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Convergent
TECHNOLOGIES

August 31, 1987

1933 Act/Rule 145,
3(a)(10)

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
450 Fifth Street, N.W.
Filing Desk, Stop 1-4
Washington, D.C. 20549-1004

Re: Convergent, Inc. (Successor Registrant to Convergent Technologies, Inc.)

Ladies and Gentlemen:

By letter dated September 30, 1986 (the "Letter"), Larry W. Sonsini, Esq. of the firm of Wilson, Sonsini, Goodrich & Rosati, outside counsel for Convergent Technologies, Inc. ("Convergent"), a California corporation, in connection with the acquisition of Display Data Corporation, requested the Commission's advice on certain matters described in the Letter. A copy of the Letter and the Commission's November 28, 1986 response thereto are attached hereto as Exhibits A and B, respectively, and incorporated herein by this reference.

By letter dated July 22, 1987 from the Kenneth L. Wagner, Special Counsel for the Commission, to Mr. Sonsini, the Division of Corporation Finance indicated that it had recently modified its position regarding the applicability of Rule 145 as it relates to transactions similar to the one described in the Letter. That position was set forth in St. Ives Holding Company, Inc., available July 22, 1987.

As the St. Ives letter provides different or additional interpretative guidance than that contained in the Response, Convergent, Inc., as the successor registrant under the Securities Exchange Act of 1934 to Convergent, requests a new interpretative letter from the Division.

All of the facts and circumstances relating to the Merger as described in the Letter remain uncharged, except as to the following additional or new facts:

1. DDC Stock Purchased With Promissory Note. Certain DDC shareholders who were affiliates of DDC at the time the Merger was submitted by DDC for shareholder approval purchased certain of the shares of DDC Common Stock owned by them at the effective time of the merger (the "Note Stock") by delivering to DDC their promissory notes. Such promissory notes were secured only by the shares of DDC Common Stock issued in consideration thereof. As a result, the holding period under Rule 144 with respect to the DDC Note Stock owned by each such affiliate did not commence until the related note was paid.

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2. Corporate Restructuring of Convergent. Convergent, Convergent Merger Company, a California corporation and a wholly-owned subsidiary of Convergent ("CMC"), and Convergent, Inc., a Delaware corporation and a wholly-owned subsidiary of Convergent ("Convergent Delaware"), entered into an Agreement and Plan of Agreement of Merger dated May 21, 1987 (the "Reincorporation Merger Agreement"). Pursuant to the Reincorporation Merger Agreement, on May 22, 1987, CMC merged with and into Convergent Delaware and Convergent Delaware remained as the surviving corporation (the "Reincorporation Merger"). At the effective time of the Reincorporation Merger, each outstanding share of Convergent Common Stock (including shares issued in connection with the Merger of DDC as described in the Letter) was converted into one share of Common Stock, $.01 par value, of Convergent Delaware. As a result of the Reincorporation Merger, Convergent became a wholly-owned subsidiary of Convergent Delaware and the same persons who were shareholders of Convergent immediately before the Reincorporation Merger became shareholders of Convergent Delaware immediately after the effective time of the Reincorporation Merger.

The Reincorporation Merger was approved by the affirmative vote of the shareholders of Convergent required by the General Corporation Law of California.

The shares of Convergent Delaware issued in connection with the Reincorporation Merger were registered pursuant to the Securities Act of 1933, as amended, on a Form S-4 registration statement (Registration No. 33-12093).

Resale of Shares Acquired by DDC Affiliates in the Merger.

Based on the facts presented above and on my review of recent relevant requests to the Commission for no-action letters under similar facts and circumstances (see, e.g., St. Ives Holding Company, Inc., available July 22, 1987), I am of the opinion that:

(i) The Convergent Common Stock received in the Merger will not be deemed "restricted" pursuant to Rule 144(a)(3);

(ii) Each shareholder upon conversion of the DDC Common Stock and Class C Preferred Stock under the merger may include (i.e., "tack") his holding period for the DDC capital stock so converted in the computation of the holding period under Rule 144 of the Convergent Common Stock received in the Merger;

(iii) The Convergent Stock received by each former DDC shareholder who was an "affiliate" of DDC (as defined in Rule 405 under Regulation C) at the time the Merger was submitted by DDC for shareholder approval but who was not an affiliate of

Convergent after the Merger or of Convergent Delaware after the Reincorporation Merger in exchange for the shares of DDC Stock may be resold in the manner permitted by Rule 145;

(iv) All shareholders of DDC, whether or not affiliates of DDC, who are not affiliates of Convergent or Convergent Delaware afterafherMerger may resell the shares of Convergent Common Stock received in the Merger in exchange for DDC capital stock, including DDC Note Stock, (and shares of Convergent Delaware Common Stock received in exchange for such Convergent Common Stock) in the manner permitted by Rule 145(d)(1) without regard to the holding period required by Rule 144(d);

(v) In computing the holding period of Convergent Common Stock received in exchange for DDC Stock (and of shares of Convergent Delaware Common Stock received in exchange for such Convergent Common Stock) for purposes of Rule 145(d)(2) or (3), such affiliates may not "tack" the holding period of their DDC Stock.

We respectfully request your advice that you concur with this opinion and your confirmation that the Division of Corporation Finance will not recommend any action to the Commission if the shares of Convergent Common Stock received by the former DDC affiliates in the Merger (or the shares of Convergent Delaware Common Stock received by such affiliates in exchange for such shares) are resold in conformity with my opinion expressed above.

If you should have any questions concerning the foregoing, please contact me at (408) 434-2773.

Very truly yours,
CONVERGENT, INC.

By: Scott C. Neely
Scott C. Neely
General Counsel
and Secretary

SCN:2762

Attachments

November 20, 1987

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RESPONSE OF THE OFFICE OF CHIEF COUNSEL
DIVISION OF CORPORATION FINANCE

Re: Convergent, Inc. (the "Company")
Display Data Corp. ("DDC")
Incoming letter dated August 31, 1987

You have requested that the Division take a no-action position with respect to the resale of the Company's shares in conformity with your opinion. While the Division does not normally issue no-action letters with respect to transactions under Rules 144 and 145 under the Securities Act of 1933 (the "Securities Act"), your letter presents interpretive issues to which we will respond.

The Division is of the view that the Company stock received by affiliates of DDC in exchange for their DDC stock may be resold in the manner permitted by Rule 145. The Company stock received in the exchange will not be deemed "restricted" pursuant to Rule 144(a)(3). Accordingly, such affiliates, who are persons described in Rule 145(c), may resell the shares received in the exchange in a manner permitted by Rule 145(d)(1), without regard to the holding period required by Rule 144(d). In computing the holding period for purposes of Rule 145(d)(2) or (3), however, such persons may not "tack" the holding period of their DDC common stock.

Because these positions are based on the representations contained in your letter particularly your representations that the merger of the Company and DDC is exempt from Securities Act registration under Section 3(a)(10), it should be noted that different facts and conditions might necessitate a different conclusion.

Sincerely,

Gloria F. Smith-Hill

Gloria F. Smith-Hill
Special Counsel