its business;

(ii) suffered any damage or destruction to, or loss of, assets, whether or not covered by insurance, which property or assets are material to the operations or business of the Company;

(iii) forgiven, compromised, canceled, released, waived or permitted to lapse any material rights or claims;

(iv) entered into or terminated any agreement, commitment or transaction, or agreed to make any changes in any leases or agreements, other than leases, agreements, transactions and commitments entered into in the ordinary course of business;

(v) written up, written down or written off the book value of any material amount of assets other than in the ordinary course of business;

(vi) declared, paid or set aside for payment any dividend or distribution with respect to the Company's capital stock;

(vii) redeemed, purchased or otherwise acquired, or sold or granted or otherwise disposed of, directly or indirectly, any of the Company's capital stock or securities or any rights to acquire such capital stock or securities which are outstanding as of the date of this Agreement;

(viii) failed to pay or discharge when due any liabilities, the failure to pay or discharge which will have, individually or in the aggregate, a material adverse effect on the business, working capital, assets, liabilities, condition (financial or otherwise) or prospects of the Company;

(ix) encumbered assets, purchased or sold any assets outside the ordinary course of business or made any material capital expenditure;

(x) entered into any employment, consulting, compensation or collective bargaining agreement with any person or group;

(xi) entered into, adopted or amended any employee benefit plan;

(xii) entered into any other transaction other than in the ordinary course of business; or

(xiii) entered into any agreement to do any of the foregoing.

(b) The Company is not aware of any pending or contemplated legislation or changes in rules, regulations or administrative orders which, if enacted or implemented, would, individually or in the aggregate, have a material adverse effect on the business, results of operations, working capital, assets, liabilities, condition (financial or otherwise) or prospects of the Company.

3.10 TAX RETURNS; TAXES.

(a) The Company has duly filed or caused to be filed on a timely basis (giving effect to properly obtained extensions of time) with the appropriate authorities all Tax Returns (as defined below) required to be filed by it and all such Tax Returns are true, correct and complete in all material respects; has paid in full on a timely basis all Taxes (as defined below) required to be paid; and has fully accrued on its books or has established adequate reserves on its latest balance sheet (a true and correct copy of which has been provided to Parent), prepared in accordance with generally accepted accounting principles consistently applied, for all Taxes which have accrued but not are yet due; and has timely and properly collected or withheld, paid over and reported to the appropriate governmental authorities all Taxes required to have been collected or withheld by it. The Company has no tax liabilities other than those reflected on the Company Financial Statements and those arising in the ordinary course of business since the date thereof. The Company has made available to Parent true, complete and correct copies of the Company's federal income tax and other Tax Returns filed by it.

(b) No Taxing authority has asserted any adjustment that could result in an additional Tax for which the Company is or may be liable; there is no pending audit, examination, investigation, dispute, proceeding or claim (collectively, "Proceeding") relating to any Tax for which the Company is or may be liable and, to the knowledge of the Company, no Taxing authority is contemplating such a Proceeding; no statute of limitations with respect to any Tax for which the Company or is or may be liable has been waived or extended; and the Company is not a party or subject to any Tax sharing or any Tax allocation agreement, arrangement or understanding.

(c) The Company is not a "consenting corporation" within the meaning of Section 341(f) of the Code (or any comparable state, local or foreign Tax provision). The Company is not a party to any contract, agreement, plan or arrangement that, individually or collectively, could give rise to any payment that would not be deductible by reason of Section 162, 280G or 404 of the Code (or any comparable state, local or foreign Tax provision). The Company does not have any "tax-exempt use property" within the meaning of Section 168(h) of the Code (or any comparable state, local or foreign Tax provision). The Company has never made or been required to make an election under Section 338 of the Code (or any comparable state, local or for eign Tax provision).

(d) The Company is not, and was not at any time during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code, a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code and the regulations thereunder.

(e) For purposes of this Agreement, "Tax" shall mean any tax, fee, levy, assessment or other governmental charge imposed by the United States, any state, local or foreign government or subdivision or agency of any of the foregoing, including without limitation, any income, franchise, gross receipts, property, sales, use, service, value added, withholding, social security, estimated, accumulated earnings, transfer, license, privilege, payroll, profits, capital stock, employment, unemployment, excise, ad valorem, severance, stamp, occupancy, customs or occupation tax for which the taxpayer is or may be liable, including without limitation, as a member of a consolidated group pursuant to Treasury Regulation ss.1.1502-6 (or any comparable state, local or foreign Tax provision), as a transferee under Section 6901 of the Code (or any comparable state, local or foreign Tax provision) or under any Tax sharing or Tax allocation agreement, arrangement or understanding.

(f) For purposes of this Agreement, "Tax Returns" shall mean all returns, amended returns, declarations, reports, estimates, information returns and statements relating to Taxes which are or were filed or required to be filed under applicable law, whether on a consolidated, combined, unitary or separate basis or otherwise.

3.11 TITLE, CONDITION OF ASSETS.

(a) The Company has good and marketable title to all of the Assets (as hereinafter defined) reflected on the Company Balance Sheet, and all Assets thereafter acquired by it (except for Assets disposed of by it in the ordinary course of business). All such Assets are used in connection with the operation of the businesses of the Company. Except as set forth in Section 3.11(a) of the Disclosure Schedule, the Assets are subject to no mortgage, security interest, pledge, lien, claim, encumbrance or charge, or restraint or transfer whatsoever other than Permitted Liens (as hereinafter defined) and no currently effective financing statement with respect to any of its Assets has been filed under the Uniform Commercial Code in any jurisdiction. Section 3.11(a) of the Disclosure Schedule sets forth a description of the indebtedness secured by the financing statements listed thereon, including the principal balance of such indebtedness and

accrued but unpaid interest thereon as at December 31, 1997 and interest rate applicable thereto. Except with respect to the constituent instruments underlying the financing statements listed in Section 3.11(a) of the Disclosure Schedule, the Company is not a party to any financing statement or any security agreement authorizing any secured party thereunder to file any financing statement. No person other than the Company has any right to the use or possession of any of the Assets. All Assets which are real property or tangible personal property, whether owned or leased, are in good operating condition and repair, excepting normal wear and tear, and are sufficient to enable the Company to operate its business in a manner consistent with its operation during the immediately preceding twelve (12) months.

(b) Set forth on Section 3.11(b) of the Disclosure Schedule is a true and correct list of leases, conditional sales, licenses or similar arrangements to which the Company is a party or to which the Company or any Asset used by the Company in connection with the operation of its business is subject. The Company has delivered to Parent a complete and correct copy of each lease, conditional sale, license and other arrangement listed in Section 3.11(b) of the Disclosure Schedule. All of said arrangements are valid, binding and enforceable in accordance with their respective terms and are in full force and effect. The Company is not in default under one or more of such arrangements, except to the extent such defaults would not, individually or in the aggregate, have a material adverse effect on the business, results of operations, working capital, assets, liabilities, condition (financial or otherwise) or prospects of the Company and has not received any written notice alleging any default, set-off, or claim of default. To the knowledge of the Company, the parties to such arrangements are not in default of their respective obligations under any of such arrangements, and there has not occurred any event which, with the passage of time or giving of notice (or both), would constitute such a default or breach under any of such arrangements.

(c) As used herein, the term "Assets" means all tangible and intangible assets including, without limitation, all real property, tangible personal property (including, without limitation, fixed and moveable equipment, trucks, cars and other vehicles, furnishings, inventory and supplies), contract rights, leasehold interests, goodwill, tradenames, trademarks, and, to the extent permitted by law, all permits, licenses and other governmental approvals.

(d) As used herein, the term "Permitted Liens" means:

(i) carriers', warehousemen's, mechanics, materialmen's, repairmen's or other like liens arising in the ordinary course of business which are

(i) not overdue for a period of more than 30 days or (ii) being contested in good faith and by appropriate proceedings, provided that if such contest has continued for more than 30 days, the amount thereof has been bonded at the end of such 30-day period;

(ii) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of like nature incurred in the ordinary course of business;

(iii) rights of lessors under leases set forth in Section 3.11(b) of the Disclosure Schedule;

(iv) pledges or deposits in connection with worker's compensation, unemployment insurance, and other social security legislation; and

(v) liens for Taxes not yet due and payable.

3.12 INTELLECTUAL PROPERTY. Except as set forth in Section 3.12 of the Disclosure Schedule, the Company has no permits, licenses and registrations granted to or by the Company (including applications therefor) for the use of: its corporate name, any trade or service mark, copyright, patent, process, operational manual, technique and similar property by the Company (collectively, the "Proprietary Assets"). The Company owns all of the Proprietary Assets necessary to operate its business. No claim has been asserted by any person challenging the validity of any Proprietary Asset or the use thereof by the Company. The Proprietary Assets used by the Company in its operations may continue to be used by the Surviving Corporation without the consent of, or payment of consideration to, any other person.

3.13 CONTRACTS. To the knowledge of the Company, Section 3.13 of the Disclosure Schedule contains a complete and correct list of all of the following categories of material agreements, contracts, arrangements and commitments ("Contracts"), including summaries of oral contracts (except immaterial oral contracts terminable at will), to which the Company is bound, including, without limitation:

(a) each contract or agreement for the employment or retention of, or collective bargaining, severance or termination agreement with, any director, officer, employee, consultant, agent, employee or group of employees;

(b) each profit sharing, thrift, bonus, incentive, deferred compensation, stock option, stock purchase, severance pay, pension, retirement, hospitalization, insurance or other similar plan, agreement or arrangement;

(c) each agreement or arrangement (including letter of intent) for the purchase or sale of any assets, properties or rights outside the ordinary course of business (by purchase or sale of assets, purchase or sale of capital stock, merger or otherwise) which is currently in effect;

(d) each contract which contains any provisions requiring the Company to indemnify or act for, or guarantee the obligation of, any other person or entity;

(e) each agreement restricting the Company from conducting business of any nature anywhere in the world;

(f) each partnership or joint venture contract or similar arrangement or agreement which is likely to involve a sharing of profits or future payments with respect to the business (or any portion thereof) of the Company;

(g) each lease, license, conditional sales contract or similar arrangement for real or personal property or any Proprietary Asset; and

(h) each other agreement not made in the ordinary and normal course of business which involves consideration of more than $15,000; and

(i) each letter of intent or agreement in principle to enter into any Contract (whether or not binding, in whole or in part).

True, correct and complete copies of each Contract have been provided or made available to Parent and, except as provided in Section 3.13 of the Disclosure Schedule, each remains in full force and effect in accordance with the copies provided to Parent. Each of the Contracts was entered into and requires performance only in the ordinary course of business. The Company is not in material default under any Contract and no default or right of set-off has been asserted, either by or against the Company under any Contract. To the knowledge of the Company, the parties to the Contracts, other than the Company, are not in material default of any of their respective obligations under the Contracts, and there has not occurred any event, which with the passage of time or the giving of notice (or both), would constitute a material default or breach under any Contract. All amounts payable by the Company under the Contracts are on a current basis. No Contract is terminable nor requires a payment in the event of the Merger or a change in control of the Company.

3.14 LICENSES AND PERMITS. Section 3.14 of the Disclosure Schedule sets forth a description of all material licenses and other material governmental or other regulatory permits, approvals and authorizations required for the operation of the business of the Company to: (a) provide the services which the Company is providing or the Company in the past has provided, (b) own or hold under lease the properties and Assets it owns or holds under lease and (c) perform all of its obligations under Contracts to which it is a party or subject (collectively, the "Governmental Permits"). The Company has delivered to Parent copies of all of the Governmental Permits. The Company owns, possesses or has the legal right to use the Governmental Permits, free and clear of all liens, pledges, claims or other encumbrances of any nature whatsoever. The Company has obtained and possesses (and during all periods in which it has provided services and conducted business possessed), in good standing, all Governmental Permits required by applicable

governmental authorities in order to perform such services and conduct such businesses except where failure to have such Governmental Permits in good standing would not, individually or in the aggregate, have a material adverse effect on the business, working capital, results of operation, assets, liabilities, condition (financial or otherwise) or prospects of the Company. The Company is not in material default under any Governmental Permits, and the Company has not received any notice of any default or any other claim or proceeding relating to, any such Governmental Permits.

3.15 COMPLIANCE WITH LAWS. The Company has been in compliance with all applicable laws, regulations, ordinances and administrative orders of any jurisdiction to which it or its business or its use or occupancy of properties or any part thereof are subject, except where the failure to be in compliance would not, individually or in the aggregate, have a material adverse effect on the business, results of operation, working capital, assets, liabilities, condition (financial or otherwise) or prospects of the Company. Except as set forth in Section 3.15 of the Disclosure Schedule, there is no pending material suit, claim, action or litigation, or administrative, arbitration or other proceeding or governmental investigation or inquiry, nor, to the knowledge of the Com pany, are any such proceedings, investigations or inquiries, threatened or contemplated nor (ii) are there any unasserted claims (whether or not the potential claimant may be aware of the claim) of any nature that might be asserted against the Company. Except as set forth in Schedule 3.15 of the Disclosure Schedule, the Company is not subject to any judgment, decree, injunction or order of any court or any governmental restriction.

3.16 INSURANCE AND SURETY AGREEMENTS. Section 3.16 of the Disclosure Schedule contains a complete and correct list of: (a) all policies of malpractice, fire, liability and other forms of insurance held or owned by the Company; and (b) all bonds, indemnity agreements and other agreements of suretyship made for or held by the Company, including a brief description of the character of the bond or agreement and the name of the surety or indemnifying party. Section 3.16 of the Disclosure Schedule sets forth for each such insurance policy the name of the insurer, the amount of coverage, the type of insurance included under each such policy and of any claims made thereunder. Such policies are owned by and payable solely to the Company, and said policies or renewals or replacements thereof are outstanding and duly in force. All insurance policies maintained by the Company is in full force and effect, all premiums due on such policies have been paid, and the Company has not been advised by any of its insurance carriers of an intention to terminate or modify any such policies, nor has the Company failed to comply with any of the material conditions contained in any such policies.

3.17 RELATIONSHIPS.

(a) Except as disclosed in Section 3.17 of the Disclosure Schedule, no Agreement Shareholder, or affiliate of the Company has, or at any time within the last two (2) years has had, an ownership interest in any business, corporate or otherwise, that is a party to, or in any property that is the subject of, any business relationship or arrangement of any kind relating to the operation or business of, or which may be binding upon, the Company or its Assets.

(b) Section 3.17 of the Disclosure Schedule contains a complete and correct list of all persons known by the Company to be affiliates of the Company.

3.18 EMPLOYEE BENEFIT PLANS.

(a) Except as set forth in Section 3.18 of the Disclosure Schedule, there are no employee benefit plans (including previously-maintained plans) or arrangements of any type (including, without limitation, plans described in section 3(3) of the Employee Retirement Income Security Act of 1974, as amended and the regulations thereunder ("ERISA")), under which the Company has or in the future could have directly, or indirectly through a Commonly Controlled Entity (within the meaning of section 414(b), (c), (m) and (o) of the Internal Revenue Code of 1986, as amended and the regulations thereunder ("Code")), any liability with respect to any current or former employee of the Company or any Commonly Controlled Entity (collectively, the "Benefit Plans"). No such Benefit Plan is "multiple employer plan" (within the meaning of the Code or ERISA) or subject to Title IV of ERISA.

(b) With respect to each Benefit Plan (where applicable): the Company has delivered to the Parent complete and accurate copies of (i) all plan texts and agreements; (ii) all material employee communications; (iii) the most recent annual report; (iv) the most recent annual and periodic accounting of plan assets; (v) the most recent determination letter received from the Internal Revenue Service; and (vi) the most recent actuarial valuation.

(c) With respect to each Benefit Plan: (i) if intended to qualify under Code section 401(a) or 403(a), such Benefit Plan so qualifies, and its related trust is exempt from taxation under Code section 501(a); (ii) such Benefit Plan has been administered in accordance with its terms and applicable law; (iii) no event has occurred and there exists no circumstance under which the Company could directly, or indirectly through a Commonly Controlled Entity, incur liability under ERISA, the Code or otherwise (other than routine claims for benefits); (iv) there are no actions, suits or claims pending (other than routine claims for benefits) or, to the knowledge of the Company, threatened, with respect to any Benefit Plan or against the assets of any Benefit Plan; (v) no "accumulated funding deficiency" (as defined in section 302 of ERISA) has occurred; (vi) no "prohibited transaction" (as defined in section 406 of ERISA or in section 4975 of the Code) has occurred; (vii) no "reportable event" (as defined n section 4043 of ERISA) has occurred; (viii) all contributions and premiums due have been made on a timely basis; and (ix) all contributions made or required to be made under any Benefit Plan meet the requirements for deductibility under the Code, and all contributions which have not been made have been properly recorded on the books of the Company or the applicable Commonly Controlled Entity.

(d) With respect to each Benefit Plan which is a "welfare plan" (as defined in ERISA section 3(1)): (i) no such plan provides medical or death benefits (whether or not insured) with respect to current or former employees beyond their termination of employment (other than coverage mandated by law); (ii) there are no reserves, assets, surplus or prepaid

premiums under any such plan; and (iii) the Company and any Commonly Controlled Entity have complied with the requirements under Code section 4980B.

(e) The consummation of the transactions contemplated by this Agreement will not (i) entitle any individual to severance pay, or (ii) accelerate the time of payment, vesting or increase the amount of compensation due to any such individual.

3.19 LABOR RELATIONS. To the knowledge of the Company, the Company is in compliance with all federal and state laws respecting employment and employment practices, terms and conditions of employment, wages and hours, and is not engaged in any unfair labor or unlawful employment practice. There is no unlawful employment practice or discrimination charge pending or, to the knowledge of the Company, threatened against the Company before the Equal Employment Opportunity Commission or any other governmental authority. Except as set forth in Section 3.19 of the Disclosure Schedule, there is no unfair labor practice charge or complaint, grievance or arbitration against the Company pending or, to the knowledge of the Company, threatened against the Company before the National Labor Review Board or any other govern mental authority. Since January 1, 1992 the Company has not experienced nor, to the knowledge of the Company, is there threatened, any labor strike, dispute, slowdown or stoppage or any representation question respecting its employees. There is no collective bargaining agreement that is binding on the Company.

3.20 ENVIRONMENTAL MATTERS. Except as set forth in Section 3.20 of the Company's Disclosure Schedule, the Company has not received any written communication from any person or entity (including any Governmental Entity) stating that it may be a potentially responsible party under any applicable state, federal and local laws, regulations and rules, including common law, judgments, decrees and orders relating to pollution, the preservation of the environment, and the release of material into the environment ("Environmental Law") with respect to any actual or alleged environmental contamination or the release of any hazardous substances; neither the Company nor, to the Company's knowledge, any Governmental Entity is conducting or has conducted any environmental remediation or environmental investigation which could reasonably be expected to result in material liability or expense for the Company under Environmental Law; and the Company has not received any request for information under Environmental Law from any Governmental Entity with respect to any actual or alleged environmental contamination or the release of any hazardous substance, except, in each case, for communications, environmental remediation and investigations and requests for information which would not, individually or in the aggregate, have a material adverse effect; (ii) the Company has not received any written communication from any person or entity (including any Governmental Entity) stating or alleging that the Company may have violated any Environmental Law, or that the Company has caused or contributed, or has liability with respect to any environmental contamination, except, in each case, for statements and allegations of violations and statements and allegations of responsibility or liability which would not, individually or in the aggregate, have a material adverse effect; and (iii) to the Company's knowledge, the Company has no liabilities under Environmental Law that,

individually or in the aggregate, have had or may reasonably be expected to result in a material adverse effect.

3.21 QUESTIONABLE PAYMENTS. Neither the Company, nor any director, officer, affiliate or employee of the Company: (a) have used any corporate funds of the Company to make any payment to any officer or employee of any government, or to any political party or official thereof, where such payment either (i) is unlawful under laws applicable thereto; or (ii) would be unlawful under the Foreign Corrupt Practices Act of 1977, as amended; nor (b) has used any corporate funds of the Company for making payments to any person if such payment constituted an illegal payment, bribe, kickback, political contribution or other similar questionable payment.

3.22 BROKERS AND FINDERS. None of the Company or any of its officers, directors and employees has employed any broker, finder or investment banker or incurred any liability for any investment banking fees, financial advisory fees, brokerage fees or finders' fees in connection with the transactions contemplated hereby.

3.23 ACCURACY OF INFORMATION FURNISHED. No representation or warranty in this Agreement (including information contained in the Disclosure Schedule) made by the Company nor any information relating to the Company which has been delivered by the Company to Parent contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not false or misleading. The Company has disclosed in the Disclosure Schedule, and at all times through the Effective Date will disclose, to Parent, all facts known to it that, individually or in the aggregate, are material to the business, results of operations, working capital, assets, liabilities, condition (financial or otherwise) or prospects of the Company.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF PARENT

Parent represents and warrant to the Company as follows:

4.1 ORGANIZATION AND GOOD STANDING OF PARENT. Parent and Subsidiary are corporations duly organized, validly existing and in good standing under the laws of the States of Delaware and Florida, respectively.

4.2 CAPITALIZATION OF PARENT.

(a) The authorized capital stock of Parent consists of 6,000,000 shares of common stock, $.025 par value, and 2,000,000 shares of preferred stock, $1.00 par value. As

of March 31, 1998, there were (i) 2,054,046 shares of Parent Common Stock issued and outstanding and no shares of Parent preferred stock issued and outstanding, (ii) 225,000 shares of Parent Common Stock reserved for issuance under stock option and other employee and director benefit plans, and (iii) 26,250 shares of Parent Common Stock held in Parent's treasury. In addition, Parent will be reserving 500,000 shares of Parent Common Stock for issuance pursuant to Section 2.3 and Section 2.4 of this Agreement. The Parent Common Stock to be issued pursuant to the Merger, when issued and delivered, will be duly authorized, validly issued, fully paid and nonassessable.

(b) There are no voting trusts, shareholder agreements or other voting arrangements to which the Parent is a party or, to the knowle dge of the Parent, to which any of the shareholders of the Parent is a party or bound.

(c) Except as set forth in Parent SEC Reports (as defined in Section 4.6 herein), there is no outstanding subscription, contract, convertible or exchangeable security, option, warrant, call, put or other right obligating the Parent to issue, sell, exchange, or otherwise dispose of, or to purchase, redeem or otherwise acquire, shares of, or securities convertible into or exchangeable for, capital stock of the Parent.

4.3 DUE AUTHORIZATION, BINDING EFFECT. Each of Parent and Subsidiary has the corporate power and authority to execute, deliver and perform its obligations under this Agreement and the other documents executed or to be executed by it in connection with this Agreement and to consummate the Merger. The execution, delivery and performance by Parent and Subsidiary of this Agreement and the other documents executed or to be executed by Parent or Subsidiary, as applicable, in connection with this Agreement have been duly authorized by all necessary corporate action. This Agreement and the other documents which have been executed and which will be executed by Parent and Subsidiary in connection with this Agreement have been, or will have been, as the case may be, duly executed and delivered by Parent and Subsidiary and are, or will be when executed and delivered, the legal, valid and binding obligations of Parent and Subsidiary, as the case may be, enforceable in accordance with their terms except that (i) enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights; (ii) the availability of equitable remedies may be limited by equitable principles of general applicability; and (iii) rights to indemnification and contribution may be limited by considerations of public policy.

4.4 CAPITAL STOCK OF COMPANY SUBSIDIARIES AND OTHER OWNERSHIP INTERESTS. Other than Subsidiary, Parent is not the record or beneficial owner of any equity interest in any corporation, joint venture, partnership or other entity.

4.5 CORPORATE POWER AND AUTHORITY. Parent has the corporate power and authority and all licenses and Governmental Permits (as defined in Section 3.15 except that, in lieu of pertaining to the Company, for purposes of this Section, such definition shall pertain to Parent) required by governmental authorities to own, lease and operate its properties and assets

and to carry on its business as currently being conducted, except where the failure to have any such licenses and Governmental Permits would not, individually or in the aggregate, have a material adverse effect on the business, results of operation, working capital, assets, liabilities, condition (financial or otherwise) or prospects of the Company.

4.6 ABSENCE OF RESTRICTIONS AND CONFLICTS. The execution, delivery and performance of this Agreement, the consummation of the Merger and the other transactions contemplated by this Agreement and the fulfillment of and compliance with the terms and conditions of this Agreement do not and will not, with the passing of time or the giving of notice or both, violate or conflict with, constitute a breach of or default under, result in the loss of any benefit under or permit the acceleration of any obligation under (i) any term or provision of the Certificate of Incorporation or Bylaws of Parent or the Articles of Incorporation or Bylaws of the Subsidiary, or (ii) any contract or permits, except where such violations, conflicts, breaches, defaults, losses or accelerations would not, individually or in the aggregate, have a material adverse effect on the business, results of operation, working capital, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its subsidiaries taken as a whole, or (iii) any judgment, decree or order of any court or governmental authority or agency to which Parent or its subsidiaries is a party or by which Parent or the subsidiaries or any of their properties are bound, or (iv) any statute, law, regulation or rule applicable to Parent or its subsidiaries, except where such violations, conflicts, breaches, defaults, losses or accelerations would not, individually or in the aggregate, have a material adverse effect on the business, results of operation, working capital, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its subsidiaries taken as a whole. Except for compliance with the applicable requirements of the Securities Act, the Exchange Act, and applicable state securities laws and the filing of Articles of Merger with the Department of State, and consents listed on the Disclosure Schedule, to the Parent's knowledge, no consent, approval, order or authorization of, or registration, declaration or filing with, any governmental agency or public or regulatory unit, agency, body or authority or, except for the approvals which have been obtained, any third party is required in connection with the execution, delivery or performance of this Agreement by Parent or the Subsidiary or the consummation of the transactions contemplated hereby or the ownership and operation by the Surviving Corporation of its businesses and properties after the Effective Date in substantially the same manner as now owned and operated.

4.7 PARENT SEC REPORTS. Parent has made available to the Company (i) Parent's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, (ii) proxy statements relating to Parent's meetings of shareholders and (iii) all other reports or registration statements, each as amended or supplemented prior to the date hereof, filed by Parent with the SEC since January 1, 1995 (items (i) through (iii), as amended or supplemented as described above, including all disclosures incorporated therein by reference, being referred to as the "Parent SEC Reports"). As of their respective dates, the Parent SEC Reports did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Since January 1, 1995, Parent has timely filed all forms, reports and

documents with the SEC required to be filed by it pursuant to the federal securities laws and the SEC's rules and regulations thereunder, each of which Parent SEC Reports complied as to form, at the time such form, report or document was filed, in all material respects with the applicable requirements of the Securities Act and the Exchange Act and the applicable rules and regulations thereunder.

4.8 FINANCIAL STATEMENTS AND RECORDS OF PARENT. Parent has delivered to the Company true, correct and complete copies of: (i) the balance sheets of Parent as of June 30, 1997 and June 30, 1996 and the related statements of income, changes in stockholders' equity and cash flows of Parent for the fiscal years then ended, including the notes thereto, as contained in the Parent's Annual Report on Form 10-KSB for the year ended June 30, 1997, in each case examined by and accompanied by the report thereon of Grant Thornton LLP, and (ii) the consolidated balance sheets of Parent as of March 31, 1998 ("Parent Balance Sheet") and the consolidated statements of operations and cash flows of Parent for the fiscal quarters ended March 31, 1998 and 1997, including the notes thereto, as contained in the Parent's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998 (all of the foregoing financial statements in (i) and (ii) being referred to herein as the "Parent Financial Statements"). Parent Financial Statements have been prepared from, and are in accordance with, the books and records of Parent and present fairly, in all material respects, the assets, liabilities and financial position of Parent as of the dates thereof and their results of operations and changes in financial position for the periods then ended, in each case in conformity with generally accepted accounting principles, consistently applied, except as noted therein. Since June 30, 1997, there has been no change in accounting principles applicable to, or methods of accounting utilized by, Parent. The books and records of Parent have been and are being maintained in accordance with good business practice, reflect only valid transactions, are complete and correct in all material respects, and present fairly in all material respects the basis for the financial position and results of operations of Parent and its subsidiaries set forth in Parent Financial Statements.

4.9 NO MATERIAL UNDISCLOSED LIABILITIES. There are no material liabilities or obligations of Parent of any nature, whether absolute, accrued, contingent or otherwise, other than the liabilities and obligations that are reflected, accrued, or reserved against on the Parent Balance Sheet (for which the reserves are appropriate and reasonable) and those incurred in the ordinary course of business and consistent with past practices since March 31, 1998.

4.10 ABSENCE OF CERTAIN CHANGES.

(a) Since March 31, 1998, Parent has operated in the ordinary course of business and in a manner consistent with the manner in which it operated prior to March 31, 1998. Without limiting the generality of the foregoing, Parent has not (except as may result from the transactions contemplated by this Agreement):

(i) suffered any material adverse change in its business, results of operations, working capital, assets,

liabilities, condition (financial or otherwise), prospects or the manner of conducting its business;

(ii) suffered any damage or destruction to, or loss of, assets, whether or not covered by insurance, which property or assets are material to the operations or business of Parent;

(iii) forgiven, compromised, canceled, released, waived or permitted to lapse any material rights or claims;

(iv) entered into or terminated any agreement, commitment or transaction, or agreed to make any changes in any leases or agreements, other than leases, agreements, transactions and commitments entered into in the ordinary course of business;

(v) written up, written down or written off the book value of any amount of assets;

(vi) declared, paid or set aside for payment any dividend or distribution with respect to Parent's capital stock;

(vii) redeemed, purchased or otherwise acquired, or sold or granted or otherwise disposed of, directly or indirectly, any of Parent's capital stock or securities or any rights to acquire such capital stock or securities which are outstanding as of the date of this Agreement;

(viii) failed to pay or discharge when due any liabilities, the failure to pay or discharge which will have, individually or in the aggregate, a material adverse effect on the business, working capital, assets, liabilities, condition (financial or otherwise) or prospects of Parent.

(ix) encumbered assets, purchased or sold any assets outside the ordinary course of business or made any material capital expenditure;

(x) entered into any employment, consulting, compensation or collective bargaining agreement with any person or group;

(xi) entered into, adopted or amended any employee benefit plan;

(xii) entered into any other transaction other than in the ordinary course of business; or

(xiii) entered into any agreement to do any of the foregoing.

(b) Parent is not aware of any pending or contemplated legislation or changes in rules, regulations or administrative orders which, if enacted or implemented, would, individually or in the aggregate, have a material adverse effect on the business, results of operations, working capital, assets, liabilities, condition (financial or otherwise) or prospects of Parent.

4.11 TAX RETURNS; TAXES.

(a) Parent has duly filed or caused to be filed on a timely basis (giving effect to properly obtained extensions of time) with the appropriate authorities all Tax Returns (as defined below) required to be filed by it and all such Tax Returns are true, correct and complete in all material respects; has paid in full on a timely basis all Taxes (as defined below) required to be paid; and has fully accrued on its books or has established adequate reserves on its latest balance sheet (a true and correct copy of which has been provided to the Company), prepared in accordance with generally accepted accounting principles consistently applied, for all Taxes which have accrued but not are yet due; and has timely and properly collected or withheld, paid over and reported to the appropriate governmental authorities all Taxes required to have been collected or withheld by it. Parent has no tax liabilities other than those reflected on the Parent Financial Statements and those arising in the ordinary course of business since the date thereof. Parent has made available to the Company true, complete and correct copies of Parent's federal income tax and other Tax Returns filed by it.

(b) No Taxing authority has asserted any adjustment that could result in an additional Tax for which Parent is or may be liable; there is no pending audit, examination, investigation, dispute, proceeding or claim (collectively, "Proceeding") relating to any Tax for which Parent is or may be liable and, to the knowledge of Parent, no Taxing authority is contemplating such a Proceeding; no statute of limitations with respect to any Tax for which Parent or is or may be liable has been waived or extended; and Parent are not a party or subject to any Tax sharing or any Tax allocation agreement, arrangement or understanding.

(c) Parent is not a party to any contract, agreement, plan or arrangement that, individually or collectively, could give rise to any payment that would not be deductible by reason of Section 162, 280G or 404 of the Code (or any comparable state, local or foreign Tax provision). Parent does not have any "tax-exempt use property" within the meaning of Section

168(h) of the Code (or any comparable state, local or foreign Tax provision).

Parent has never made or been required to make an election under Section 338 of the Code (or any comparable state, local or foreign Tax provision).

(d) Parent is not, and was not at any time during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code, a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code and the regulations thereunder.

(e) For purposes of this Agreement, "Tax" shall mean any tax, fee, levy, assessment or other governmental charge imposed by the United States, any state, local or foreign government or subdivision or agency of any of the foregoing, including without limitation, any income, franchise, gross receipts, property, sales, use, service, value added, withholding, social security, estimated, accumulated earnings, transfer, license, privilege, payroll, profits, capital stock, employment, unemployment, excise, ad valorem, severance, stamp, occupancy, customs or occupation tax for which the taxpayer is or may be liable, including without limitation, as a member of a consolidated group pursuant to Treasury Regulation ss.1.1502-6 (or any comparable state, local or foreign Tax provision), as a transferee under Section 6901 of the Code (or any comparable state, local or foreign Tax provision) or under any Tax sharing or Tax allocation agreement, arrangement or understanding.

(f) For purposes of this Agreement, "Tax Returns" shall mean all returns, amended returns, declarations, reports, estimates, information returns and statements relating to Taxes which are or were filed or required to be filed under applicable law, whether on a consolidated, combined, unitary or separate basis or otherwise.

4.12 TITLE, CONDITION OF ASSETS.

(a) Parent has good and marketable title to all of the Assets reflected on the Parent Balance Sheet, and all Assets thereafter acquired by them (except for Assets disposed of by it in the ordinary course of business). All such Assets are used in connection with the operation of the businesses of Parent. Except as set forth in Section 4.12(a) of the Disclosure Schedule, the Assets are subject to no mortgage, security interest, pledge, lien, claim, encumbrance or charge, or restraint or transfer whatsoever other than Permitted Liens (as hereinafter defined) and no currently effective financing statement with respect to any of its Assets has been filed under the Uniform Commercial Code in any jurisdiction. Section 4.12(a) of the Disclosure Schedule sets forth a description of the indebtedness secured by the financing statements listed thereon, including the principal balance of such indebtedness and accrued but unpaid interest thereon as at March 31, 1998 and interest rate applicable thereto. Except with respect to the constituent instruments underlying the financing statements listed in Section 4.12(a) of the Disclosure Schedule, Parent is not a party to any financing statement or any security agreement authorizing any secured paery thereunder to file any financing statement. No person other than Parent has any right to the use or possession of any of the Assets. All Assets which are real property or tangible personal property, whether owned or leased, are in good operating condition and repair, excepting normal wear and

tear, and are sufficient to enable Parent to operate its business in a manner consistent with its operation during the immediately preceding twelve (12) months.

(b) Set forth on Section 4.12(b) of the Disclosure Schedule is a true and correct list of leases, conditional sales, licenses or similar arrangements to which Parent is a party or to which Parent or any Asset used by Parent in connection with the operation of its business is subject. The Company has delivered to Parent a complete and correct copy of each lease, conditional sale, license and other arrangement listed in Section 4.12(b) of the Disclosure Schedule. All of said arrangements are valid, binding and enforceable in accordance with their respective terms and are in full force and effect. Parent is not in default under one or more of such arrangements, except to the extent such defaults would not, individually or in the aggregate, have a material adverse effect on the business, results of operations, working capital, assets, liabilities, condition (financial or otherwise) or prospects of Parent and has not received any written notice alleging any default, set-off, or claim of default. To the knowledge of Parent, the parties to such arrangements are not in default of their respective obligations under any of such arrangements, and there has not occurred any event which, with the passage of time or giving of notice (or both), would constitute such a default or breach under any of such arrangements.

4.13 INTELLECTUAL PROPERTY. Except as set forth in Section 4.13 of the Disclosure Schedule, Parent has no proprietary assets. Parent owns all of the Proprietary Assets necessary to operate its business. No claim has been asserted by an person challenging the validity of any Proprietary asset or the use thereof by Parent.

4.14 CONTRACTS. To the knowledge of Parent, Section 4.14 of the Disclosure Schedule contains a complete and correct list of all of the following categories of material agreements, contracts, arrangements and commitments ("Contracts"), including summaries of oral contracts (except immaterial oral contracts terminable at will), to which Parent is bound, including, without limitation:

(a) each contract or agreement for the employment or retention of, or collective bargaining, severance or termination agreement with, any director, officer, employee, consultant, agent, employee or group of employees;

(b) each profit sharing, thrift, bonus, incentive, deferred compensation, stock option, stock purchase, severance pay, pension, retirement, hospitalization, insurance or other similar plan, agreement or arrangement;

(c) each agreement or arrangement (including letter of intent) for the purchase or sale of any assets, properties or rights outside the ordinary course of business (by purchase or sale of assets, purchase or sale of capital stock, merger or otherwise) which is currently in effect;

(d) each contract which contains any provisions requiring Parent to indemnify or act for, or guarantee the obligation of, any other person or entity;

(e) each agreement restricting Parent from conducting business of any nature anywhere in the world;

(f) each partnership or joint venture contract or similar arrangement or agreement which is likely to involve a sharing of profits or future payments with respect to the business (or any portion thereof) of Parent;

(g) each lease, license, conditional sales contract or similar arrangement for real or personal property or any Proprietary Asset; and

(h) each other agreement not made in the ordinary and normal course of business which involves consideration of more than $15,000; and

(g) each letter of intent or agreement in principle to enter into any Contract (whether or not binding, in whole or in part).

True, correct and complete copies of each Contract have been provided or made available to the Company and, except as provided in Section 4.14 of the Disclosure Schedule, each remains in full force and effect in accordance with the copies provided to the Company. Each of the Contracts was entered into and requires performance only in the ordinary course of business. Parent is not in material default under any Contract and no default or right of set-off has been asserted, either by or against Parent under any Contract. To the knowledge of Parent, the parties to the Contracts, other than Parent, are not in material default of any of their respective obligations under the Contracts, and there has not occurred any event, which with the passage of time or the giving of notice (or both), would constitute a material default or breach under any Contract. All amounts payable by Parent under the Contracts are on a current basis. No Contract is terminable nor requires a payment in the event of the Merger or a change in control of Parent

4.15 LICENSES AND PERMITS. Section 4.15 of the Disclosure Schedule sets forth a description of all material licenses and other material governmental or other regulatory permits, approvals and authorizations required for the operation of the business of Parent to: (a) provide the services which Parent is providing or Parent in the past has provided, (b) own or hold under lease the properties and Assets it owns or hold under lease and (c) perform all of its obligations under Contracts to which it is a party or subject (collectively, the "Governmental Permits"). Parent has delivered to the Company copies of all of the Governmental Permits. Parent owns, possesses or has the legal right to use the Governmental Permits, free and clear of all liens, pledges, claims or other encumbrances of any nature whatsoever. Parent has obtained and possesses (and during all periods in which it has provided services and conducted business possessed), in good standing, all Governmental Permits required by applicable governmental authorities in order to perform such services and conduct such businesses except where failure to have such

Governmental Permits in good standing would not, individually or in the aggregate, have a material adverse effect on the business, working capital, results of operation, assets, liabilities, condition (financial or otherwise) or prospects of Parent. Parent is not in material default under any Governmental Permits, and Parent has not received any notice of any default or any other claim or proceeding relating to, any such Governmental Permits.

4.16 INSURANCE AND SURETY AGREEMENTS. Section 4.16 of the Disclosure Schedule contains a complete and correct list of: (a) all policies of malpractice, fire, liability and other forms of insurance held or owned by Parent; and (b) all bonds, indemnity agreements and other agreements of suretyship made for or held by Parent, including a brief description of the character of the bond or agreement and the name of the surety or indemnifying party. Section 4.16 of the Disclosure Schedule sets forth for each such insurance policy the name of the insurer, the amount of coverage, the type of insurance included under each such policy and of any claims made thereunder. Such policies are owned by and payable solely to Parent, and said policies or renewals or replacements thereof are outstanding and duly in force. All insurance policies maintained by Parent are in full force and effect, all premiums due on such policies have been paid, and has not been advised by any of its insurance carriers of an intention to terminate or modify any such policies, nor has Parent failed to comply with any of the material conditions contained in any such policies.

4.17 RELATIONSHIPS.

(a) Except as disclosed in Section 4.17 of the Disclosure Schedule, no affiliate of Parent has, or at any time within the last two (2) years has had, an ownership interest in any business, corporate or otherwise, that is a party to, or in any property that is the subject of, any business relationship or arrangement of any kind relating to the operation or business of, or which may be binding upon, Parent or its Assets.

(b) Section 4.17 of the Disclosure Schedule contains a complete and correct list of all persons known by the Company to be affiliates of the Company.

4.18 EMPLOYEE BENEFIT PLANS.

(a) Except as set forth in Section 4.18 of the Disclosure Schedule, there are no employee benefit plans (including previously-maintained plans) or arrangements of any type (including, without limitation, plans described in section 3(3) of the Employee Retirement Income Security Act of 1974, as amended and the regulations thereunder ("ERISA")), under which Parent has or in the future could have directly, or indirectly through a Commonly Controlled Entity (within the meaning of section 414(b), (c), (m) and (o) of the Internal Revenue Code of 1986, as amended and the regulations thereunder ("Code")), any liability with respect to any current or former employee of Parent or any Commonly Controlled Entity (collectively, the "Benefit Plans"). No such Benefit Plan is "multiple employer plan" (within the meaning of the Code or ERISA) or subject to Title IV of ERISA.

(b) With respect to each Benefit Plan (where applicable): Parent has delivered to the Company complete and accurate copies of (i) all plan texts and agreements; (ii) all material employee communications; (iii) the most recent annual report; (iv) the most recent annual and periodic accounting of plan assets; (v) the most recent determination letter received from the Internal Revenue Service; and (vi) the most recent actuarial valuation.

(c) With respect to each Benefit Plan: (i) if intended to qualify under Code section 401(a) or 403(a), such Benefit Plan so qualifies, and its related trust is exempt from taxation under Code section 501(a); (ii) such Benefit Plan has been administered in accordance with its terms and applicable law; (iii) no event has occurred and there exists no circumstance under which Parent could directly, or indirectly through a Commonly Controlled Entity, incur liability under ERISA, the Code or otherwise (other than routine claims for benefits); (iv) there are no actions, suits or claims pending (other than routine claims for benefits) or, to the knowledge of Parent, threatened, with respect to any Benefit Plan or against the assets of any Benefit Plan; (v) no "accumulated funding deficiency" (as defined in section 302 of ERISA) has occurred; (vi) no "prohibited transaction" (as defined in section 406 of ERISA or in section 4975 of the Code) has occurred; (vii) no "reportable event" (as defined n section 4043 of ERISA) has occurred; (viii) all contributions and premiums due have been made on a timely basis; and (ix) all contributions made or required to be made under any Benefit Plan meet the requirements for deductibility under the Code, and all contributions which have not been made have been properly recorded on the books of Parent or the applicable Commonly Controlled Entity.

(d) With respect to each Benefit Plan which is a "welfare plan" (as defined in ERISA section 3(1)): (i) no such plan provides medical or death benefits (whether or not insured) with respect to current or former employees beyond their termination of employment (other than coverage mandated by law); (ii) there are no reserves, assets, surplus or prepaid premiums under any such plan; and (iii) Parent and any Commonly Controlled Entity have complied with the requirements under Code section 4980B.

(e) The consummation of the transactions contemplated by this Agreement will not (i) entitle any individual to severance pay, or (ii) accelerate the time of payment, vesting or increase the amount of compensation due to any such individual.

4.19 LABOR RELATIONS. To the knowledge of Parent, Parent is in compliance with all federal and state laws respecting employment and employment practices, terms and conditions of employment, wages and hours, and is not engaged in any unfair labor or unlawful employment practice. There is no unlawful employment practice or discrimination charge pending or, to the knowledge of the Company, threatened against Parent before the Equal Employment Opportunity Commission or any other governmental authority. Except as set forth in Section 4.18 of the Disclosure Schedule, there is no unfair labor practice charge or complaint, grievance or arbitration against Parent pending or, to the knowledge of the Company, threatened against the Company before the National Labor Review Board or any other governmental authority. Since January 1, 1992 Parent has not experienced nor, to the knowledge of Parent, is there threatened,

any labor strike, dispute, slowdown or stoppage or any representation question respecting its employees. There is no collective bargaining agreement that is binding on Parent.

4.20 QUESTIONABLE PAYMENTS. Neither Parent, nor any director, officer, affiliate or employee of Parent: (a) have used any corporate funds of Parent to make any payment to any officer or employee of any government, or to any political party or official thereof, where such payment either (i) is unlawful under laws applicable thereto; or (ii) would be unlawful under the Foreign Corrupt Practices Act of 1977, as amended; nor (b) has used any corporate funds of Parent for making payments to any person if such payment constituted an illegal payment, bribe, kickback, political contribution or other similar questionable payment.

4.21 BROKERS AND FINDERS. Neither Parent nor the Subsidiary nor any of their respective officers, directors and employees has employed any broker, finder or investment banker or incurred any liability for any investment banking fees, financial advisory fees, brokerage fees or finders' fees in connection with the transactions contemplated hereby, except for the fees of Slusser pursuant to that certain letter agreement dated July 21, 1997, as amended, a true, complete and correct copy of which has been furnished to the Company.

4.22 COMPLIANCE WITH LAWS. Parent has been and is in compliance with all applicable laws, regulations, ordinances and administrative orders of any jurisdiction to which its businesses or its use or occupancy of properties or any part thereof are subject except where the failure to be in compliance would not, individually or in the aggregate, have a material adverse effect on the business, results of operation, working capital, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its subsidiaries taken as a whole. Except as set forth in the Parent SEC Reports, there is no pending material suit, claim, action or litigation, or administrative, arbitration or other proceeding or governmental investigation or inquiry, nor, to the best of Parent's knowledge, (i) are any such proceedings, investigations or inquiries, threatened or contemplated nor (ii) are there any unasserted claims (whether or not the potential claimant may be aware of the claim) of any nature that might be asserted against Parent, which pending, threatened, contemplated or unasserted matter are reasonably likely to have, individually or in the aggregate, a material adverse effect on the business, results of operations, working capital, assets, liabilities, condition (financial or otherwise) or prospects of Parent and its subsidiaries taken as a whole. Parent is not subject to any judgment, decree, injunction, or order of any court or any governmental restriction applicable to Parent which is reasonably likely (i) to have a material adverse effect on the business, results of operations, working capital, assets, liabilities, condition (financial or otherwise) or pros pects of Parent and its subsidiaries taken as a whole or (ii) to cause limitation on the Surviving Corporation's ability to operate the business of the Company after the Closing.

4.23 ACCURACY OF INFORMATION FURNISHED. No representation or warranty in this Agreement made by Parent nor any information relating to Parent or its subsidiaries which has been delivered by Parent to the Company contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not false or misleading.

ARTICLE 5

COVENANTS OF THE COMPANY AND PARENT

5.1 NOTICE OF ANY MATERIAL CHANGE. Each of the Company and Parent shall, promptly after the first notice or occurrence thereof but not later than the Closing Date, advise the other in writing of any event or the existence of any state of facts that:

(a) would make any of its representations and warranties in this Agreement untrue in any material respect as if such representation and warranty had been made at and as of such intervening date; or

(b) would otherwise constitute, individually or in the aggregate, a material adverse change in the business, results of operation, working capital, assets, liabilities or condition (financial or otherwise) or prospects of Parent or the Company.

5.2 COOPERATION. Each of the parties hereto shall, and shall cause each of its Affiliates to, use its best efforts to:

(a) proceed promptly to make or give the necessary applications, notices, requests and filings in order to obtain at the earliest practicable date and, in any event, before the Closing Date, the approvals, authorizations and consents necessary to consummate the transactions contemplated by this Agreement;

(b) cooperate with and keep the others informed of any matter which may result in a failure by such party to fulfill any covenant of such party or which may provide the other party with a right to terminate this Agreement; and

(c) take such actions as the other may reasonably request to consummate the transactions contemplated by this Agreement and use its best efforts and diligently attempt to satisfy, to the extent within its control, all conditions precedent to the obligations to close this Agreement.

5.3 PUBLIC DISCLOSURE. Subject to their respective legal obligations, neither the Company nor Parent shall issue any press release or otherwise publicize the transactions contemplated herein without the consent or approval of the other; provided, however, the parties hereto consent to the issuance of the press release which the parties have simultaneously herewith approved, and providing copies hereof to any governmental agency which legal counsel to a party may advise such party may be required and providing additional information, limited in scope to the discussion contained in the press release, in response to unsolicited questions resulting from such press release or reports.

5.4 SUBMISSION TO PARENT SHAREHOLDERS. The Parent shall call a meeting of its shareholders as soon as practicable following the execution and delivery of this Agreement for the purpose of obtaining the approval of the requisite number of its shareholders respecting (i) the Merger and the other transactions contemplated by this Agreement and the other Merger Documents (ii) issuance of the ISOs provided for in Section 2.3 hereof, and (iii) the amendment and restatement of the Certificate of Incorporation of Parent (the "Parent Shareholder Approval"). The Parent Corporation, through its Board of Directors, shall recommend such approval to its shareholders in accordance with applicable laws, unless the Board of Directors in good faith believes its fiduciary duty requires otherwise.

5.5 PROXY STATEMENT.

(a) Parent shall promptly file a proxy statement (which proxy statement, together with any and all amendments and supplements thereto and all information incorporated by reference therein, is referred to herein as the "Proxy Statement"), under and pursuant to the provisions of the Securities Act. Parent agrees to use its best efforts to respond to the comments of the SEC, and Parent shall promptly mail the Proxy Statement to its shareholders.

(b) The Company agrees to provide as promptly as practicable to Parent such information concerning its business and financial statements and affairs as, in the reasonable judgment of Parent, may be required or appropriate for inclusion in the Proxy Statement or in any amendments or supplements thereto, and to cause its counsel and auditors to cooperate with Parent's counsel and auditors in the preparation of the Proxy Statement.

(c) The Company represents, warrants and covenants to Parent that none of the information supplied by it for inclusion or incorporation by reference, and Parent and Sub sidiary represent, warrant and covenant to the Company that none of the information supplied by them for inclusion or incorporation by reference, in the Proxy Statement, will, at the date mailed to shareholders of Parent and at the time of the meeting of shareholders of Parent to be held to approve this Agreement, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

ARTICLE 6

COVENANTS OF THE COMPANY AND AGREEMENT SHAREHOLDERS

6.1 ACCESS. During the period until the Effective Date, the Company shall afford to Parent and Parent's officers, employees, accountants, counsel, and other authorized representatives, full access during regular business hours to the assets, properties, books, Contracts, commitments and records of the Company and will furnish or use its best efforts to cause its representatives to furnish promptly to Parent such additional financial and operating data and other documents and information (certified if requested and reasonably susceptible to certification)

relating to its business and properties as Parent or its representatives may from time to time reasonably request. No investigation pursuant to this Section 6.1 shall effect, add to or subtract from any representation or warranty contained in this Agreement, any condition to the obligations of the parties hereto to consummate the Merger, nor the right of the Parent to indemnification pursuant to Section 8.2 hereunder.

6.2 CONDUCT OF BUSINESS PRIOR TO CLOSING DATE. During the period until the Closing Date, the Company shall (unless otherwise consented to in writing by Parent) conduct its operations in the ordinary and usual course of business consistent with past and current practices, and shall use its best efforts to maintain and preserve intact its business organization and goodwill, to retain the services of its key officers and employees, and to maintain satisfactory relationships with its customers, suppliers and others having business relationships with it. Without limiting the foregoing, the Company without the prior approval of Parent:

(a) shall not incur additional obligations, or prepay any obligations, for borrowed money, encumber assets, purchase or sell any assets outside the ordinary course of business, commit to material capital expenditures or increase or authorize an increase in employee compensations or benefits (except that the Company (i) may reasonably borrow under its $2,250,000 existing line of credit commitment, and (ii) may borrow from an institution on terms reasonably satisfactory to Parent, an amount sufficient to pay bonuses to the Agreement Shareholders and the distribution to the Agreement Shareholders pursuant to Section 6.2 (e) (ii) of this Agreement, in an aggregate amount equal to the Company's earnings and profits for the period January 1, 1998 to and including the Closing Date);

(b) shall confer, from time to time, with one or more representatives of Parent as reasonably requested to report material operational matters and the general status of ongoing operations;

(c) shall notify Parent of any emergency or other change in the normal course of the Company business and of any governmental complaints, investigations, hearings or inquiries (or communications indicating that the same may be contemplated) including, without limitation, complaints, investigations, hearings or inquiries relating to any Governmental Permits held by the Company or which could result from the consummation of the transaction contemplated hereby;

(d) shall not issue or sell any shares of the capital stock of the Company or issue, sell or grant options, warrants or rights to purchase or subscribe to any of the capital stock of the Company or rights or obligations convertible into or exchangeable for any shares of the capital stock of the Company, or make any changes (by stock dividend, split-up, combination, recapitalization, reclassification, reorganization or otherwise) in the capital structure of the Company;

(e) shall not declare, pay or set aside for payment any dividend or other distribution in respect of the capital stock or other equity securities of the Company, provided, however that the Company may pay to the Agreement Shareholders, an amount equal to the sum of (i) the Company's Accumulated Adjustments Account and (ii) the Company's earnings and profits from January 1, 1998, to and including the Closing Date, and the Company shall not redeem, purchase or otherwise acquire any shares of the capital stock or other securities of the Company or rights or obligations convertible into or exchangeable for any shares of the capital stock or other securities of the Company;

(f) shall not settle, compromise or discharge any lawsuit, claim or proceeding where the proposed settlement amount for all such settlements, compromises and discharges would exceed $25,000;

(g) shall not intentionally take any action that, and shall not intentionally fail to take any action the failure to take which, would cause or permit any of its representations and warranties contained in this Agreement to be untrue in any material respect at the Closing; or

(h) shall not enter into any agreement, understanding, arrangement or letter of intent (whether or not binding in whole or in part) to do any of the things which it has covenanted not to do without the prior approval of the Parent.

6.3 SHAREHOLDER APPROVAL. The Agreement Shareholders agree to vote or cause to be voted, at a meeting of the Company's shareholders to be called and held as soon as practicable, all shares of Company Common Stock over which they have, directly or indirectly, voting control, in favor of the approval of this Agreement and all transactions contemplated hereby.

6.4 NO SOLICITATIONS. From May 12, 1998 until the Effective Date or, if earlier, the date this Agreement is terminated or abandoned as provided in Section 10.1, neither the Company nor any Agreement Shareholder shall (nor did they) directly or indirectly (i) solicit or initiate any discussion with or (ii) enter into negotiations or agreements with, or furnish any information to, any corporation, partnership, person or other entity or group (other than Parent, an Affiliate of Parent or their authorized representatives) concerning any proposal for a merger, sale of substantial assets, sale of shares of stock or securities or other takeover or business combination transaction (the "Acquisition Proposal") involving the Company, and the Company and the Agreement Shareholders will instruct their officers, directors, advisors and financial and legal representatives and consultants (collectively, the "Representatives") not to take any action contrary to the foregoing provisions of this sentence; provided, however, that the Company and its Representatives shall not be prohibited from taking any action described in clause (ii) above to the extent such action is taken by, or upon the authority of, the Board of Directors of the Company in the exercise of the Board's good faith judgment as to its fiduciary duties to the shareholders of the Company, which judgment is based upon the written advice of independent, outside legal counsel that a failure of the Board of Directors of the Company to take such action would be likely to constitute a breach of its fiduciary duties to such shareholders. The Company will notify Parent

promptly in writing if the Company becomes aware that any inquiries or proposals are received by, any information is requested from or any negotiations or discussions are sought to be initiated with, the Company with respect to an Acquisition Proposal. Each time, if any, that the Board of Directors of the Company determines, upon written advice of such legal counsel and in the exercise of its good faith judgment as to its fiduciary duties to shareholders, that it must enter into negotiations with or furnish any information that is not publicly available to, any corporation, part nership, person or other entity or group (other than Parent, an Affiliate of Parent or their representatives) concerning any Acquisition Proposal, the Company will give Parent prompt notice of such determination (which shall include a copy of the written advice of such legal counsel).

6.5 BEST EFFORTS. The Company shall use its best efforts to cause all of the conditions precedent set forth in Sections 9.1 and 9.3 hereof to be fulfilled.

ARTICLE 7

COVENANTS OF PARENT

7.1 ACCESS. During the period until the Effective Date, Parent shall afford to the Company and the Company's officers, employees, accountants, counsel, and other authorized representatives, full access during regular business hours to the assets, properties, books, Contracts, commitments and records of Parent and will furnish or use its best efforts to cause its representatives to furnish promptly to the Company such additional financial and operating data and other documents and information (certified if requested and reasonably susceptible to certification) relating to its business and properties as the Company or its representatives may from time to time reasonably request. No investigation pursuant to this Section 6.1 shall effect, add to or subtract from any representation or warranty contained in this Agreement, any condition to the obligations of the parties hereto to consummate the Merger, nor the right of the Company to indemnification pursuant to Section 8.2 hereunder.

7.2 CONDUCT OF BUSINESS PRIOR TO CLOSING DATE. During the period until the Closing Date, Parent shall (unless otherwise consented to in writing by the Company) conduct its operations in the ordinary and usual course of business consistent with past and current practices, and shall use its best efforts to maintain and preserve intact its business organization and goodwill, to retain the services of its key officers and employees, and to maintain satisfactory relationships with its customers, suppliers and others having business relationships with it. Without limiting the foregoing, Parent without the prior approval of the Company:

(a) shall not incur additional obligations, or prepay any obligations, for borrowed money, encumber assets, purchase or sell any assets outside the ordinary course of business, commit to material capital expenditures or increase or authorize an increase in employee compensation or benefits;

(b) shall confer, from time to time, with one or more representatives of the Company as reasonably requested to report material operational matters and the general status of ongoing operations;

(c) shall notify the Company of any emergency or other change in the normal course of the Company business and of any governmental complaints, investigations, hearings or inquiries (or communications indicating that the same may be contemplated) including, without limitation, complaints, investigations, hearings or inquiries relating to any Governmental Permits held by Parent or which could result from the consummation of the transaction contemplated hereby;

(d) shall not issue or sell any shares of the capital stock of Parent or issue, sell or grant options, warrants or rights to purchase or subscribe to any of the capital stock of Parent or rights or obligations convertible into or exchangeable for any shares of the capital stock of Parent, or make any changes (by stock dividend, split-up, combination, recapitalization, reclassification, reorganization or otherwise) in the capital structure of Parent;

(e) shall not declare, pay or set aside for payment any dividend or other distribution in respect of the capital stock or other equity securities of Parent, and not redeem, purchase or otherwise acquire any shares of the capital stock or other securities of Parent or rights or obligations convertible into or exchangeable for any shares of the capital stock or other securities of Parent;

(f) shall not settle, compromise or discharge any lawsuit, claim or proceeding where the proposed settlement amount for all such settlements, compromises and discharges would exceed $25,000;

(g) shall not intentionally take any action that, and shall not intentionally fail to take any action the failure to take which, would cause or permit any of its representations and warranties contained in this Agreement to be untrue in any material respect at the Closing; or

(h) shall not enter into any agreement, understanding, arrangement or letter of intent (whether or not binding in whole or in part) to do any of the things which it has covenanted not to do without the prior approval of the Company.

7.3 NO SOLICITATIONS. From May 12, 1998 until the Effective Date or, if earlier, the date this Agreement is terminated or abandoned as provided in Section 10.1, Parent shall not (nor did it) directly or indirectly (i) solicit or initiate any discussion with or (ii) enter into negotiations or agreements with, or furnish any information that is not publicly available to, any corporation, partnership, person or other entity or group (other than the Company, an Affiliate of the Company or their authorized representatives) concerning any Acquisition Proposal involving Parent, and Parent will instruct its Representatives not to take any action contrary to the foregoing provisions of this sentence; provided, however, that Parent and its Representatives shall not be

prohibited from taking any action described in clause (ii) above to the extent such action is taken by, or upon the authority of, the Board of Directors of Parent in the exercise of the Board's good faith judgment as to its fiduciary duties to the shareholders of the Company, which judgment is based upon the written advice of independent, outside legal counsel that a failure of the Board of Directors of Parent to take such action would be likely to constitute a breach of its fiduciary duties to such shareholders. Parent will notify the Company promptly in writing if Parent becomes aware that any inquiries or proposals are received by, any information is requested from or any negotiations or discussions are sought to be initiated with, Parent with respect to an Acquisition Proposal. Each time, if any, that the Board of Directors of Parent determines, upon written advice of such legal counsel and in the exercise of its good faith judgment as to its fiduciary duties to shareholders, that it must enter into negotiations with or furnish any information that is not publicly available to, any corporation, partnership, person or other entity or group (other than Parent, an Affiliate of the Company or their Representatives) concerning any Acquisition Proposal, Parent will give the Company prompt notice of such determination (which shall include a copy of the written advice of such legal counsel).

7.4 TAX CERTIFICATIONS. For purposes of ensuring that the Merger will be treated as a tax-free reorganization under Sections 368(a)(1)(A) and 368(a)(2)(E) of the Code, each of Parent and Subsidiary have delivered to Greenberg Traurig Hoffman Lipoff Rosen & Quentel, P.A., counsel to the Company, a letter in the form heretofore approved by the parties.

7.5 BEST EFFORTS. Parent and Subsidiary shall use their best efforts to cause all of the conditions precedent in Sections 9.1 (subject in the case of Section 9.1(a) to the judgment of its Board of Directors) and 9.2 hereof to be fulfilled.

ARTICLE 8

SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNITY

8.1 SURVIVAL. The representations, warranties, covenants and agreements contained in this Agreement, or in any document delivered pursuant to the provisions of, or in connection with, this Agreement shall not survive the making of this Agreement and any examination made by or on behalf of the parties hereto, the Closing and the Merger; provided, however, that the representations, warranties, covenants and agreements respecting Taxes, contained in Section 3.10 of this Agreement, shall continue to survive until three months subsequent to the date on which all taxable periods of the Company prior to the Effective Date shall be closed to any further assessment of Taxes by the expiration of the applicable statutes of limitations, after giving effect to any extensions thereof by waiver or otherwise. Notwithstanding the foregoing, any claim respecting Taxes made by an Indemnified Party (as defined in Section 8.2) under the provisions of Section 8.2 within the period described above, shall be considered to be timely made even if such claim is not resolved until after the expiration of the aforesaid period.

8.2 INDEMNIFICATION.

(a) The Agreement Shareholders hereby agree to indemnify and hold Parent, the Surviving Corporation and their affiliates (collectively, the "Indemnified Parties") harmless from and against the full amount of any loss, claim, damage, liability, cost or expense (including attorneys' fees), judgments, fines and amounts paid in settlement of any claim, action, suit, proceeding or investigation, resulting to the Indemnified Parties (collectively, a "Loss"), either directly or indirectly, from any breach of or inaccuracy in the surviving representations, warranties covenants and agreements respecting Taxes, made by the Company or the Agreement Shareholders in Section 3.10 of this Agreement, or in any certificate or document delivered by or on behalf of the Company or the Agreement Shareholders pursuant to any of the provisions of, or in connection with Section 3.10 of this Agreement. If it is determined that, as a matter of public policy, the indemnification provided for in this Section 8.2 is unavailable to an Indemnified Party as contemplated, then, to the extent not determined to be prohibited by public policy, the Indemnifying Party shall contribute to the amount paid or payable by the Indemnified Party as a result of such Loss in such proportion as is appropriate to reflect not only the relative benefits received by the Indemnified Party and the indemnifying party from the transactions contemplated by this Agreement, but also the relative fault of the Indemnified Party and the indemnifying party, as well as any other relevant equitable considerations.

(b) No Agreement Shareholder shall be entitled to assert, and no Agreement Shareholder shall assert, any right to subrogation, contribution or reimbursement against Parent, the Surviving Corporation or any shareholder of the Company, the Surviving Corporation or Parent with respect to any amounts paid or payable by such Agreement Shareholder under this Section 8.2.

ARTICLE 9

CONDITIONS PRECEDENT

9.1 CONDITIONS TO EACH PARTY'S OBLIGATIONS. Except as may be waived by both the Company and Parent, the respective obligations of each party to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction, on or before the Closing Date, of each of the following conditions:

(a) CORPORATE APPROVALS. This Agreement shall have been approved and adopted by the affirmative vote of the holders of a majority of all of the outstanding shares of Company Common Stock. This Agreement and the transactions contemplated hereby shall have been approved by the Board of Directors of Parent.

(b) LITIGATION; ILLEGALITY. No action or proceeding before any court or administrative agency, by any government agency or any other person shall have been

instituted or threatened challenging or otherwise relating to the Merger, or which otherwise would, if adversely determined, materially and adversely affect Parent or the Company. No action, statute, rule or regulation shall have been proposed or enacted by any state, Federal or foreign government or governmental agency which would render the parties unable to consummate the Merger or make the Merger illegal or prohibit, restrict or delay consummation of the Merger.

(c) GOVERNMENTAL CONSENTS. Other than the filing of Articles of Merger, as described in Article 1, all authorizations, consents, orders or approvals of, or declarations or filings with, or expirations or terminations of waiting periods imposed by any governmental authority, the failure to obtain which would have a material adverse effect on Parent and its subsidiaries, including the Surviving Corporation and its subsidiaries, taken as a whole, shall have been filed, occurred or been obtained.

9.2 CONDITIONS TO OBLIGATIONS OF THE COMPANY. Except as may be waived by the Company, the obligations of the Company to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction on or before the Closing Date of each of the following conditions:

(a) COMPLIANCE WITH COVENANTS AND CONDITIONS. Parent shall have, or shall have caused to be, satisfied or complied with and performed in all material respects all terms, covenants and conditions of this Agreement to be complied with or performed by Parent on or before the Closing Date.

(b) REPRESENTATIONS AND WARRANTIES. The representations and warranties made by Parent in Sections 4.1, 4.3, 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 4.10 and (except for changes contemplated in this Agreement which pertain to Section 4.2) 4.11 of this Agreement and in all certificates and other documents delivered by Parent to the Company pursuant hereto or in connection with the transactions contemplated hereby shall have been true and correct as of the date hereof, and shall be true and correct in all material respects at the Closing Date with the same force and effect as if such representations and warranties had been made at and as of the Closing Date, except for changes permitted or contemplated by this Agreement.

(c) TAX OPINION. The Company shall have received the opinion of Greenberg Traurig Hoffman Lipoff Rosen and Quentel, P.A., counsel to the Company, dated as of the Closing Date, substantially to the effect that, on the basis of facts and representations set forth in such opinion consistent with the state of facts existing at the Effective Date, for federal income tax purposes that (i) the Merger constitutes a reorganization within the meaning of Sections 368(a)(1)(A) and 368(a)(2)(E) of the Code; (ii) no gain or loss will be recognized by the Company's shareholders as a result of the Merger; (iii) the tax basis of the Parent Common Stock to be received by the shareholders of the Company will be equal to the tax basis of their Company Common Stock and (assuming that the shareholder holds the Company Common Stock as a capital asset at the Effective Date) the holding period of their Parent Common Stock will include the

holding period of the Company Common Stock; and (iv) the Company will not recognize gain or loss as a result of the Merger.

(d) OPINION. The Company shall have received an opinion of Parker Chapin Flattau & Klimpl, LLP, counsel to Parent, dated as of the Closing Date, in form and substance reasonably satisfactory to the Company and its counsel, as to the matters specified in Section 4.1, the last sentence of Section 4.2(a) and Section 4.3.

(e) MATERIAL ADVERSE CHANGES. Subsequent to March 31, 1998, there shall have occurred no material adverse change in the business, results of operations or prospects, of Parent.

(f) CERTIFICATES. The Company shall have received a certificate or certificates, executed on behalf of Parent by an executive officer of Parent, to the effect that the conditions contained in Sections 9.2(a), (b) and (d) have been satisfied.

(g) OTHER. The Company shall have received such other instruments, documents and certificates, if any, which are required to be delivered pursuant to the provisions of this Agreement or which may be reasonably requested.

9.3 CONDITIONS TO OBLIGATIONS OF PARENT. Except as may be waived by Parent, the obligations of Parent to consummate the transactions contemplated by this Agreement shall be subject to the satisfaction, on or before the Closing Date, of each of the following conditions:

(a) COMPLIANCE WITH COVENANTS AND CONDITIONS. The Company and the Agreement Shareholders shall have, or shall have caused to be, satisfied or complied with and performed in all material respects all terms, covenants and conditions of this Agreement to be complied with or performed by them on or before the Closing Date.

(b) REPRESENTATIONS AND WARRANTIES. All of the representations and warranties made by the Company in this Agreement, the Company Disclosure Schedule and in all certificates and other documents delivered by the Company pursuant hereto or in connection with the transactions contemplated hereby shall have been true and correct in all material respects as of the date hereof, and shall be true and correct in all material respects at the Closing Date with the same force and effect as if such representations and warranties had been made at and as of the Closing Date, except for changes permitted or contemplated by this Agreement.

(c) OPINION. Parent shall have received (i) an opinion of Greenberg Traurig Hoffman Lipoff Rosen and Quentel, P.A., counsel for the Company, dated as of the Closing Date, in form and substance reasonably satisfactory to Parent and its counsel, as to the matters specified in Section 3.1, the last sentence of Section 3.2(a), and Section 3.3.

(d) MATERIAL ADVERSE CHANGES. Since December 31, 1997 there shall have occurred no material adverse change in the business, results of operations, customer or employee relations, working capital, assets, condition (financial or otherwise) or prospects of the Company, other than as set forth in Schedule 3.9.

(e) WAREHOUSE AND OFFICE LEASE. The Company shall have obtained the written consent of William K. Steiner to the assignment to the Surviving Corporation of the October 6, 1995 lease between William K. Steiner and the Company covering 290 N.E. 68 Street, 297 N.E. 67 Street, and 277 N.E. 67 Street, Miami, Florida 33138 (the "Premises"), which written consent shall contain an absolute and unconditional indemnification and hold harmless of the Parent, the Company, the Surviving Corporation and their affiliates from and against the full amount of any loss, claim, damage, liability, cost or expense (including attorneys' fees), judgments, fines and amounts paid in settlement of any claim, action, suit, proceeding or investigation relating to any alleged violations of Environmental Law with respect to any actual or alleged environmental contamination or the release of any hazardous substances at or on the Premises.

(f) WEISSCO. The Company shall have entered into an agreement, on terms reasonably satisfactory to Parent, with Weissco Development Inc. ("Weissco") and the Agreement Shareholders, pursuant to which, among other things, Weissco agrees to pay 100% of its pre-tax profits to the Surviving Corporation as a management fee.

(g) AEROTECH. The Company shall have acquired from Aero-Tech USA, Inc. all of its right, title and interest in and to the name "Aerotech".

(h) CERTIFICATES. Parent shall have received a certificate or certificates, executed on behalf of the Company, to the effect that the conditions in Sections 9.3(a), (b), (d), (e), (f) and (g) have been satisfied.

(i) OTHER. Parent shall have received such other instruments, documents, and certificates, if any, which are required to be delivered pursuant to the provisions of this Agreement or which may be reasonably requested.

ARTICLE 10

REGISTRATION RIGHTS

The Agreement Shareholders and any Holder (as defined herein) shall have the following registration rights with respect to the Parent Common Stock issued to them hereunder (the "Registrable Securities"):

10.1 DEMAND REGISTRATION FOR REGISTRABLE SECURITIES: FILING OF REGISTRATION STATEMENT. Parent, at its own expense, will prepare and file, as promptly as practicable after receipt of a written request from the Holder(s) of at least fifty (50%) percent

of the Registrable Securities, a registration statement on such appropriate form of the Securities and Exchange Commission (the "Commission") as shall be selected by Parent to effect the registration of such number of Registrable Securities specified in such request for resale from time to time by such Holder(s) thereof (the "Registration Statement") and shall undertake to cause such Registration Statement to become effective and remain effective so as to cause such Registrable Securities to be registered under the Securities Act, and registered, qualified or exempted under the state securities laws of such jurisdictions as any Holder reasonably requests until such time as such Registrable Securities may be resold pursuant to Rule 144, as promulgated under the Securities Act. For purposes of this Article, a person is deemed to be a "Holder" of Registrable Securities whenever such person is the record owner of such stock.

10.2 PIGGYBACK REGISTRATIONS. If, at any time, Parent proposes or is required to register any of its Common Stock under the Securities Act (other than pursuant to (i) registrations on such form or similar form(s) solely for registration of securities in connection with an employee benefit plan or dividend reinvestment plan or a merger or consolidation, or (ii) a demand registration under Section 10.1) on a registration statement on Form S-1, Form S-2 or Form S-3 (or an equivalent general registration form then in effect), whether or not for its own account, Parent shall give prompt written notice of its intention to do so to each of the Holders of record of Registrable Securities. Upon the written request of any Holder, made within 15 days following the receipt of any such written notice (which request shall specify the maximum number of Registrable Securities intended to be disposed of by such Holder and the intended method of distribution thereof), Parent shall use its best efforts to cause all such Registrable Securities, the Holders of which have so requested the registration thereof, to be registered under the Securities Act (with the Common Stock which Parent at the time proposes to register) to permit the sale or other disposition by the Holders (in accordance with the intended method of distribution thereof) of the Registrable Securities to be so registered. No registration effected under this Section 10.2 shall relieve Parent of its obligations to effect demand registration. If, at any time after giving written notice of its intention to register any Common Stock and prior to the effective date of the registration statement filed in connection with such registration, Parent shall determine for any reason not to register or to delay registration of such Common Stock, Parent may, at its election, give written notice of such determination to all Holders of record of Registrable Securities and (i) in the case of a determination not to register, shall be relieved of its obligation to register any Registrable Securities in connection with such abandoned registration, without prejudice, however, to the rights of Holders under Section 10.1, and (ii) in the case of a determination to delay such registration of its Common Stock, shall be permitted to delay the registration of such Registrable Securities for the same period as the delay in registering such other equity securities. Any Holder shall have the right to withdraw its request for inclusion of its Registrable Securities in any registration statement pursuant to this Section 10.2 by giving written notice to Parent of its request to withdraw; provided, however that (i) such request must be made in writing prior to the earlier of the execution of the underwriting agreement or the execution of the custody agreement with respect to such registration and (ii) such withdrawal shall be irrevocable and, after making such withdrawal, a Holder shall no longer have any right to include Registrable Securities in the registration as to which such withdrawal was made.

10.3 EXPENSES OF REGISTRATION. Parent shall pay all expenses in connection with the registration, qualification and/or exemption of the Registrable Securities, including any SEC and state securities or "blue-sky" laws registration and filing fees, printing expenses, fees and disbursements of Parent's counsel and accountants, transfer agent's and registrar's fees, fees and disbursements of experts used by Parent in connection with such registration, qualification and/or exemption, and expenses incidental to any amendment or supplement to the Registration Statement or prospectuses contained therein. Parent shall not, however, be liable for any sales, broker's or underwriting commissions upon sale by any Holder of any of the Registrable Securities.

10.4 FURNISHING OF DOCUMENTS. Parent shall furnish to the Holders such reasonable number of copies of the Registration Statement, such prospectuses as are contained in the Registration Statement and such other documents as the Holder may reasonably request in order to facilitate the offering of the Registrable Securities.

10.5 AMENDMENTS AND SUPPLEMENTS. Parent shall prepare and promptly file with the SEC and promptly notify the Holders of the filing of such amendments or supplements to the Registration Statement or prospectuses contained therein as may be necessary to correct any statements or omissions if, at the time when a prospectus relating to the Registrable Securities is required to be delivered under the Securities Act, any event shall have occurred as a result of which any such prospectus or any other prospectus as then in effect would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Parent shall also advise the Holders promptly after it shall receive notice or obtain knowledge thereof, of the issuance of any stop order by the SEC suspending the effectiveness of the Registration Statement or the initiation or threatening of any proceeding for that purpose and promptly use its reasonable best efforts to prevent the issuance of any stop order or to obtain its withdrawal if such stop order should be issued. If, after a Registration Statement becomes effective, Parent advises the Holders that Parent considers it appropriate that the Registration Statement (and all other registration statements of Parent then effective and outstanding) be amended, the Holders shall suspend any further sales of the Registrable Securities until Parent advises the Holders that the Registration Statement has been amended, which amendment shall be made promptly.

10.6 DURATION. Parent shall maintain the effectiveness of the Registration Statement until such time as Parent reasonably determines, based on an opinion of counsel, that the Holders will be eligible to sell all of the Registrable Securities then owned by the Holders, without the need for continued registration of the Registrable Securities, in the three month period immediately following the termination of the effectiveness of the Registration Statement.

10.7 FURTHER INFORMATION. If Registrable Securities owned by a Holder is included in any registration, such Holder shall furnish Parent such information regarding itself as Parent may reasonably request and as shall be required in connection with any registration, qualification or compliance referred to in this Agreement.

10.8 INDEMNIFICATION

(a) Parent will indemnify and hold harmless the Holders and each person, if any, who controls a Holder within the meaning of the Securities Act, from and against any and all losses, damages, liabilities, costs and expenses to which the Holders or any such controlling person may become subject under the Securities Act or otherwise, insofar as such losses, damages, liabilities, costs or expenses are caused by any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, any prospectus contained therein or any amendment or supplement thereto, or arise out of or based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that, Parent will not be liable in any such case to the extent that any such loss, damage, liability, cost or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission so made in reliance upon and strict conformity with information furnished by or on behalf of any Holder or such controlling person in writing specifically for use in the preparation thereof.

(b) Each of the Holders, jointly and severally, will indemnify and hold harmless Parent and each person, if any, who controls Parent within the meaning of the Securities Act, from and against any and all losses, damages, liabilities, costs and expenses to which Parent or any such controlling person may become subject under the Securities Act or otherwise, insofar as such losses, damages, liabilities, costs or expenses are caused by any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, any prospectus contained therein or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, to the extent that such untrue statement or alleged untrue statement or omission or alleged omission was so made in reliance upon and in strict conformity with written information furnished by or on behalf of any Holder specifically for use in the preparation thereof.

(c) Promptly after receipt by an indemnified party of notice of the commencement of any action involving the subject matter of paragraph (a) or (b) of this Section 10.8, such indemnified party will, if a claim thereof is to be made against the indemnifying party pursuant to the provisions of said paragraph (a) or (b), promptly notify the indemnifying party of the commencement thereof, but the omission to so notify the indemnifying party will not relieve it from any liability which it may have hereunder unless the indemnifying party has been materially prejudiced thereby nor will such failure to so notify the indemnifying party relieve it from any liability which it may have to any indemnified party otherwise than hereunder. In case such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party shall have the, right to participate in, and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party; provided, however, if the defendants in any action include both the indemnified party and the indemnifying party and there

is a conflict of interest which would prevent counsel for the indemnifying party from also representing the indemnified party, the indemnified party or parties shall have the right to select separate counsel to participate in the defense of such action on behalf of such indemnified party or parties. After notice from the indemnifying party to such indemnified party of its election to assume the defense thereof, the indemnifying party will not be liable to such indemnified party pursuant to the provisions of said paragraph (a) or (b) for any legal or other expense subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation, unless: (i) the indemnified party shall have employed counsel in accordance with the provisions of the preceding sentence; (ii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after the notice of the commencement or the action; or (iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party. Notwithstanding anything to the contrary set forth in this Article 10, no indemnifying party shall have the right to settle or compromise any action for which it has assumed the defense without the express written consent of the indemnified party.

(d) In the event any of the Registrable Securities are sold by any Holder or Holders in an underwritten public offering consented to by Parent, Parent shall provide indemnification to the underwriters of such offering and any person controlling any such underwriter on behalf of the Holder or Holders making the offering; provided, however, that Parent shall not be required to consent to any such underwriting or to provide such indemnification in respect of the matters described in the proviso to the first sentence of Section 10.8(a).

ARTICLE 11

MISCELLANEOUS

11.1 TERMINATION.

(a) This Agreement and the transactions contemplated hereby may be terminated at any time on or before the Closing Date:

(i) by mutual consent of the Company and Parent;

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(ii) by the Company or Parent if either receive an Acquisition Proposal under circumstances that do not violate the respective obligations under Sections 6.4 or 7.3 hereof;

(iii) by the Company or Parent, if the other party receives an Acquisition Proposal under circumstances that

violate that party's obligations under Sections 6.4 or 7.3 hereof;

(iv) by Parent if there has been a material misrepresentation or breach of warranty in the representations and warranties of the Company set forth herein, or if there has been any material failure on the part of the Company to comply with its obligations hereunder which failure, if capable of cure, is not cured within thirty (30) days after the giving of written notice thereof to the Company by Parent;

(v) by the Company if there has been a material misrepresentation or breach of warranty in the representations and warranties of Parent set forth herein, or if there has been any material failure on the part of Parent to comply with its obligations hereunder which failure, if capa ble of cure, is not cured within thirty (30) days after the giving of written notice thereof to Parent by the Company; or

(vi) by either Parent or the Company if the transactions contemplated by this Agreement have not been consummated by December 31, 1998, unless such failure of consummation is due to the failure of the terminating party to perform or observe any covenant, agreement or condition hereof to be performed or observed by it at or before the Closing Date.

(b) In the event of the termination of this Agreement pursuant to Section 11.1(a) hereof, this Agreement, except for the provisions of Section 11.2 of this Agreement, shall forthwith become void and have no effect, without any liability on the part of any party or its Affiliates, directors, officers or shareholders; provided, however, that nothing in this Section 11.1 or in Section 11.2 shall relieve any party to this Agreement of liability for breach of this Agreement (it being understood that termination pursuant to Section 11.1(a)(i), (ii) or (vi) other than as a result of a party's failure to perform or observe a covenant, agreement or condition shall not be deemed to be a breach of this Agreement).

11.2 EXPENSES. If the transactions contemplated by this Agreement are not consummated, each party hereto shall pay its own expenses incurred in connection with this Agreement and the transactions contemplated hereby.

11.3 ENTIRE AGREEMENT. This Agreement, the Disclosure Schedule and the exhibits hereto contain the complete agreement among the parties with respect to the transactions contemplated hereby and supersede all prior agreements and understandings among the parties with respect to such transactions. The parties hereto have not made any representation or warranty except as expressly set forth in this Agreement, the Disclosure Schedule and any certificate or schedule delivered pursuant hereto. The obligations of any party under any agreement executed pursuant to this Agreement shall not be affected by this Section.

11.4 COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be deemed an original, and all such counterparts together shall constitute only one original.

11.5 NOTICES. Any notices, requests, demands or other communications required or permitted hereunder shall be in writing and shall be (i) hand delivered, (ii) sent by Federal Express, Express Mail or similar overnight delivery service, (iii) sent by certified or registered mail, return receipt requested or (iv) sent by telecopy, in any case addressed as follows (or to such other address as a party shall have designated by notice given to the other party pursuant hereto), and shall be deemed given (i) when delivered if hand delivered, (ii) the next business day after sent if given by Federal Express, Express Mail or other overnight delivery service, (iii) the date received if sent by certified or registered mail, return receipt requested or (iv) the date transmitted if telecopied (such date to be confirmed by printed confirmation produced by the trans mitting telecopier which shall specify the date and time of such or transmission and that such transmission has been made without error):

(i) If to the Company:

Steiner-Atlantic Corp.
290 N.E. 68 Street
Miami, Florida 33138
Attention: Michael S. Steiner, President
Telecopier: (305) 751-4903

with a copy (which shall not constitute notice) to:

Greenberg Traurig Hoffman
Lipoff Rosen & Quentel, P.A.
1221 Brickell Avenue
Miami, Florida 33131
Attention: Harold E. Berritt
Telecopier: (305) 579-0717

(ii) if to any Agreement Shareholder:

Steiner-Atlantic Corp.
290 N.E. 68 Street
Miami, Florida 33138
Attention: Michael S. Steiner, President
Telecopier: (305) 751-4903

with a copy (which shall not constitute notice) to:

Greenberg Traurig Hoffman
Lipoff Rosen & Quentel, P.A.
1221 Brickell Avenue
Miami, Florida 33131
Attention: Harold E. Berritt
Telecopier: (305) 579-0717

(iii) if to Parent:

Metro-Tel Corp.
250 South Milpitas Boulevard
Milpitas, California 95033
Attention: Venerando J. Indelicato
Telecopier: (813) 814-0822

with a copy (which shall not constitute notice) to:

Parker Chapin Flattau & Klimpl, LLP
1211 Avenue of the Americas
New York, New York 10036
Attention: Lloyd Frank
Telecopier: (212) 704-6288

11.6 SUCCESSORS AND ASSIGNS. This Agreement and the rights, interests and obligations hereunder shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and assigns.

11.7 GOVERNING LAW. Except in instances where the laws of another jurisdiction mandatorily govern, this Agreement shall be construed and enforced in accordance with the laws of the State of Florida, without regard to choice of law provisions.

11.8 WAIVER AND OTHER ACTION. Any provision of this Agreement may be waived at any time by the party that is entitled to the benefits of such provision. This Agreement may be amended, modified or supplemented, either prior to or after approval of this

Agreement by shareholders of the Company, only by a written instrument executed by the party against which enforcement of the amendment, modification or supplement is sought.

11.9 SEVERABILITY. If any provision of this Agreement is held to be illegal, invalid or unenforceable, such provision shall be fully severable, and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision were never a part hereof; the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance; and, in lieu of such illegal, invalid, or unenforceable provision, there shall be added, automatically as part of this Agreement, a provision as similar in its terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

11.10 SECTION HEADINGS. Section and other headings are for reference purposes only and shall not affect the interpretation or construction of this Agreement.

11.12 CONSTRUCTION. All words used herein shall be construed to be of such gender or number as the circumstances require. Unless otherwise specifically noted, the words "herein," "hereof," "hereby," "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular Section, subsection, paragraph, clause or other subdivision of this Agreement. For purposes of determining when a corporate entity shall have "knowledge" of a particular fact or other matter, the knowledge of any person who is presently serving as a director or officer of such corporate entity shall be attributable to the corporate entity.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

METRO-TEL CORP. STEINER-ATLANTIC CORP.

By: /S/ Venerando J. Indelicato By: /S/ Michael S. Steiner
---------------------------- -----------------------
Venerando J. Indelicato Michael S. Steiner
President President

METRO-TEL ACQUISITION CORP.
/S/ William Steiner

William Steiner

By: /S/ Venerando J. Indelicato /S/ Michael S. Steiner
----------------------- ----------------------
Venerando J. Indelicato Michael S. Steiner
President

APPENDIX I

ARTICLES OF MERGER
OF
METRO-TEL ACQUISITION CORP.
INTO
STEINER-ATLANTIC CORP.

To the Secretary of State
State of Florida

Pursuant to the provisions of the Florida Business Corporation Act, the domestic corporations herein named do hereby adopt the following articles of merger.

(a) Annexed hereto and made a part hereof is the Amended and Restated Plan of Merger for merging Metro-Tel Acquisition Corp. with and into Steiner-Atlantic Corp. as approved and adopted by written consent of the sole shareholder of Metro-Tel Acquisition Corp. on , 1998, in accordance with the provisions of Section 607.0704 of the Florida Business Corporation Act, and approved and adopted at a meeting by the shareholders of Steiner-Atlantic Corp., on , 1998 pursuant to the provisions of Section 607.1103 of the Florida Business Corporation Act.

(b) Steiner-Atlantic Corp., will continue its existence as the surviving corporation under its present name pursuant to the provisions of the Florida Business Corporation Act.

Executed on , 1998

METRO-TEL ACQUISITION CORP.

By:
Name:
Title:

STEINER-ATLANTIC CORP.

By:
Name:
Title

AMENDED AND RESTATED PLAN OF MERGER (the "Plan of Merger") adopted by Metro-Tel Acquisition Corp., a business corporation organized under the laws of the State of Florida, by resolution of its Board of Directors on _____ , 1998 and adopted by Steiner-Atlantic Corp., a business corporation organized under the laws of the State of Florida, by resolution of its Board of Directors on _____, 1998.

1 The names of the corporations planning to merge are Metro-Tel Acquisition Corp., a business corporation organized under the laws of the State of Florida, and Steiner-Atlantic Corp., a business corporation organized under the laws of the State of Florida. The name of the surviving corporation into which Metro-Tel Acquisition Corp. plans to merge is Steiner-Atlantic Corp.

2 Metro-Tel Acquisition Corp. and Steiner-Atlantic Corp. shall, pursuant to the provisions of the Florida Business Corporation Act, be merged with and into Steiner-Atlantic Corp., which shall be the surviving corporation at the effective time and date of the merger and which is sometimes hereinafter referred to as the "surviving corporation", and which shall continue to exist as said surviving corporation under its present name pursuant to the provision of the Florida Business Corporation Act. The separate existence of Metro-Tel Acquisition Corp., which is sometimes hereinafter referred to as the "non-surviving corporation", shall cease at the effective time and date of the merger in accordance with the provisions of the Florida Business Corporation Act.

3 The Articles of Incorporation, as amended to date, of the surviving corporation at the effective time and date of the merger shall be the Articles of Incorporation of said surviving corporation and said Articles of Incorporation shall continue in full force and effect until further amended and changed in the manner prescribed by the provisions of the Florida Business Cor poration Act.

4 The present bylaws of the surviving corporation will be the bylaws of said surviving corporation and will continue in full force and effect until changed, altered or amended as therein provided and in the manner prescribed by the provisions of the Florida Business Corporation Act.

5 As of the effective time and date of the merger and without any action on the part of any holder thereof:

(i) Each share of common stock, $.001 par value, of Steiner-Atlantic Corp. ("Company Common Stock") issued and outstanding immediately prior to the effective time and date of the merger shall be converted into 13.90561 shares of common stock, $.025 par value, of Metro-Tel Corp. ("Parent Common Stock"), the sole shareholder of Metro-Tel Acquisition Corp.

(ii) Each share of Company Common Stock issued and held immediately prior to the effective time and date of the merger in the treasury of Steiner-Atlantic Corp. shall be canceled and retired without payment of any consideration therefor and shall cease to exist.

(iii) Each share of common stock, $.001 par value, of Metro-Tel Acquisition Corp., issued outstanding immediately prior to the effective time and date of the merger shall be converted into one share of common stock, $.001 par value, of the surviving corporation.

6 The Plan of Merger herein made and approved shall be submitted to the shareholders of the surviving corporation for their approval or rejection in the manner prescribed by the provisions of the Florida Business Corporation Act.

7 In the event that the Plan of Merger shall have been approved by the Board of Directors of Metro-Tel Corp., the shareholder of the non-surviving corporation entitled to vote thereon and by the shareholders entitled to vote of the surviving corporation entitled to vote thereon in the manner prescribed by the provisions of the Florida Business Corporation Act, the non-surviving corporation and the surviving corporation hereby stipulate that they will cause to be executed and filed and/or recorded any document or documents prescribed by the laws of the State of Florida, and that they will cause to be performed all necessary acts therein and elsewhere to effectuate the merger.

8 The Board of Directors and the proper officers of the non-surviving corporation and the Board of Directors and the proper officers of the surviving corporation, respectively, are hereby authorized and empowered to do any and all acts and things, and to make, execute, deliver, file, and/or record any and all instruments, papers, and documents which shall be or become necessary, proper or convenient to carry out or put into effect any of the provisions of this Plan of Merger or of the merger herein provided for.

EXHIBIT B

August 12, 1998

The Board of Directors
Metro-Tel Corp.
250 South Milpitas Boulevard
Milpitas, California 95033

Gentlemen:

You have requested our opinion from a financial point of view concerning the fairness of the transaction described below to the present stockholders of Metro-Tel Corp. (the "Company"). The Company and Steiner-Atlantic Corp. ("Steiner-Atlantic") have entered into an Agreement of Merger among Metro-Tel Corp., Metro-Tel Acquisition Corp., Steiner-Atlantic Corp., William Steiner and Michael Steiner (the "Agreement") pursuant to which a wholly owned direct subsidiary of the Company shall be merged with and into Steiner-Atlantic with Steiner-Atlantic being the surviving corporation. We understand that, pursuant to the Agreement, the Company will issue as consideration 4,720,954 shares of its common stock to the shareholders of Steiner-Atlantic, and incentive stock options to purchase up to 500,000 shares of its common stock at an exercise price of the greater of the fair market value per share on the closing date or $1.00 per share, to Steiner- Atlantic employees other than William and Michael Steiner.

It is our understanding that on a fully diluted basis the Steiner-Atlantic shareholders will then own approximately sixty nine percent (69%) of the combined company, and the Metro-Tel shareholders will then own approximately thirty percent (30%) of the combined company.

In connection with this opinion, we have made such reviews, analysis and inquiries as we have deemed necessary and appropriate under the circumstances. Among other things we have:

1. Reviewed certain publicly available financial statements and other business information relating to the Company;

2. Reviewed certain available financial statements and business information concerning Steiner-Atlantic;

3. Reviewed certain internal financial statements and other financial and operating data concerning the Company prepared by management, including management's projections;

4. Reviewed certain internal financial statements and other financial and operating data concerning Steiner-Atlantic prepared by management, including management's projections;

5. Compared the financial performance of the Company and the prices and trading activity of the Company's common stock with that of certain other publicly-traded companies and their securities that we deemed to be relevant;

6. Compared the financial performance of Steiner-Atlantic with that of certain publicly traded companies that we deemed to be relevant;

7. Compared the proposed financial terms of the Merger with the financial terms of certain other transactions that we deemed to be relevant;

8. Participated in certain discussions and negotiations among representatives of the Company and Steiner-Atlantic;

9. Reviewed the price and trading volume history of the Company's common stock from December 1993 through the date of this opinion;

10. Reviewed the Agreement; and

11. Conducted such other studies, analysis and inquiries as we deemed appropriate, including our assessment of general economic, market and monetary conditions.

We have assumed and relied upon without independent verification the accuracy and completeness of the information reviewed by us for the purposes of this opinion. We have assumed and relied upon the accuracy of the projections by the management of the Company and Steiner- Atlantic without assuming any responsibility for independent verification or calculation thereof. In connection with such estimates and with respect to the financial projections of the Company and Steiner-Atlantic, we have relied upon and assumed, without independent verification, that they have been reasonably prepared and reflect the best currently available data and judgments of management. We have not performed an appraisal of the physical assets of the Company or Steiner-Atlantic for the purposes of this opinion.

We have acted as financial advisor to the Board of Directors of the Company in respect to the transaction outlined in the Agreement. We will receive a fee for our services, which is

contingent upon closing the transaction pursuant to the Agreement. In addition, the Company has agreed to indemnify us for certain liabilities arising out of our engagement. We have in the past provided financial advisory services to the Company, and we have received a fee for rendering these services.

We are not expressing any opinion herein as to the prices at which Metro-Tel shares will trade following the consummation of the Merger.

This letter is prepared solely for the use of the Board of Directors of Metro-Tel Corp and does not constitute a recommendation to any shareholder of the Company or Steiner-Atlantic as to how such stockholder should vote on the proposed Merger.

Slusser Associates, Inc. as a customary part of its investment banking business is engaged in the valuation of businesses and securities in connection with mergers and acquisitions, private placements, and valuations for estate, corporate and other purposes.

Based upon the foregoing, and in reliance thereon, it is our opinion as investment bankers that the above described transaction is fair from a financial point of view to the present Metro-Tel Corp. shareholders as of the date of this letter.

Very truly yours,

Slusser Associates, Inc.

By: /s/ Peter Slusser

Peter Slusser

EXHIBIT C

FORM OF AMENDMENT OF THE
CERTIFICATE OF INCORPORATION
TO INCREASE THE AUTHORIZED SHARES
OF COMMON STOCK FROM
6,000,000 TO 15,000,000 SHARES

The first paragraph of Article Fourth of the Certificate of Incorporation, which refers to the authorized shares of the corporation, is hereby amended to read as follows:

"FOURTH. The total number of shares of capital stock which the Corporation is authorized to issue is 15,200,000 shares consisting of:

(1) 15,000,000 shares of Common Stock, having a par value of $.025 per share; and

(2) 200,000 shares of Preferred Stock having a par value of $1.00 per share..."

METRO-TEL CORP.

|X| PLEASE MARK VOTES
AS IN THIS EXAMPLE

PROXY FOR ANNUAL MEETING OF STOCKHOLDERS
October 29, 1998

This proxy is solicited on behalf of the Board of Directors

The undersigned hereby appoints Venerando J. Indelicato and Lloyd Frank, and each of them, proxies, with full power of substitution, to vote at the Annual Meeting of Stockholders of Metro-Tel Corp. to be held on Thursday, October 29, 1998 (including any adjournments or postponements thereof), according to the number of votes the undersigned might cast and with all powers the undersigned would possess if personally present, upon the matters specified hereon, as more fully described in the accompanying Notice of such meeting and Proxy Statement, receipt of which is hereby acknowledged, and with discretionary power upon such other business as may come before the meeting, hereby revoking any proxies heretofore given.

<TABLE>
<CAPTION>

<S>	<C>	<C>	<C>
1) Approve and adopt the Agreement and Plan of Merger dated as of July 1, 1998, among the Company, Metro-Tel Acquisition Corp., William Steiner, Michael Steiner and Steiner-Atlantic Corp.	For |_|	Against |_|	Abstain |_|
2) Amendment of Certificate of Incorporation to increase the number authorized shares of Common Stock.	For |_|	Against |_|	Abstain |_|
3) Amendment of 1991 Stock Option Plan.	For |_|	Against |_|	Abstain |_|
4) Election of Directors:	For |_|	Withhold |_|	For All Except |_|

</TABLE>

MICHAEL EPSTEIN, LLOYD FRANK,
VENERANDO J. INDELICATO AND MICHAEL MICHAELSON.

INSTRUCTION: To withhold authority to vote for any individual nominee, mark "For All Except" and write that nominee's name in the space provided below.

- --

Date

Please be sure to sign and date
this Proxy in the box below.

- --

Stockholder sign above Co-holder (if any) sign above

+---+

Detach above card, sign, date and mail in postage paid envelope provided.

METRO-TEL CORP.

Each properly executed proxy will be voted in accordance with the specifications made above. If no specifications are made, the shares represented by this proxy will be voted "FOR" Proposals 1,2 and 3 and "FOR" all listed nominees in Proposal 4.

Please sign your name or names exactly as set forth hereon. When stock is in the name of more than one person, each such person should sign the proxy. When signing as attorney, executor, administrator, trustee or guardian, please indicate the capacity in which you are acting. Proxies executed by corporations should be signed by a duly authorized officer.

Stockholders who desire to have stock voted at the meeting are requested to fill in, date, sign and return this proxy. No postage is required if returned in the enclosed envelope and mailed in the United States.

PLEASE ACT PROMPTLY
SIGN, DATE & MAIL YOUR PROXY CARD TODAY