CTS Corporation
Corporate Offices

905 West Boulevard North
Elkhart, Indiana 46514-1899

Phone: 574-523-3800
Fax: 574-293-6146
www.ctscorp.com

January 15, 2014

HARD COPY AND COMPACT DISC SENT
VIA CERTIFIED MAIL,
RETURN RECEIPT REQUESTED;
PDF COPY SENT TO
MINTZER.MICHAEL@EPA.GOV

Mr. Michael A. Mintzer
Assistant Regional Counsel
New York/Caribbean Superfund Branch
Office of Regional Counsel
U.S. Environmental Protection Agency, Region II
290 Broadway, 17th Floor
New York, NY 10007-1866

Re: Responses of CTS Corporation and Dynamics Corporation of America to "Request for Information Pursuant to Section 104(e) of CERCLA,
Newtown Creek Superfund Site, Kings County and Queens County, New York

Dear Mr. Mintzer:

This is in response to the above-referenced Request for Information regarding the Newtown Creek Superfund Site, Kings County and Queens County, New York (the "Site"). CTS Corporation and its wholly owned subsidiary, Dynamics Corporation of America, voluntarily provide the following information, without admitting any liability or responsibility whatsoever in connection with the Site, under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §9601 et seq. (CERCLA), the Resource Conservation and Recovery Act, as amended, 42 U.S.C. §6901 et seq. (RCRA) or any other statute. Any information provided herein is based upon a reasonable investigation and search of records kept in the ordinary course of business and the responses are based on such reasonable records search and investigation and the information contained in the documents being produced herewith as Bates Nos. CTS/DCA 000001 - 000129.

None of the matters that are the subject of this request, and of the combined responses of CTS Corporation and Dynamics Corporation of America, are within the personal knowledge of the undersigned. This letter constitutes the combined corporate responses of CTS Corporation and Dynamics Corporation of America to the Request for Information. The responses assume that defined terms in the requests have the meanings stated in the Section "B. Definitions" of the Request for Information.

Hard copies of the documents bearing Bates Nos. CTS/DCA 000001 - 000129 are enclosed, as well as a compact disc, as you requested, which also contains a copy of these responses and copies of Bates Nos. CTS/DCA 000001 - 000129.

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Subject to the foregoing, CTS Corporation and Dynamics Corporation of America respond to the Information Request as follows:

Section 1.0 Company Information

Request No. 1:

1. Corporate Identification. Provide the following information with respect to each of i) CTS Corporation and ii) Dynamics Corporation of America (organized in the State of New York in 1997 under the name CTS First Acquisition Corp.).

   a. The full legal, corporate name and mailing address.
   b. The state and date of incorporation, and if applicable, the date of qualification to do business in the State of New York and the Company's agents for service of process in the state of incorporation and the State of New York.
   c. The identity of the Chief Executive Officer or other presiding officer.

Response to Request No. 1:

a. The full legal corporate name and mailing address for CTS Corporation is:

CTS Corporation
905 West Boulevard N.
Elkhart, IN 46514

The full legal corporate name and mailing address for Dynamics Corporation of America is:

Dynamics Corporation of America
905 West Boulevard N.
Elkhart, IN 46514

b. The state and date of incorporation for CTS Corporation is Indiana, February 8, 1929. CTS Corporation is not qualified to do business in the State of New York and has no registered agent for service of process in the State of New York.

The state and date of incorporation for Dynamics Corporation of America is New York, May 2, 1997. The registered agent for service of process in New York for Dynamics Corporation of America is CT Corporation System, 111 Eighth Avenue, New York, NY 10011.

c. The Chief Executive Officer of CTS Corporation is Kieran O'Sullivan.

The Chief Executive Officer of Dynamics Corporation of America is Kieran O'Sullivan.

Request No. 2:

2. Corporate Succession.
   a. Describe the acquisition by CTS Corporation of the Company (see Definition 7) and provide a copy of the acquisition agreements, merger documents and related documents.
   b. Identify Radio Engineering Laboratories, Inc., including the date and state of organization, date of termination of charter, and all parent and subsidiary companies.
   c. Describe the Company's acquisition or succession to Radio Engineering Laboratories, Inc., and identify the role of Reeves-Ely Laboratories, Inc., if any, in connection with the corporate succession and provide a copy of the acquisition agreements, merger documents and related documents.
   d. Identify the business conducted by Dynamics Corporation of America (organized in the State of New York in 1997 under the name CTS First Acquisition Corp.) as a subsidiary of CTS Corporation.

Response to Request No. 2:

a. **On October 16, 1997, CTS First Acquisition Corp., a wholly owned subsidiary of CTS Corporation that was incorporated in New York on May 2, 1997, completed a merger with Dynamics Corporation of America. Dynamics Corporation of America was incorporated in New York on March 31, 1923 (hereinafter, "DCA 1923"). CTS Corporation had previously made a tender offer and acquired part of the stock of DCA 1923 on June 16, 1997. CTS First Acquisition Corp. survived the merger and its name was changed to Dynamics Corporation of America (hereinafter, "DCA 1997"). The Form 8-K filed by CTS Corporation with the Securities and Exchange Commission (SEC) on October 20, 1997 is available on the SEC web site, www.sec.gov. Following is a link to the Form 8-K:**

http://www.sec.gov/Archives/edgar/data/26058/0001047469-97-001215.txt

The Form 8-K contains information about the merger. The Amended and Restated Agreement and Plan of Merger was Exhibit 99. (C)(6) to the Schedule 13-D/A of CTS Corporation filed with the SEC on July 18, 1997. Following is a link to the Schedule 13-D/A:

http://www.sec.gov/Archives/edgar/data/26058/0001005477-97-001882.txt

DCA 1923 filed for Chapter 11 bankruptcy protection on August 2, 1972. Documents located to date relating to the bankruptcy of DCA 1923 are attached hereto as Bates Nos. CTS/DCA 000017 - 000127. DCA 1923 was discharged of its debts and liabilities on November 27, 1974. Therefore, DCA 1923 was a restructured company when it merged with CTS First Acquisition Corp. on October 16, 1997. Liabilities of DCA 1923 arising prior to November 27, 1974 that were discharged in the bankruptcy were not assumed by DCA 1997 or CTS Corporation as a result of the 1997 merger.

We do not have any information about the acquisition of Radio Engineering Laboratories by DCA 1923, other than that it may have occurred in 1963. (See Bates Nos. CTS/DCA 000001 - 000016.)

b. **We have not to date identified any information about the date and state of incorporation of Radio Engineering Laboratories, Inc., or the date and state of organization, date of termination of charter, or parent and subsidiary companies. Please see Bates Nos. CTS/DCA 000001 - 000016, which contains information we have located to date regarding Radio Engineering Laboratories.**

c. **Based on the documents we have located, DCA 1923 acquired Radio Engineering Laboratories in 1963 (see Bates Nos. CTS/DCA 000001 - 000016). At this time, we are not able to provide any information about an entity called Reeves-Ely Laboratories, Inc. Based on the information contained in Bates Nos. DCA/CTS 000001 - 000016, it appears that DCA 1923 had a subsidiary called Reeves Instruments, Inc. that merged with Radio Engineering Laboratories in 1971. Both companies subsequently were called the Electronic Systems Division (ESD) of DCA 1923. ESD was sold to Rel-Reeves, Inc., a subsidiary of Parker-West Corporation on August 1, 1973. (See Bates Nos. CTS/DCA 000116 - 000126) Rel-Reeves, Inc. was the successor-in-interest to DCA 1923 with respect to the ESD business (which had included Radio Engineering Laboratories, Inc.) (See Bates Nos. CTS/DCA 000116 - 000126.) Rel-Reeves, Inc. filed for bankruptcy protection on July 22, 1975 and was adjudged bankrupt on November 12, 1975. (See Bates Nos. CTS/DCA 000116 - 000129.)**

d. **DCA 1997 is a wholly owned subsidiary of CTS Corporation. It has no operations and no employees.**

Request No. 3:

3. Future EPA Communications. If the addressees of this letter requests that future communications from EPA regarding the Site be sent to a particular individual or office, provide the name, address, telephone number, e-mail address and capacity of such individual or office.

Response to Request No. 3:

Please send all future communications regarding this Site to:

Elizabeth Bottorff Ahlemann
Assistant General Counsel
CTS Corporation
905 West Boulevard N.
Elkhart, IN 46514
Tel. No.: (574) 523-3800
Email: elizabeth.ahlemann@ctscorp.com

Section 2.0 Operator Information Relating to Dynamics Corporation of America and Radio Engineering Laboratories

Request No. 4:

4. Relationship of Dynamics Corporation of America and Radio Engineering Laboratories to the Facility. Identify the relationship of the Company to the Facility, including:
   a. The dates that the Dynamics Corporation of America and Radio Engineering Laboratories conducted operations at the Facility and the relationship (lessee, sublessee, licensee, etc.) of each Company to the Facility.
   b. Identify and provide a copy of all leases, subleases, license agreements relating to each of the entities operations at the Facility.

Response to Request No. 4:

Based on the documents produced herewith, it appears that DCA 1923 acquired Radio Engineering Laboratories, Inc. in 1963. (See Bates Nos. CTS/DCA 000001 - 000016.) DCA 1923 moved the Radio Engineering Laboratories business to Boynton Beach, Florida in 1972 and merged it with another subsidiary, Reeves Instruments, Inc. The two companies became the Electronic Systems Division (ESD) of DCA 1923. Radio Engineering Laboratories was located in Long Island City, New York prior to its consolidation into ESD in Boynton Beach, Florida. (See Bates No. CTS/DCA 000021.) We have not located any leases, subleases or license agreements relating to the operations of any entity at the 29-01 Borden Avenue, Long Island City, New York address. DCA 1997 has never occupied nor had any other connection with 29-01 Borden Avenue, Long Island City, New York.

Request No. 5:

5. Operations at the Facility.
   a. Identify the business operations conducted at the Facility during the entire period that each Company operated at the Facility.
   b. Identify all products manufactured at the Facility and describe manufacturing processes and waste streams in such processes at the Facility.
      i. Describe metal plating operations conducted at the Facility.
      ii. Describe other metal finishing activities conducted at. the Facility and the metals used in the manufacturing processes.
      iii. Identify wastewater streams and the methods of disposal, including discharge to the New York City sewer systems and discharges to ' Newtown Creek 9including Dutch Kills).
   c. Please indicate on the Facility Plan (see question 5, below, and Definition 12.a) the areas where the separate activities were engaged in at the Facility.

Response to Request No. 5:

We do not have any information responsive to this request. Please see Response to Request No. 2, above.

Request No. 6:

6. Facility Plan and Historic Maps, Drawings, Surveys and Photographs of the Facility.
   a. Facility Plan. Please provide a Facility Plan showing:
      i. Buildings and improvements,
      ii. Bulkheads,
      iii. Sanitary and storm sewers,
      iv. Over-water or in-water facilities (e.g., piers, docks, cranes), and
      v. Discharge facilities, including pipes discharging to Newtown Creek or NYC sewers and other discharge features.

b. Historic Photos, Maps, Surveys, Etc. Please provide such other maps, drawings, surveys (including Sanborn maps) and historic photographs (including aerial photos) in the Company's possession which provide information relevant to the layout, construction, processes, bulkheads, or vehicle activities (washing, servicing, fueling or storage), or other operations at the Facility.

Response to Request No. 6:

We do not have any information responsive to this request. Please see Request to Response No. 2, above.

Request No. 7:

7. Current and Historic Depiction of the Facility.
   a. Provide a copy of schematic drawings or plans, in the Company's possession, depicting the manufacturing processes and infrastructure employed in business operations at the Facility.
   b. Provide such other drawings, maps, photographs and surveys, including, for example, Sanborn maps of the Facility, in the Company's possession showing features of the Facility either before or during the time of the Company's ownership or operation that would provide an understanding of the configuration of and operations at the Facility.

Response to Request No. 7:

We do not have any information responsive to this request. Please see Request to Response No. 2, above.

Request No. 8:

8. Ownership of and Operations in Newtown Creek. At any past time, did the Company own any portion of Newtown Creek (see Definition 1, "Newtown Creek" includes Dutch Kills).

Response to Request No. 8:

We do not have any information responsive to this request with respect to DCA 1923 or Radio Engineering Laboratories, Inc. DCA 1997 does not and has not ever owned any portion of Newtown Creek.

Request No. 9:

9. Activities in Newtown Creek.

a. Describe all activities at the Facility that were conducted by or for the Company over, on, under, or adjacent to Newtown Creek.
b. Has the Company at any time conducted any sampling activities within Newtown Creek and, if so, identify the purpose for such sampling and provide a copy of all sampling results and reports generated by or for the Company in connection with such sampling activities.
c. Did the Company, at any time, conduct any dredging within Newtown Creek and, if so, identify the purpose of such dredging, provide a copy of all permit applications and all permits associated with such dredging and provide a copy of all reports generated by or for the Company in connection with such dredging activities.
d. Did the Company at any time construct, operate or utilize any facility in or over the waters or on the sediments of Newtown Creek, including any bulkheads, riprap, wharfs, piers, docking, loading or unloading facilities, containment booms, cranes or other on-water or over-water facilities?
e. Did the Company at any time construct, operate or utilize any facility under the waters or sediments of Newtown Creek, including without limitation pipes, pipelines, or other underwater or under sediment facilities?
f. If the answer to subparagraph "b", "c", "d", or "e" of this paragraph is affirmative, please provide details including:
i. A summary of the Company's activities in, over or under the waters or sediment of Newtown Creek.
ii. Information regarding the facilities constructed or operated, the dates of such construction, replacement or major modification, whether there were discharges into the waters of Newtown Creek associated with construction or maintenance of such facilities, and all permits associated with the construction or operation.
iii. The source of the Company's authorization to construct or maintain such facilities in Newtown Creek including identification of the operating document (deed, lease, easement, license, permit, etc.) and the identity of the grantor, and provide copies of the relevant deeds, leases, licenses and permits.

Response to Request No. 9:

We do not have any information responsive to this request. DCA 1997 has never conducted any activities at or related to Newtown Creek.

Request No. 10:

10. Bank Erosion, Overland Transport and Overwater Activities at or From the Facility to Newtown Creek.

a. Description of Bulkheads and Bank Stabilization. Describe all bank stabilization systems at the Facility at the time of the Company's operations, including bulkheads, rip rap, vegetation or other systems, and the construction materials and mode of construction used. Identify on the Facility Plan the extent and type of shoreline stabilization at all areas of the Facility. State whether there has been or whether there is any ongoing bank erosion, and

identify on the Facility Plan the location of shoreline erosion. Identify the Company's role and responsibility in building and maintaining the bulkheads and other shoreline stabilization systems. Describe the system, if any, for preventing materials upland of the bulkhead from releasing into Newtown Creek. State whether there were weep holes or gaps or openings in bulkheads or shoreline stabilization systems and, if so, whether upland storm water, Facility materials or water from Newtown Creek passes through the bulkhead or shoreline stabilization system.

b. Documents Relating to Bank Stabilization.
i. Provide a complete set of construction drawings and specifications relating to bulkheads and other bank stabilization systems.
ii. Identify all permits issued to the Company for bulkheads or other bank stabilization systems and provide a copy of all permits and permit applications.
iii. Provide a copy of all correspondence with regulatory authorities relating to bulkheads and bank stabilization, including, without limitation, notices of violation and their disposition.
iv. Provide a copy of all studies, reports or plans relating to the construction, repair or maintenance of bulkheads and other shoreline stabilization systems.
v/ Provide a copy of all contracts and invoices with third parties relating to repair or maintenance of bulkheads and other bank stabilization systems.

Response to Request No. 10:

a. We do not have any information responsive to this request.

b. We do not have any documents responsive to this request.

Request No. 11:

11. Outfalls into Newtown Creek. Identify and show on the Facility Plan all outfalls or discharge points from the Facility into Newtown Creek, including location of outfall, gallons per day and source of influent to Newtown Creek. Please identify whether each outfall operates currently or is defunct and, if defunct, when each outfall operated and the circumstances of its closing. Please identify and provide a copy of all permits associated with each outfall and state whether any such outfall is or was permitted or not permitted.

Response to Request No. 11:

We do not have any information responsive to this request.

Request No. 12:

12. Construction. Excavation and Land Filling Activities.
a. Describe all construction, excavation, and land fill activities undertaken by the Company at the Facility, including without limitation removal or installation of underground or above ground infrastructure.
b. Show on the Facility Plan where all activities described in subparagraph "a" occurred.

c. State whether excavated materials or fill materials had ever been characterized and, if so, provide a copy of the sampling/characterization results.

Response to Request No. 12:

We do not have any information responsive to this request.

Request No. 13:

13. Facility Storm Water Drainage.
a. Describe how storm water was managed and drained at the Facility and depict on the Facility Plan all drainage flow and drainage infrastructure including all receiving facilities for storm water. Separately explain and depict point source drainage through pipes or other conveyances as well as sheet flow or surface water runoff.
b. Identify and provide a copy of all permits for drainage and provide a copy of all data from sampling discharges of storm water.
c. Provide a copy of all drainage studies, reports or plans for all periods during the ownership, operation or occupancy of the Facility by the Company.
d. Identify on the Facility Plan elevations of the Facility relative to Newtown Creek. State whether elevations have changed during the period of the Company's ownership or operation of the Facility and describe all such changes.

Response to Request No. 13:

We do not have any information responsive to this request.

Request No. 14:

14. Facility Process Water Management. Identify all waste water streams, other than sanitary waste water from rest rooms that was generated at the Facility, and identify the activities generating such waste water. Describe how process waste water was managed at the Facility and depict on the Facility Plan all process and waste water treatment and disposal facilities. If waste water facilities changed over the years of the Company's ownership or operations, describe infrastructure changes and the dates such changes were placed into use. Identify and provide a copy of all permits for management or drainage of process waste water. Provide a copy of all data from sampling discharges of waste water, including all data from sampling any process or business waste stream currently or formerly generated at the Facility. Provide a copy of all waste water management and drainage studies, reports or plans for all periods during the Company's ownership or occupancy of the Facility.

Response to Request No. 14:

We do not have any information responsive to this request.

Request No. 15:

15. Connections to New York City sewer system.

a. State whether the Facility was connected to the New York City sewer during the Company's ownership or operation and the date that the Facility was first connected.
b. Identify the waste streams (sanitary, storm water, process water), if any, connected to the New York City sewer.
c. Identify all liquid waste streams not connected to the New York City sewer and describe disposal of such waste streams.
d. State whether the Facility ever discharged any liquid wastes other than to the New York City sewer system and, if so, provide details on such discharges.
e. State whether the Facility participated in the New York City pretreatment program, and whether the Facility has ever been classified as a significant industrial user.
f. Provide copies of all permits and permit applications for New York City Industrial Wastewater discharge permits.
g. Provide copies of all notices of violations, correspondence, hearing transcripts and dispositions relating to the use oft he New York City sewer system.
h. Provide copies of all surveys, reports or analyses delineating or characterizing liquid wastes at the Facility.

Response to Request No. 15:

We do not have any information responsive to this request.

Request No. 16:

16. Other Newtown Creek Properties. Please identify each Other Newtown Creek Property (see Definition number 9.b for "Other Newtown Creek Property"), if any, currently or formerly owned or operated by the Company (including any affiliate (see Definition 8»), including:
a. Nature of the Company's interest in each Other Newtown Creek Property.
b. Corporate identity of the entity that holds or held such interest.
c. Address, Borough, Block and Tax Lot Identification of each Other Newtown Creek Property.
d. The principal business and each other line of business conducted at each Other Newtown Creek Property.
e. All deeds evidencing the acquisition or disposition of the Facility and all leases relating to the operation of the Facility, and provide copies of such deeds and leases.

Response to Request No. 16:

DCA 1997 does not own, and has never owned, any "Other Newtown Creek Property." We do not have any information regarding Radio Engineering Laboratories, Inc. or DCA 1923 that is relevant to this request.

Request No. 17:

17. Storage and Combustion of Coal. Was coal stored or combusted coal at the Facility during the time of the Company's ownership or operation? If your answer is yes, please respond to the following requests for information and identify the following for all periods of time related to the responses:

a. The purpose for which coal was present at the Facility.
b. The annual volume and type or types of coal (Le. bituminous, anthracite, etc.) handled at the Facility.
c. The location and manner of coal storage at the Facility
d. The coal storage, shipment and transfer locations on the Facility Plan.

Response to Request No. 17:

We do not have any information responsive to this request.

Request No. 18:

18. Historic Ownership and Operation of the Facility. Please identify, if known to the Company, the identity of prior owners or operators of the Facility, the nature of operations conducted, whether such prior owners or operators are in existence or, if not, whether they have been dissolved, merged or acquired by another entity, the existence of outfalls to Newtown Creek during such prior ownership or operation and contact information for such prior owners or operators.

Response to Request No. 18:

We do not have any information responsive to this request.

Section 3.0 Company's Operational Activities

Request No. 19:

19. Vessels. Did the Company utilize barges, tankers or other vessels in any operations on Newtown Creek? If so, provide details of such operations. Identify whether the Company received or shipped materials from the Facility, the nature of the vessels used, and the identification of the materials transferred to or from vessels. Describe spill prevention controls utilized by the Company and the dates that such controls were installed at the Facility and spill prevention controls utilized by the vessel owners or operators. Identify with specificity all vessel-related spills or discharges that may have occurred during the period of the Company's ownership or operation of the Facility.

Response to Request No. 19:

We do not have any information responsive to this request, other than that DCA 1997 has never utilized any vessels in Newtown Creek

Request No. 20:

20. Vehicles. Did the Company utilize vehicles in operations at the Facility? If the answer is yes, please provide the following:

a. Describe the purpose for the vehicles used in connection with operations at the Facility and identify the type and number of vehicles employed at the Facility.

b. Identify whether the following activities were conducted: vehicle loading, vehicle unloading, vehicle maintenance, vehicle refueling, and vehicle washing. If yes, describe each such activity and identify on the Facility Plan the area where such activity occurred.

Response to Request No. 20:

We do not have any information responsive to this request, other than that DCA 1997 never utilized any vehicles at the Facility. DCA 1997 never owned, occupied nor had any operations at the Facility.

Request No. 21:

21. Bulk Storage Containers.
    a. If the Facility had bulk storage of petroleum or chemicals, please show the location of each storage tank on the Facility Plan and describe each tank by volume, construction materials, spill prevention and containment systems and whether it is located above-or below-ground. Identify the materials historically stored in each tank, including the types of petroleum products and additives handled at any time during the operation of the Facility, and identify the purpose and use of such stored materials at the Facility. Provide a copy of the material safety data sheet ("MSDS") for each such material.
    b. Provide all documents related to permitting, inspection, maintenance, cathodic protection, product inventory levels, spills, cleaning, and closure of such tanks and correspondence between the Company and regulatory authorities concerning the storage tanks.

Response to Request No. 21:

a. We do not have any information responsive to this request.

b. We do not have any documents responsive to this request.

Request No. 22:

22. Oil/Water Separators. Identify all oil/water separators at the Facility during the Company's ownership or operation including dates of installation, dates of replacement or major modification, purpose of installation and source of influent, and location of discharge. Provide a copy of each permit and permit application, influent and effluent sampling results and copies of all submissions to federal, state, city or county environmental agencies or public health agencies relating to oil/water separators.

Response to Request No. 22:

We do not have any information responsive to this request. DCA 1997 never owned, occupied or nor had any operations at the Facility.

Section 4.0 Civil Litigation, Administrative Enforcement and Criminal Matters

Request No. 23:

23. Civil Litigation and Administrative Enforcement:
a. Has the Company been a party to any litigation or involved in any other claim where an allegation by or against the Company included environmental contamination of Newtown Creek or contamination of the Facility or any other upland property within one thousand five hundred feet from Newtown Creek (whether or not such other property was owned or operated by the Company and whether the claim was based on the Company's alleged ownership, operation, transporter status, or arranger relationship to the Facility or some other basis)? If yes, identify such litigation or claim, briefly describe the allegation by or against the Company, the status of the litigation or claim, and provide a copy of the . pleadings and any settlement agreement or court order.

b. Has the Company been identified by EPA or by any New York State or New York City agency as a party responsible for environmental contamination at or from the Facility; or at or from any property within the Newtown Creek drainage basin whether or not such other property was owned or operated by the Company (whether the claim was based on the Company's alleged ownership, operation, transporter status, or arranger relationship to the facility or some other basis)? If yes, state the Company's understanding of the basis for such notice of responsibility and provide a copy of any correspondence, orders or agreements between the Company and the governmental agency.

c. Has CTS Corporation or its Dynamics Corporation of America subsidiary ever received notice from EPA of potential liability under CERCLA relating to succession to the Company, or related to activities of its Dynamics Corporation of .America subsidiary. If so, provide a copy of each such letters and identify the facility to which the letter related.

Response to Request No. 23:

a. No.

b. No.

c. Please see Response to Request No. 2, above.

Section 5.0 Facility Releases, Investigation and Remediation

Request No. 24:

24. Releases at or from the Facility. Identify each spill or release at or from the Facility, including spills or releases into Newtown Creek during the period that the Facility was owned or operated by the Company. .

Response to Request No. 24:

We do not have any information responsive to this request. DCA 1997 never owned, occupied or nor had any operations at the Facility.

Request No. 25:

25. Soil Removal Actions. Has any contaminated soil ever been excavated or removed from the Facility? If yes, identify the reason for such soil action, the dates of such action, and whether the soil removal was performed under the oversight of EPA, NYSDEC or New York City Department of Environmental Protection ("NYCDEP") or any other regulatory agency and show the location of such actions on the Facility Plan. Provide copies of all reports containing a description of the soil excavation and all data and analyses and copies of any orders or agreements with any regulatory agencies that required or oversaw the work.

Response to Request No. 25:

We do not have any information responsive to this request.

Request No. 26:

26. Groundwater Action. Has the Company treated, pumped, or taken any kind of response action on groundwater under the Facility? If yes, identify the reason for such groundwater action, the dates of such action, and whether the groundwater action was performed under the oversight of any EPA, NYSDEC or NYCDEP or any other regulatory agency and show the location of such actions on the Facility Plan .. Provide copies of all reports containing a description of the groundwater action and all data and analyses, and copies of any orders or agreements. with any regulatory agencies that required or oversaw the work.

Response to Request No. 26:

We do not have any information responsive to this request. DCA 1997 never owned, occupied or nor had any operations at the Facility. DCA 1997 therefore has not taken any actions of any type at the Facility.

Request No. 27:

27. Sediments. Has the Company taken any action with respect to sediments in Newtown Creek? Provide a copy of all reports, studies, correspondence or other information concerning the sediments adjacent to the Facility.

Response to Request No. 27:

We do not have any information responsive to this request. DCA 1997 never owned, occupied or nor had any operations at the Facility. DCA 1997 therefore has not taken any actions of any type with respect to Newtown Creek.

Request No. 28:

28. Phase I, Phase II, EDR and Other Environmental Investigations. Please provide copies of all environmental investigation reports in the Company's possession relating to the Facility. Include, without limitation, Phase I and Phase II reports and any Environmental Data Resources study or report.

Response to Request No. 22:

We do not have any reports or other documents responsive to this request. DCA 1997 never owned, occupied or nor had any operations at the Facility.

Request No. 29:

29. Due Diligence and Other Corporate Investigations. Did CTS Corporation conduct environmental due diligence in connection with its acquisition of its Dynamic Corporation subsidiary? If the answer is affirmative, please provide a copy of each environmental due diligence report.

Response to Request No. 29:

No; please see Response to Request No. 2, above.

Section 6.0 Persons with Responsibility for Environmental Matters; Insurance and Indemnification

Request No. 30:

30. Insurance and Indemnification:
a. Provide a schedule of liability insurance policies that may provide coverage to the CTS Corporation or the Company for environmental liability associated with Newtown Creek.

b. Identify each entity that may have a duty to indemnify CTS Corporation or the Company, or any parent, subsidiary or affiliate of such entities, for any potential environmental liability in connection with Newtown Creek. Identify the circumstances giving rise to the indemnity, and provide a copy of each document that reflects a requirement to so indemnify the Company.

c. Identify each entity that the Company has agreed to indemnify for any potential environmental liability in connection with Newtown Creek. Provide a copy of each document that reflects a requirement to indemnify by the Company.

Response to Request No. 30:

a. **We do not have any information responsive to this request. DCA 1997 never owned, occupied or nor had any operations at the Facility or at Newtown Creek. Please see Response to Request No. 2, above.**

b. **We have not located any information or documents responsive to this request. Please see Response to Request No. 2, above.**

c. **DCA 1997 has not agreed to indemnify any entity in connection with Newtown Creek. We do not have any documents responsive to this request. Please see Response to Request No. 2, above.**

Request No. 31:

31. Financial Information: Provide a copy of the public financial statements (or web link) for CTS Corporation and for its Dynamics Corporation of America subsidiary for the most recent two fiscal years.

Response to Request No. 31:

Financial information for CTS Corporation is available on www.sec.gov. The Form 10-K of CTS Corporation for 2011 is available at the following link:

http://www.sec.gov/Archives/edgar/data/26058/000119312512076105/0001193125-12-076105-index.htm

The Form 10-K for 2012 is available at the following link:

http://www.sec.gov/Archives/edgar/data/26058/000119312513073546/0001193125-13-073546-index.htm

The Form 10-Q of CTS Corporation for the third quarter of 2013 is available at the following link:

http://www.sec.gov/Archives/edgar/data/26058/000119312513415588/0001193125-13-415588-index.htm

CTS Corporation reports its financial results on a consolidated basis. Separate information for DCA 1997 therefore is not available. However, as previously stated, DCA 1997 has no operations and no employees.

Please direct any future correspondence concerning this matter to the undersigned.

Very truly yours,

CTS Corporation

Elizabeth Bottorff Ahlemann

Elizabeth Bottorff Ahlemann
Assistant General Counsel

Enclosures

cc (via regular mail; compact disc only):

Ms. Caroline Kwan
Remedial Project Manager
New York Remediation Branch
Emergency and Remedial Response Division
U.S. Environmental Protection Agency, Region II
290 Broadway, 20th Floor
New York, NY 10007-1866
Email: Kwan.caroline@epa.gov

CERTIFICATION OF ANSWERS TO REQUEST FOR INFORMATION,
NEWTOWN CREEK SUPERFUND SITE

State of Indiana)
) ss.
County of Elkhart)

I certify under penalty of law that I have personally examined and am familiar with the information submitted in this document (response to EPA Request for Information) and all documents submitted herewith, and that based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the submitted information is true, accurate, and complete, and that all documents submitted herewith are complete and authentic unless otherwise indicated. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment. I am also aware that the Company is under a continuing obligation to supplement its response to EPA's Request for Information if any additional information relevant to the matters addressed in EPA's Request for Information or my Company's response thereto should become known or available to the Company.

CTS Corporation

By: Robert J. Patton
Robert J. Patton
Vice President, Secretary
& General Counsel

Dynamics Corporation of America

By: Thomas A. Kroll
Thomas A. Kroll
Vice President & Treasurer

Sworn to before me this 14th day of January, 2014

Lucinda A. Bullock
Notary Public

My commission expires: Aug 25, 2020

[STAMP OR SEAL]

LUCINDA A. BULLOCK
NOTARY PUBLIC
SEAL
STATE OF INDIANA
My Commission Expires August 25, 2020

III - REVIEW OF ESD

PROFILE

LOCATION: BOYNTON BEACH, FLORIDA (BOCA RATON, FLA.,)

NUMBER OF EMPLOYEES: NON-EXEMPT/HOURLY - 200
EXEC./EXEMPT - 206

SIZE OF PLANT: MANUFACTURING/STORAGE - 83,000 ft^2 (INCLUDING
ENGINEERING/OFFICE - 54,000 ft^2 BOCA RATON)

DIVISION HISTORY:

1922 RADIO ENGINEERING LABORATORIES FOUNDED.

1944 REEVES INSTRUMENT FOUNDED

1956 REEVES ACQUIRED BY DCA

1963 REL ACQUIRED BY DCA

1969 ESARBE ACQUIRED BY DCA FOR USE BY REEVES

1970 REEVES MOVED TO FLORIDA

1971 REL MERGED WITH REEVES AND MOVED TO FLORIDA

FINANCIAL FIGURES	1968	1969	1970	1971	1972
SALES:	38.6	43.8	19.9	12.5	10.7
PBT:	2.6	(0.6)	(14.4)	(2.3)	*(2.6)
NET INVESTMENT:	N/A	N/A	N/A	19.3	20.5
RDI:	-	-	-	-	-

* (5.7) PROJECTED

III - REVIEW OF ESD

PROFILE

MAJOR PRODUCTS

TROPO EQUIPMENT AND SYSTEMS

LINE OF SIGHT EQUIPMENT AND SYSTEMS

ANTENNA SYSTEMS-MOBILE AND FIXED

GYROS

RESOLVERS

TRANSFORMERS AND FILTERS

MAJOR MARKETS

TELEPHONE/COMMUNICATIONS SYSTEMS (TROPO AND LOS)

MILITARY RADAR (ANTENNAS, GYROS, AND RESOLVERS)

MAJOR CUSTOMERS

FOREIGN GOVERNMENTS AND TELEPHONE COMPANIES (TROPO AND LOS)

U.S. DOD (ANTENNAS, GYROS, AND RESOLVERS)

ELECTRONIC SYSTEMS DIVISION

MARKET OUTLOOK

TELECOMMUNICATIONS EQUIPMENT

- ESD'S TROPOSCATTER SYSTEMS ARE PARTICULARLY APPROPRIATE FOR WIDELY DISPERSED POPULATION AREAS WITH RELATIVELY LOW MESSAGE TRAFFIC.

  AFRICA
  EASTERN EUROPE
  ASIA
  SOUTH AMERICA
  OFF SHORE AND ALASKAN OIL FIELDS

- VOICE, TELETYPE, AND DATA COMMUNICATIONS CAN BE HANDLED BY THE ABOVE SYSTEMS.

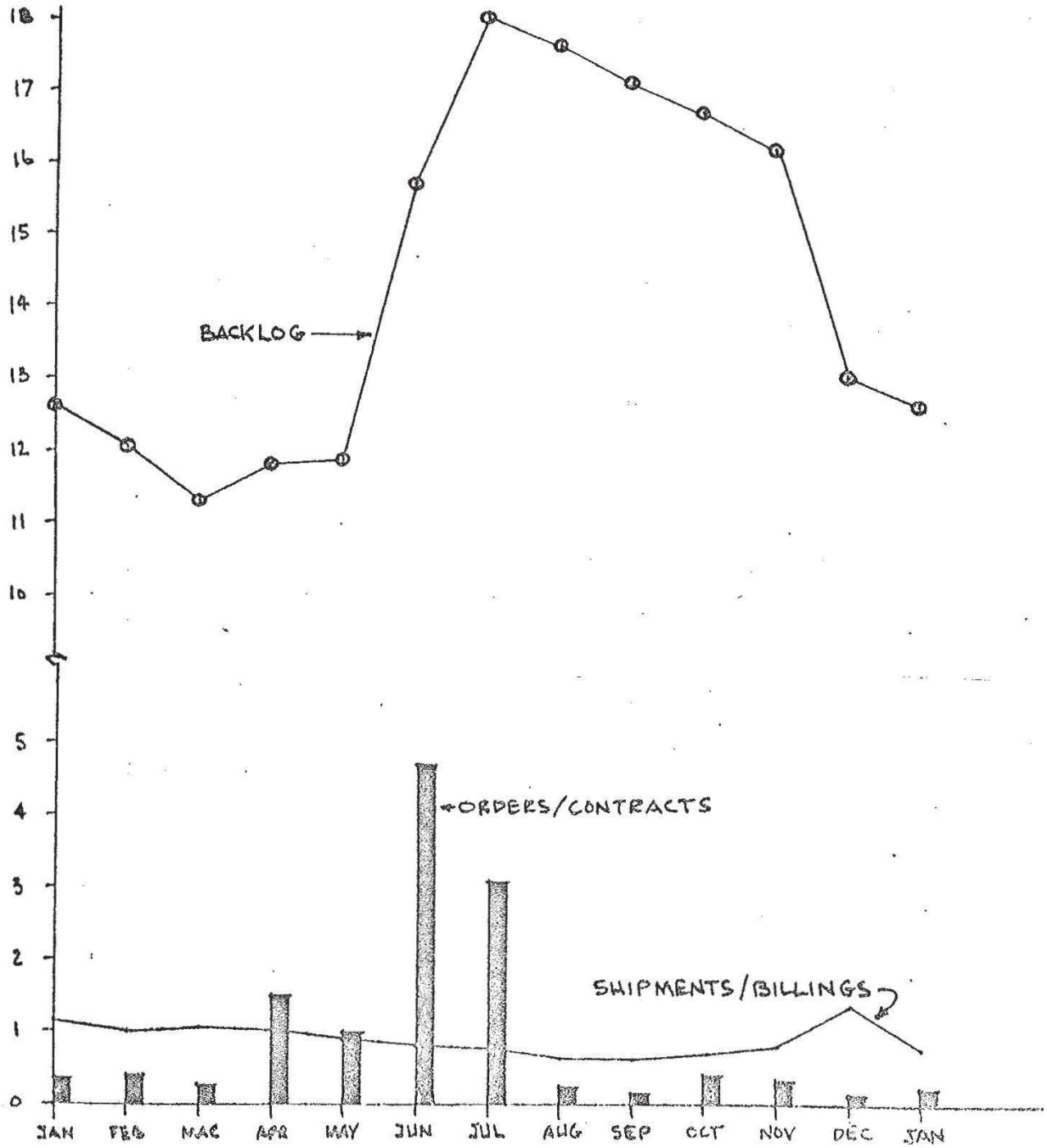
- MARKET DEMAND IS EXPECTED TO CONTINUE STRONG IN ABOVE APPLICATIONS AS GNP AND TELEPHONE INSTALLATIONS INCREASE AMONG DEVELOPING NATIONS.

RADAR SYSTEMS

- MAJOR MARKET WILL BE THE DOD. ESD HAS CAPABILITY TO PRODUCE EQUIPMENT WHICH SIMULATES HOSTILE ELECTRONIC (RADAR) ENVIRONMENTS THAT ARE EMPLOYED IN PILOT TRAINING. NEAR TERM PROCUREMENTS FOR THESE TYPE SYSTEMS MAY BE IN THE ORDER OF $5.0 MILLION.

- MAJOR PROCUREMENTS FOR TRACKING AND GUIDANCE RADARS ARE NOT FORESEEN IN THE NEAR FUTURE.

ELECTRONIC SYSTEMS DIVISION
CHART OF ORDERS, SHIPMENTS & BACKLOG - 1972



ELECTRIC SYSTEMS DIVISION

PERSONNEL RESIGNATIONS

KNOWN TO BE ATTRIBUTABLE TO

CHAPTER XI

POSITION	TERMINATION DATE
CONTRACT ADMINISTRATOR	9-22-72
CONTRACT MANAGER	9-29-72
ENGINEER	11-24-72
ENGINEER	11-27-72
CHIEF ENGINEER	12-29-72
PROJECT ENGINEER	1-21-73
PROGRAM MANAGER	1-31-73
SALES MANAGER	1-31-73
VICE PRESIDENT - MARKETING	1-31-72
ENGINEER	2- 2-73
CHIEF ENGINEER	2- 9-73
ASSISTANT DIRECTOR - CONTRACT ADMINISTRATION	2- 9-73
DIRECTOR - CONTRACT ADMINISTRATION	2- 9-73
SALES MANAGER - GUIDANCE & CONTROL PRODUCTS	2- 9-73

REVIEW OF ESD

FINANCIAL PROJECTIONS AND CASH FLOWS (000'S)

	1972	1973
SALES	$10,740	$13,000
DIRECT LABOR	2,080	2,300
DIRECT MATERIAL	2,770	3,800
OVERHEAD AND OTHER DIRECT COSTS	3,480	4,100
COST OF GOODS SOLD	8,330	10,200
GROSS PROFIT	2,410	2,800
G & A	2,910	**1,800
NET OPERATING PROFIT	(500)	1,000
NET NON-CASH ITEMS	-	300
CASH FLOW	600*	1,300

* SINCE 8/1/72

** NO LONGER INCLUDES CORPORATE PAYMENTS OF $650,000

III - REVIEW OF ESD

ALTERNATIVES

1. IMMEDIATE LIQUIDATION

2. PHASED LIQUIDATION

3. SALE AS A GOING CONCERN

4. SPIN-OFF AS A SUBSIDIARY

5. LEAVE AS IS

III - REVIEW OF ESD

ANALYSIS OF ALTERNATIVES

IMMEDIATE LIQUIDATION

- VERY LARGE CONTRACT TERMINATION COSTS COULD OFFSET MUCH OF THE ASSET DOLLARS REALIZED.
- PROBABLE LOSS OF ALL VALUE ON CLAIMS OF $8.7 MILLION.
- SEVERE LOSS OF DCA GOODWILL IN GOVERNMENT AND INTERNATIONAL CONTRACT AREAS.

PHASED LIQUIDATION

- PROBABLE LOSS OF MOST VALUE ON CLAIMS OF $8.7 MILLION. (GREATER POSSIBILITY OF RECOVERY THAN IN IMMEDIATE LIQUIDATION)
- EVENTUAL CASH GENERATION OF $6-8 MILLION TO DCA OVER ONE YEAR PERIOD.

SALE AS A GOING CONCERN

- FAIRLY IMMEDIATE CASH GENERATION OF $8-10 MILLION.
- POSSIBLE FUTURE INCOME FROM PROSECUTION OF CLAIMS OF $8.7 MILLION.
- LITTLE OR NO LOSS IN DCA NAME OR GOODWILL.
- EXTENDED TIME-TABLE FOR SALE MIGHT JEOPARDIZE BUSINESS.

SPIN-OFF AS A SUBSIDARY

- ALLOWS ESD TO IMMEDIATELY WRITE SUBSTANTIAL NEW BUSINESS WHICH CANNOT BE DONE UNDER CHAPTER XI.
- ALLOWS ESD TO ATTRACT VITALLY NEEDED PERSONNEL IN CONTRACT ADMINISTRATION AND SALES WHICH CANNOT BE DONE UNDER CHAPTER XI.

- ALLOWS ESD TO CONTINUE OPERATION FOR AN EXTENDED PERIOD UNTIL A BUYER CAN BE FOUND OR COMPANY IS RE-ORGANIZED.

- LEGAL EFFECTS ON CUSTOMERS, PRESENT CONTRACTS, CREDITORS, AND OTHER PARTIES OF INTEREST MUST BE CONSIDERED.

CONTINUE OPERATION AS-IS

- ESD CANNOT REASONABLY ATTRACT NEW BUSINESS OR NEEDED PERSONNEL UNDER CHAPTER XI OPERATION.

- CONTINUED OPERATION AS-IS SHOULD DEPLETE PRESENT BACKLOG WITHIN A YEAR, AND WOULD EFFECTIVELY AMOUNT TO AN UN-PLANNED, UN-CONTROLLED LIQUIDATION.

ELECTRONIC SYSTEMS DIVISION

PROPOSALS SUBMITTED
TECHNICAL AND FIRM COSTS

	Program	Bid Amount	Expected Award	Weighted Success
1)	Off-Shore - Taiwan	$ 1,088,000	Jan 1973	$ 1,000,000
2)	Motorola Claim	286,450	Mar 1973	40,000
3)	CFE MOD Hammer Rally	1,355,000	Feb 1973	1,250,000
4)	1.5 KW HPA's - RCA	600,000	Feb 1973	30,000
5)	3.0 KW HPA's - RCA	140,000	Feb 1973	80,000
6)	German NATO Tropo P.I.A.	2,285,000	Mar 1973	1,200,000
7)	Turkey NATO Tropo	6,850,000	Feb 1973	3,400,000
8)	Philippine Tropo	1,245,505	Apr 1973	622,000
9)	300 W. LPA's - Peru	143,897	Mar 1973	72,000
10)	Lima-Ancom Diffraction	259,164	Jun 1973	100,000
11)	Pilot Link - Thailand	744,700	May 1973	400,000
12)	Phillips Off-Shore	1,387,000	Mar 1973	690,000
		$16,384,716		$ 8,884,000

ELECTRONIC SYSTEMS DIVISION

PROPOSALS SUBMITTED
TECHNICAL AND ROM PRICE

	Program	Value	Submitted	Firm Costing
1)	RCVRS DCA Australia	$ 30,000	Dec 1972	Apr 1973
2)	Training Equip. - NATO	200,000	Dec 1972	Mar 1973
3)	Peru Mil. Tropo	9,000,000	Oct 1972	May 1973
4)	Peru Oil Tropo	465,000	Oct 1972	May 1973
5)	Thai A.F. Tropo	400,000	Sep 1972	Mar 1973
		$10,095,000		

FACTORS AFFECTING PURCHASE PRICE OF
ELECTRONIC SYSTEMS DIVISION

Dryden Offer

I. No time to study company in depth.

II. Immediate need for additional cash in the business.

III. Historical substantial losses.

IV. Anticipated overruns on existing contracts.

V. Shrinking backlog.

VI. Losing employees at an accelerating rate.

VII. Irrevocable damage to business because of Chapter 11.

VIII. Substantial risk in quotes on new business.

IX. Management time required to persue DCA claims.

Dryden

ELECTRONIC SYSTEMS DIVISION
($000's)

	1969	1970	1971	1972
Sales	$43,847	$19,874	$12,495	$10,740
% Decrease	--	65%	38%	15%
Pre-Tax Loss	(605)	(14,373)	(2,282)	(6,700) Estimated

Average Loss Per Year: $5,990,000

Dryden

ELECTRONIC SYSTEMS DIVISION
Probable Closing Balance Sheet
December 31, 1972
($000)

CURRENT ASSETS	
Cash	$ 21
Accounts Receivable (net)	2,737
Unbilled Receivables	1,357
Inventories	1,156
Other Receivables	579
Prepayments, etc.	650
Total Current Assets	$6,500
NET FIXED ASSETS	$3,732
Total Assets	$10,232

CORE BUSINESS CONTRACT PROFITABILITY*

	Contracts Profitable	$ Profits	Contracts Unprofitable	$ Losses
Radar & Electronics	12	712	5	(995)
Communications	4	93	13	(1,799)

* Before Leidesdorf adjustments

ALL MAJOR CONTRACTS EXCEPT TWO SHOWED AN INCREASED ESTIMATED COST TO COMPLETE AT JANUARY 31 VERSUS DECEMBER 31.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----------X

In the Matter	:	In Proceedings for An Arrangement
of	:	No. 72 B 750
DYNAMICS CORPORATION OF AMERICA,	:	
Debtor,	:	ORDER TO SHOW CAUSE
For Relief Under Chapter XI of the Bankruptcy Act, Section 322	:	

----------X

At New York, New York, in the said District, on the 22nd day of November, 1972.

Upon the annexed application of DYNAMICS CORPORATION OF AMERICA, Debtor and Debtor-in-Possession, the consent of Levin & Weintraub and Otterbourg, Steindler, Houston & Rosen, attorneys for the Official Creditors' Committee herein, no adverse interest being represented and due deliberation having been had thereon, and sufficient reason appearing therefor

LET creditors and other parties in interest of the aforesaid Debtor show cause before the undersigned Referee in Bankruptcy at Room 236, United States Courthouse, Foley Square, New York, New York, on the 4th day of December, 1972, at 10:30 o'clock in the forenoon of said day or as soon thereafter as counsel can be heard, why this Court should not make and enter an order approving and authorizing the Debtor and Debtor-in-Possession to consummate an Agreement dated as of October 31, 1972 with Parker-West Corporation with respect to the assets of the Electronic Systems Division and the Esarle Industries Division free and clear of

all liens and encumbrances for $15,000,000 plus such other and additional considerations as are set forth in the said Agreement.

ORDERED, that any and all parties who may be interested in purchasing the assets more fully described in the application annexed hereto and made a part hereof and the Agreement attached hereto may offer to purchase said assets on terms and conditions not less favorable, and it is further

ORDERED, that sufficient cause appearing therefor, service by mail, a copy of the notice substantially in the form annexed hereto, upon all creditors with claims in excess of $10,000 or more and publication thereof in the New York Times and Wall Street Journal National Edition on or before November 27 1972 be deemed good and sufficient service thereof.

S/ EDWARD T. RYAN
Referee in Bankruptcy

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----------X

In the Matter of	:	In Proceedings for An Arrangement
DYNAMICS CORPORATION OF AMERICA,	:	No. 72 B 750
Debtor,	:	
For Relief Under Chapter XI of the Bankruptcy Act, Section 322	:	NOTICE TO CREDITORS

----------X

NOTICE IS HEREBY GIVEN that the Debtor and Debtor-in-Possession has filed an Application and Order to Show Cause herein seeking authority of this Court to enter into an Agreement with Parker-West Corporation with respect to the sale of the assets of the Electronic Systems Division and the Esarbe Industries Division for a consideration of $15,000,000 and such other consideration as set forth in the Agreement and that a hearing will be held before me in Room 236, United States Courthouse, Foley Square, New York, New York, on the 4th day of December, 1972 at 10:00 o'clock in the forenoon of said day to consider the foregoing or any higher or better offer to purchase said assets.

TAKE FURTHER NOTICE, that the Application and Order to Show Cause, together with the Agreement entered into between Dynamics Corporation of America and Parker-West Corporation has been filed with the Court herein. Interested parties may inspect same at the Clerk's Office or at the office of counsel for the Debtor, Krause, Hirsch & Gross, 41 East 42nd Street, New York, New York.

Dated: New York, New York
November 22, 1972

EDWARD J. RYAN
Referee in Bankruptcy

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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In the Matter	:	APPLICATION FOR LEAVE TO SELL ASS
of	:	
DYNAMICS CORPORATION OF AMERICA,	:	Pursuant to Section 313-2 of the Bankruptcy Act
Debtor	:	
For Relief Under Chapter XI of the Bankruptcy Act, Section 322	:	In Proceedings for An Arrangement

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No. 72 B 750

TO THE HONORABLE EDWARD J. RYAN, REFEREE IN BANKRUPTCY:

The application of DYNAMICS CORPORATION OF AMERICA, Debtor-in-Possession herein, respectfully sets forth and alleges:

I. PREAMBLE

A. On August 2, 1972, applicant filed a petition to effect an arrangement with its creditors pursuant to the provisions of Chapter XI, Section 322 of the Bankruptcy Act.

B. On said date, the Court made and entered an order authorizing the Debtor to operate its business and manage its property as Debtor-in-Possession which applicant is presently doing.

C. Applicant is engaged in a variety of business operations, through 12 operating divisions and one wholly-owned subsidiary, embracing five product groups, whose sales in 1971 and whose percentage of the total sales of your applicant is as follows:

Product Group	1971 Sales	Percentage
Electronic Systems & Components	$20,559,186	28.7%
Farm Machinery and Equipment	10,628,491	14.9%
Air Distribution Equipment	10,758,535	15.0%
Industrial Equipment	8,510,771	11.9%
Consumer Products	21,119,567	29.5%
Total	$71,576,550	100 %

D. This application is concerned with leave to sell the assets of the Electronics System Division (ESD) and the Esarbe Industries Division (Esarbe), two divisions that are embraced in the Electronic Systems and Components Group set forth in paragraph C.

1. Relevant Information with Respect to ESD:

a) ESD is located at 3800 South Congress Avenue, Boynton Beach, Florida.

b) The products it manufactures are troposcatter transmitters, power amplifiers, receivers, exciters and test equipment; satellite communication subsystems and telecommunication devices; radar systems, antennae pedestals, special-purpose analog computers, digital ranging systems, gyroscopes, servo-mechanisms, vehicle anti-hijacking devices and other computer systems.

c) Its customers are principally the U.S. Department of Defense and the Aerospace Industries.

d) It came into existence early in 1971 as a result of the consolidation by Dynamics Corporation of America ("DCA") of the Reeves Instrument Division and the Radio Engineering Laboratories Division, each of which experienced significant losses in operations in 1970. The Radio Engineering Laboratories Division was located in Long Island City, New York prior to its consolidation into ESD at Boynton Beach. The Reeves Instrument Division was located in Garden City, New York prior to its consolidation into ESD at Boynton Beach. The removal and consolidation of both divisions into ESD were to relocate them from high cost labor areas, to merge common and overlapping technologies, to eliminate duplicate equipment, outmoded facilities and redundant overhead expense and to provide the means for attaining increased sales with lower attendant costs in both the domestic and overseas market.

e) However, the consolidation, though effective in accomplishing the aforesaid objectives, did not stem the losses nor did it achieve increased sales for the reason that the market for ESD's produc deteriorated and continues to deteriorate rapidly.

(i) A good part of ESD's business (and that of the predecessor divisions which were merged into ESD) in years past has been, and in the near future, will be tied to Department of Defense procurements. From available budget and planning information issued by the Department of Defense, it is established that procurement dollars for electronic and communication equipment decreased from $4.1 billion in 1967 to $3 billion in 1971. Pressing geopolitical, social and economic problems in the United States with resulting shifts in national priorities will effect, in all probability, further reductions by the Department of Defense in the level of spending. This has brought about overcapacity, intensification of competition for reduced budget dollars, and the awarding of contracts on an IFB basis - fixed price invitation for bid. low bidder takes all.

(ii) At the same time, and principally for the same reasons, the aerospace market precipitately declined and continues to decline.

f) ESD, to continue in business, reoriented and redirected its marketing so as to exploit communications capability in the international market and expanded into new growth areas such as transportation security, computerized vending systems and kindred fields. It lacked the financial resources for mass penetration of these new major market. Perforce, it limited and concentrated its efforts to small segments of a

CTS/DCA000022

particular field, such as security, where it developed product that gave promise of immediate return. Here, too, however, its efforts were soon eclipsed by the financial squeeze in which DCA found itself and which led ultimately to the pending proceedings.

Projected sales for 1972 for ESD are approximately $10 million and reasonably expected profits on sales at this level could not reflect an acceptable return on the asset book value in excess of $20 million. If operations were to become profitable, a significant sales growth to $30 million over a projected five year period would be necessary. To achieve this, substantial investment would be required. Early in 1972, it became evident that DCA's cash position could not allow for this underwriting. The situation today, in terms of underwriting, is even more critical since, in Chapter XI, DCA's financial flexibility is severely limited.

g) Lastly, ESD's efforts to get business in its historic fields have been less than successful because of the reluctance of the Defense Department and other customers to place long term multi-million dollar contracts with a "debtor-in-possession."

h) The declining Department of Defense market and aerospace market, the need for significant growth, the high cash investment required to support this growth and the current limited financial flexibility of DCA underscored the desirability, nay the necessity, for DCA to sell ESD.

(i) Accordingly, DCA diligently pursued the sale of ESD with General Dynamics Corporation, Emerson Electric Company, Singer Corporation and Harvey Hubbell Corporation. Three of the aforesaid companies, after pre-

liminary inquiry, indicated no interest; the fourth manifested a qualified interest but requested substantial additional time for further investigation.

(ii) The deteriorating situation of ESD did not and does not afford it the time for extensive negotiations, and so, when Parker-West Company, the present purchaser, indicated a willingness, on the basis of its knowledge of ESD and former relationships with DCA, to enter immediately into a Letter of Intent, and thereafter, to conduct its own brief investigation of the operations of ESD, DCA moved expeditiously. A Letter of Intent was entered into by Parker-West and ESD on October 13, 1972 and amended on November 3, 1972.

i) Following Parker-West's investigation, during the course of which, Parker-West became aware of the retrogressive situation resulting from ESD's inability to bid new contracts, DCA and Parker-West executed a definitive agreement ("Agreement"), a copy of which is annexed hereto, in which Parker-West underscored the fact that a closing on or earlier than December 22nd was the sine qua non of the transaction.

2. Relevant Information with Respect to Esarbe:

a) Esarbe is located at 54-21 N.E. 14th Street, Fort Lauderdale, Florida.

b) It is a precision machine shop servicing principally the aerospace industry and ESD.

c) With the 1971 cutback in military budgets and their effect on ESD, the market for ESD's services quickly and seriously deteriorated.

d) All of the reasons indicated above for ESD's reorientation, new marketing efforts and techniques were equally applicable to Esarbe

in that Esarbe was attendant, among other things, to also serve as the ESD machine shop. Therefore, all of the facts and circumstances set forth above that adversely affected ESD such as declining military markets, need for significant growth, high-cash investment required to support this growth and DCA's current limited financial flexibility similarly were responsible for the deterioration in the operations of Esarbe and were the salient considerations recommending its sale by DCA. Parker-West desired to coordinate the Esarbe operations and the ESD operations jointly into the overall operations of Parker-West.

e) Therefore, the Letter of Intent and the Agreement embrace both ESD and Esarbe.

3. Financial Impact of ESD and Esarbe on DCA:

a) In the past three years, both Esarbe and ESD have had a major negative cash impact on DCA, the total for said three years representing approximately $5 million.

b) For the nine months of 1972, there has been an additional negative cash drain of approximately $2 million.

c) Although this seemingly untoward cash drain is explainable by the costs related to the removal and consolidation of the Reeves Instrument Division and the Radio Engineering Laboratories Division into ESD and the redirection and reorientation of ESD and Esarbe, its resulting squeeze on DCA cannot be quickly ameliorated except by selling the division on the terms and conditions set forth in the Agreement with Parker-West.

d) That the financial situation obtaining in each of said divisions with its concomitant effect on DCA's overall operation, will worsen is attributable to the fact that additional cash will be required to fund the marketing, reorientation and the growth in sales.

4. Information with respect to Parker-West:

a) Parker-West is engaged in operations compatible with those of ESD and Esarbe.

b) Parker-West has an immediate need for adequate manufacturing facilities in the Palm Beach area to service another business which it recently acquired. ESD is ideally equipped and situated to answer Parker-West's needs. Esarbe's machine capability answers an immediate critical requirement of Parker-West.

c) Parker-West is prepared to make the investments necessary to achieve the significant growth required and potentially available to ESD. Parker-West has the financial capability which DCA does not have to put up the letters of credit or performance bonds against advance payments on multi-million dollar contracts currently available to ESD and Esarbe and thus enable ESD and Esarbe to get such contracts.

d) Background financial information with respect to Parker-West's ability to fund the purchase of the assets of ESD and Esarbe are not particularly relevant since the instalment payments on purchase price for hard-core assets will be fully collateralized by AAA Moody rated government bonds. Moreover, such bonds, in the amount of $2.5 million will serve to that extent as a completion guaranty to assure Parker-West's performance of its contract obligations, particularly with respect to Disputed Claims (as defined in the Agreement).

II. THE AGREEMENT TO SELL THE ASSETS OF THE ESD AND ESARBE DIVISIONS

A. On October 13, 1972, Parker-West Corporation and DCA entered into a Letter of Intent which was superseded by a Letter of

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Intent between the same parties dated November 3, 1972. After the execution and delivery of the aforesaid Letters of Intent, the basic provisions thereof were incorporated in the Agreement, dated as of October 31, 1972 by and between DCA on its own behalf and as Debtor-in-Possession, and Parker-West Corporation.

B. Said Agreement is subject to the approval of this Court.

C. Although said Agreement speaks for itself, your applicant believes it in order to highlight the provisions thereof:

1. All of the assets, properties and business owned as of the date of contract or acquired prior to the closing date by DCA which constitutes the assets, properties and business of ESD and Esarbe, including the real estate used in the business of ESD and located in Boynton Beach, Florida, inventory, rights and privileges of DCA in and to certain Disputed Claims (infra), contracts, leases, purchase orders, sales orders and other agreements attributable to ESD and Esarbe, copyrights, patents, trademarks, trade names, licenses, etc., and all other assets of DCA which are normally necessary or useful to the continuation of the sale and manufacture of the items presently constituting the business carried on by ESD and Esarbe, including the Steer Termination Claim, are to be sold.

a) excluded from the foregoing sale are the name of Dynamics Corporation of America and the initials "DCA", any contracts or rights which have expired or otherwise been terminated in the ordinary course of business prior to closing date, property consumed, disposed of or worn out in the ordinary course of business and claims for refunds of taxes.

b) Disputed Claims means all claims (other than the Steer Termination Claims and other routine termination claims) heretofore or hereafter up to the Closing Date asserted by DCA in respect of rights attributable to ESD or Esarbe against third parties, whether asserted by way of or in connection with a lawsuit or otherwise, which have not been settled, adjudicated or otherwise disposed of on or prior to the Closing Date, provided, however, that such term shall not include (i) any claims which cannot, by reason of law or otherwise, be assigned to and assumed by Parker-West and (ii) any claims for refunds of Federal, state or local taxes.

2. The consideration from Parker-West for the acquisition of the foregoing is all of the following:

a) For assets excluding Disputed Claims, $15,000,000 payable

(i) $1,500,000 in cash on closing;

(ii) $13,500,000 in notes, carrying interest at prime, payable $2,250,000 on the 60th day after closing and the balance of $11,250,000 in five annual instalments, commencing 14 months after Closing Date.

b) For Disputed Claims, for some of which ESD has reflected a book value of approximately $8,300,000 and for the remainder of which ESD has attributed no book value, 75% of the lesser of the proceeds received by Parker-West on the ultimate disposition of such claim less designated related expenses or attributed book value plus 50% of any excess from such net realization in excess of book value attributed to the particular claim. In the event that designated related expenses exceed proceeds received on ultimate disposition of a Disputed Claim, DCA will pay to Parker-West 50% of such excess.

c) The assumption of all taxes, debts, non-current liabili-
ies and obligations (absolute and contingent) of every kind and description
arising out of or attributable to the ownership or operation of the assets
from and after the Closing Date, including, without limiting the foregoing,
hose arising pursuant to the contracts or instruments which are assumed
and which have not expired or been terminated prior to the Closing Date,
or entered into subsequent to the date of contract, all other claims arising
out of or attributable to asserting a breach of warranty or a product lia-
bility in respect of products produced by ESD or Esarbe prior to the
Closing Date but which shall not have been asserted in a writing addressed
to DCA, ESD or Esarbe prior to the Closing Date, all current liabilities
asserted or arising out of or attributable to the ownership and operation
of the assets which were incurred in the ordinary course of business on
or after August 2, 1972 but not accrued prior thereto and which are out-
standing on the Closing Date and, any liability which may become payable
to Page Communications as a consequence of the disposition of the Page
adverse claim, but only to the extent that the amounts payable with respect
to such liability may be offset by amounts received in the disposition of
the Page disputed claim. Parker-West indemnifies and holds harmless
DCA, its shareholders, officers and directors against any liabilities or
obligations assumed under the Agreement.

3. All obligations not assumed by Parker-West remain the
obligations of DCA. These, in essence, are obligations for taxes, accrued
or incurred prior to September 30, 1972 and all other obligations incurred
with respect to the ESD and Esarbe Divisions by DCA which are not
specifically assumed by Parker-West.

CTS/DCA000029

4. Parker-West, having had an inspection of the books and records of ESD and Esarbe by Parker-West's certified public accountants, represents that it is satisfied from its own investigations that it does not need or desire any additional audit inspections. Parker-West agrees that it is not relying upon any representation or warranty made by DCA directly or indirectly in the Agreement or in any schedule or exhibit thereto or otherwise as to the book or fair value as to all or any part of the assets being sold.

5. The Court having jurisdiction over the Chapter XI proceedings of DCA, as a condition precedent to the Closing, must have authorized the sale of the assets on the terms and conditions set forth in this Agreement. Failing such approval, there will be no Closing and neither party to the Agreement shall have any liability to the other under the Agreement.

6. DCA has a multiplicity of leasing agreements with McLean Leasing Co. which cover equipment in many of the divisions of DCA including ESD and Esarbe. The total unpaid obligations with respect to these existing leases as of August 1972 is estimated to be in excess of $1,600,000. It is and has been very difficult to break out of existing leases the specific equipment that is on the premises of ESD and Esarbe. The question of the assumption of lease payments with respect to such equipment was resolved in the Agreement by Parker-West assuming the total lease payments with respect to such equipment, such total to expiration of lease being estimated at $440,000. DCA agrees to reimburse Parker-West to the extent of approximately $120,000 as Parker-West acquires title to the equipment used in the operations of ESD and Esarbe.

7. A condition of the Agreement is that the ESD backlog of confirmed sales and the Esarbe backlog of confirmed sales shall, in aggregate, be not less than $15,000,000 on Closing Date. At time of contract, such backlog was substantially in excess of the said $15,000,000

Comment: There is no provision in the Agreement for the deposit of any moneys by Parker-West on signing of contract. This omission, though unusual in contracts of the kind being submitted herewith for approval, is nevertheless not particularly significant in the circumstances under which this Agreement to sell has been negotiated and in the light of the provisions of the Agreement. Normally, the deposit sought on Closing would be 10% of the purchase price for hard-core assets. The purchase price for hard-core assets in the Agreement is $15,000,000, hence the deposit would have been $1,500,000. The purpose of such deposit would have been as evidence of the good faith of the purchaser and to make available some moneys in the event of the wilful failure by the purchaser to honor its obligations to close under the Agreement. It is respectfully submitted that both of these objectives have been subserved in the light of the purchaser's voluntary assumption of certain obligations of DCA which enabled DCA to qualify for substantial contracts, and the purchaser's willingness to assume further similar obligations.

A. On October 24, 1972, Parker-West caused to be issued in its name a performance bond in ESD's behalf to Plessey Automatica Electronica Portuguesa, ESD's prime contractor. The bond in the amount of $798,415 was a necessary condition to the receipt by ESD of a $2,800,000 contract from Plessey and an advance from Plessey of approximately $600,000. Neither ESD nor DCA was able to obtain a performance bond from any source. Parker-West voluntarily made its

commitment with respect to such performance bond and thus, undertook a concomitant exposure and prevented the loss of this large and profitable contract from Plessey. In connection with its commitment, Parker-West required that ESD deposit in escrow and not utilize approximately $400,000 of the $800,000 advance payment made to ESD from Plessey. The balance of the $800,000 advance was released to ESD so that it might undertake the purchase of materials and the performance of work, labor and services in connection with the Plessey contract.

B. On November 17, 1972, ESD was notified that it was the likely winner of a contract being issued by RCA Alaskom in the amount of $1,100,000. RCA, however, advised DCA that because of its current Chapter XI proceedings, RCA would require a performance bond before it would issue its contract to ESD. Parker-West has indicated its willingness to furnish the said performance bond. Such bond, when issued, will represent an exposure to Parker-West in excess of $1,000,000.

It would appear from the foregoing that there is incentive for Parker-West to fulfill its commitments under the Agreement since it has at the present time an exposure of $400,000 in connection with the Plessey bond and, on issuance of the RCA Alaskom bond, will have an additional exposure of approximately $1,000,000.

Further, since we are dealing here with an interim period between contract signing and closing of approximately five weeks, the disadvantages to a seller from a protracted period between contract signing and closing during which its normal operations are adversely affected is not here present. The purchaser has requested an immediate closing. The delay in closing is attributable to the necessity of seeking permission of the Court for approval of the sale of assets on notice to creditors and to the fact that the order of the Court if, as and when entered, does

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not become final and non-appealable until ten days after its entry.

In the light of all the foregoing, it would appear that the omission of a provision for the deposit on contract closing is not so significant as to enter into the consideration of the Court in arriving at the decision requested by the Debtor and Debtor-in-Possession in the within Application.

III. REASONS WHY THIS PETITION FOR LEAVE TO SELL ASSETS SHOULD BE APPROVED.

A. Under the Agreement, DCA will receive for the sale of its hard-core assets $15,000,000. Said purchase price, though payable in instalments, is adequately secured. In addition, it is estimated that DCA's share of the net proceeds from Disputed Claims will, in aggregate, be not less than $6,000,000. A total realization of $21,000,000 by DCA for the sale of the assets of ESD and Esarbe Divisions is quite close to the book value of such assets and thus, if the sale is consummated, will not have a materially adverse effect on the net worth of DCA.

B. The sale of the ESD and Esarbe Divisions will eliminate a drain on the cash of DCA and make more viable those divisions of DCA which are either currently profitable or so close in the near future to the goal of profitable operations as to benefit from a rechanneling of the cash that would otherwise go into the ESD and Esarbe Divisions.

C. The climate for profitable operations in ESD and Esarbe because of industry conditions and because of the position in which DCA finds itself underscores the advisability and the virtual necessity of the sale of the assets of the two divisions.

D. The application of cash received on closing to the repayment of certificates of indebtedness will eliminate the interest on such certificates and enable the Debtor-in-Possession to operate more effectively.

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E. The books of account of the Debtor reflect that the Debtor has 5,039 creditors with total claims of $49,108,577.22 as of October 5, 1972. It is respectfully suggested that the order to show cause submitted simultaneously herewith be sent to those creditors whose claims are $10,000 or more. The number of creditors holding claims of $10,000 or more is 281 representing in total indebtedness approximately $44,600,000 or 91.985% of the aforesaid total indebtedness of $49,018,577.22. Such notice, together with publication in the New York Times and the National Edition of the Wall Street Journal should satisfy the requirement for notice to creditors of the within Application.

F. The sale of the ESD and Esarbe Divisions, if and when approved by the Court, would not constitute a sale of all of the assets of the Debtor. The assets of the Debtor remaining after such sale would, in and of themselves, comprise viable on-going businesses in the respective divisions.

G. All of the assets being sold under the Agreement are free and clear of liens.

H. The realization of the Debtor and Debtor-in-Possession of approximately $21,000,000 adds substantially to the liquidity of the Debtor and Debtor-in-Possession, makes feasible and probable a Plan of Arrangement, and therefore, all of the foregoing is in the best interests of creditors and of shareholders of the Debtor.

WHEREFORE, Applicant prays for the granting of the annexed order to show cause and for such other and further relief as may be just

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and proper in the circumstances, for which no previous application has been made to this or any other Court.

Dated: New York, New York
November 22, 1972

DYNAMICS CORPORATION OF AMERICA,
Debtor and Debtor-in-Possession

By _____
Andrew Lozyniak, President

KRAUSE, HIRSCH & GROSS
Attorneys for Applicant

By _____
Jack Gross, A Partner

Certified copy ESD Sent file

FILED

DEC 4 1972

EDWARD J. RYAN
REFEREE IN BANKRUPTCY

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In the Matter

of

DYNAMICS CORPORATION OF AMERICA,

Debtor

In Proceedings for an Arrangement
No. 72 B 750

ORDER AUTHORIZING AND APPROVING SALE OF THE ASSETS OF ELECTRONIC SYSTEMS DIVISION AND ESARBE INDUSTRIES DIVISION

At New York, New York, in said District on the 4th day of December, 1972.

DYNAMICS CORPORATION OF AMERICA, as debtor and debtor-in-possession herein, having moved this Court by order to show cause, dated November 22, 1972, for an order authorizing and empowering it to consummate an Agreement dated as at October 31, 1972 with Parker West Corporation for the sale of the assets of the Electronic Systems Division and the Esarbe Industries Division, for such considerations as are set forth in said Agreement, and for the reasons more particularly set forth in the application in support of said order to show cause; and a hearing having been held before the undersigned, pursuant to the order of this Court on December 4, 1972, after due notice to all creditors having claims against the above named debtor in excess of $10,000 and other parties in interest, and publication of said notice in the Wall Street Journal, National Edition, and New York Times, as provided in said order to show cause; and the appearances of interested parties having been noted on the record;

And upon the oral application of KRAUSE, HIRSCH &

GROSS, attorneys for the debtor, by JACK GROSS, of counsel, requesting that the debtor be authorized, upon receipt from Parker West Corporation of the purchase price of the assets to be sold herein, to pay the same to The Chase National Bank to repay the loans represented by the certificates of indebtedness issued by the debtor-in-possession pursuant to the orders of the Court dated respectively August 10, September 25 and November 3, 1972,

And after hearing KRAUSE, HIRSCH & GROSS, attorneys for Dynamics Corporation of America, by JACK GROSS, of counsel, in support of the said application, and LEVIN & WEINTRAUB and OTTERBOURG, STEINDLER, HOUSTON & ROSEN, attorneys for the Official Creditors' Committee, by BENJAMIN WEINTRAUB and CONRAD DUBERSTEIN, of counsel, having consented to said sale on the condition that the Escrow Agent to be named under the aforesaid Agreement shall be acceptable to the Official Creditors' Committee and on the further condition that at least five business days prior to the closing provided for in the said Agreement, the bonds representing the collateral described in the said Agreement or certificates of deposit acceptable to the said Official Creditors' Committee are deposited with the said Escrow Agent, registered in the name of the Escrow Agent's nominee, and upon a showing that the Escrow Agent acknowledged receipt of the bonds or certificates of deposit and furnished to the Official Creditors' Committee a listing of the said collateral, and upon the testimony of Frank Paradise, Vice President of the debtor; and there being no other opposition or adverse interest represented, and the application herein

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having clearly and distinctly set forth the terms of the proposed sale and the reasons why it is proper and in the best interests of the estate that said property be sold; and upon all the proceedings had before me, and after due deliberation and sufficient cause appearing to me therefor, it is

ORDERED, ADJUDGED AND DECREED:

1. The application of Dynamics Corporation of America to consummate the agreement with Parker West Corporation with respect to the sale of the assets of the debtor's Electronic Systems Division and the Esarbe Industries Division, free and clear of all encumbrances, at the prices set forth and in accordance with the agreement dated October 31, 1972, entered into between the parties, be and the same is hereby granted provided that at least five business days prior to the closing Dynamics Corporation of America advise the Official Creditors' Committee of the name of the Escrow Agent to be designated under the Agreement and that the Official Creditors' Committee signify its approval thereof to Dynamics Corporation of America and that, at least five business days prior to the closing provided in the Agreement, the bonds representing the collateral described in the aforesaid Agreement or certificates of deposit acceptable to the Official Creditors' Committee are deposited with the said Escrow Agent, registered in the name of the nominee of said Escrow Agent, and at the same time the Escrow Agent acknowledges receipt of the said bonds or certificates of deposit and furnishes to the Official Creditors' Committee a listing of the said collateral; and

2. Dynamics Corporation of America, as debtor and debtor-in-possession, be and it hereby is authorized and empowered to execute any and all instruments and other papers, and to take all of the steps which may be necessary or appropriate to effectuate the terms of the agreement entered into with Parker West Corporation under date of October 31, 1972; and

3. Dynamics Corporation of America, as debtor and debtor-in-possession, be and it is hereby authorized and empowered to repay the certificates of indebtedness heretofore issued by the debtor-in-possession pursuant to the orders of this court dated August 10, 1972, September 25, 1972 and November 3, 1972; and

4. Dynamics Corporation of America shall hold the porceeds of sale after the aforesaid application of said proceeds to the repayment of the aforesaid certificates of indebtedness, subject to the further order of this Court.

5. The lien of The Chase Manhattan Bank N.A. (Chase) pursuant to the aforementioned orders of this Court upon the assets herein sold shall be transferred to the proceeds of sale with the same effect as they existed on the said assets and Chase's lien shall continue on all other assets of the debtor-in-possession.

Referee in Bankruptcy

Consented to:

Levin & Weintraub &
Otterbourg, Steindler, Houston & Rosen

BY:

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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In the Matter

of

DYNAMICS CORPORATION OF AMERICA,

Debtor.

----------x

In Proceedings For An Arrangement

No. 72 B750

ORDER

At New York, New York, in the said District, on the 26th day of December, 1972.

Upon the annexed application of DYNAMICS CORPORATION OF AMERICA, debtor and debtor-in-possession, the subjoined consent of Messrs. Levin & Weintraub and Otterbourg, Steindler, Houston & Rosen, co-counsel to the Official Creditors' Committee, and no adverse interest being represented, and due deliberation having been had thereon, and sufficient reason appearing therefore, it is

NOW, on motion of KRAUSE, HIRSCH & GROSS, attorneys for the debtor and debtor-in-possession

ORDERED, that the Agreement entered into between DYNAMICS CORPORATION OF AMERICA and Parker-West Corporation as at October 31, 1972, providing for the sale by the debtor-in-possession of its Electronic Systems Division and its Esarbe Industries Division, be and the same hereby is amended by deleting from paragraph 7 thereof the words, "December 22, 1972" and inserting in lieu thereof the words, "January 3, 1973", for the reasons more particularly set forth in the annexed application, and it is further

ORDERED, that all of the terms and provisions of the Agreement entered into between the parties on October 31, 1972, shall continue in full force and effect.

s/ Edward J. Ryan
Referee in Bankruptcy

CONSENTED TO:
Levin & Weintraub and Otterbourg,
Steindler, Houston & Rosen, attorneys to Official Creditors' Committee

By_____

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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In the Matter of DYNAMICS CORPORATION OF AMERICA, Debtor.	In Proceedings For An Arrangement No. 72 B750 APPLICATION

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TO HONORABLE EDWARD J. RYAN, REFEREE IN BANKRUPTCY:

The application of DYNAMICS CORPORATION OF AMERICA, debtor and debtor-in-possession, respectfully sets forth and alleges:

1. Applicant filed a petition to effect an arrangement with its creditors pursuant to the provisions of Chapter XI, Section 322 of the Bankruptcy Act, on August 2, 1972.

2. On said date, applicant was authorized to operate its business and manage its property as debtor-in-possession, which applicant is presently doing.

3. Pursuant to an Order of this Court made and entered on September 4, 1972, applicant was authorized to sell its Electronic Systems Division and its Esarbe Industries Division to Parker-West Corporation pursuant to the terms of an Agreement entered into between the parties on October 31, 1972.

4. Paragraph 7 of said Agreement provided as follows:

"7. The Closing Date. The purchase and sale provided for in this Agreement shall take place at the offices of DCA, 501 Fifth Avenue, New York, N.Y., at 11:00 o'clock a.m., Eastern Standard Time, on the first business day after the order of the Court

having jurisdiction over the Chapter XI Proceedings approving the sale contemplated hereby shall have become final and nonappealable, or at such other time and place as the parties shall mutually agree upon (herein called the Closing Date), but in no event later than December 22, 1972."

5. As a consequence of certain difficulties which have arisen in connection with certain of the assets to be sold by applicant to Parker-West Corporation, as well as the payment of the purchase price, it has become evident that the deadline of December 22, 1972 to close, cannot be met, and as a result thereof, an amendment to said Agreement was executed by and between the parties on December 20, 1972, wherein paragraph 7 was amended by inserting the words, "January 3, 1973", in place of "December 22, 1972". A copy of said amendment is annexed hereto and made a part hereof as Exhibit A.

6. All other terms and conditions of said Agreement are to continue in full force and effect.

7. Applicant submits that the amendment of said Agreement is in the best interest of the estate and creditors herein, and requests that this Court authorize same.

8. An Official Creditors' Committee has been elected herein and is represented by Messrs. Levin & Weintraub and Otterbourg, Steindler, Houston & Rosen, as co-counsel.

WHEREFORE, applicant prays for the granting of the annexed order, for which no previous application has been made to this or any other court.

Dated: New York, New York
December 22, 1972

KRAUSE, HIRSCH & GROSS
Attorneys for Applicant

By _____
Salvatore A. Adorno
A Partner

CONFORMED COPY

FIRST AMENDMENT dated as of December 20, 1972, to the Agreement (hereinafter called the "Agreement") dated as of October 31, 1972, by and between DYNAMICS CORPORATION OF AMERICA, a New York corporation, on its own behalf and as Debtor-in-Possession (hereinafter called "DCA"), and PARKER-WEST CORPORATION, a Delaware corporation (hereinafter called "Parker-West").

In recognition of the fact that it will not be possible to consummate the purchase and sale contemplated by the Agreement on or before December 22, 1972, DCA and Parker-West wish to effect an amendment of the paragraph of the Agreement relating to the Closing Date. Accordingly, DCA and Parker-West hereby agree as follows:

(1) Paragraph 7 of the Agreement is hereby amended by deleting the words "December 22, 1972" and inserting in lieu thereof the words "January 3, 1973".

(2) Except as herein amended, the Agreement as in effect immediately prior to the effective date of this First Amendment shall continue in full force and effect.

(3) This First Amendment shall be effective when

approved by the United States District Court (including the Referee in Bankruptcy) having jurisdiction over Proceedings for an Arrangement No. 72B750.

IN WITNESS WHEREOF, DCA and Parker-West have caused this First Amendment to be duly executed in their respective corporate names by their respective officers, all as of the day and year first above written.

DYNAMICS CORPORATION OF AMERICA,
on its own behalf and as Debtor-in-Possession,

by Frank J. Paradise

PARKER-WEST CORPORATION,

by Frederick P. Pro

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In the Matter

of

DYNAMICS CORPORATION
OF AMERICA,

Debtor

ORDER

KRAUSE, HIRSCH & GROSS
Attorneys for Debtor

D

Office and Post Office Address
41 East 42nd Street
Borough of Manhattan New York, N. Y. 10017
YUkon 6-1122

To

Attorney for

Due and timely service of a copy of the
within
is hereby admitted
Dated 19
Attorney for

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In the Matter of DYNAMICS CORPORATION OF AMERICA, Debtor.	:	In Proceedings for An Arrangement No. 72 B 750 ORDER TO SHOW CAUSE

At New York, New York, in the said District. on the 1st day of ~~May~~ June, 1973.

Upon the annexed application of DYNAMICS CORPORATION OF AMERICA, Debtor and Debtor-in-Possession, the consent of Levin & Weintraub and Otterbourg, Steindler, Houston & Rosen, attorneys for the Official Creditors' Committee herein, and it appearing that the notice has been previously published in the New York Times on November 24, 1972 and in the Wall Street Journal, National Edition on November 27, 1972 and upon the orders of this Court made and entered on December 26, 1972 and January 4, 1973, no adverse interest being represented and due deliberation having been had thereon, and sufficient reason appearing

LET creditors and other parties in interest of the aforesaid Debtor show cause before the undersigned Referee in Bankruptcy at Room 236, United States Courthouse, Foley Square, New York, New York, on the 20th day of June, 1973, at 10:00 o'clock in the forenoon of said day or as soon thereafter as counsel can be heard, why this Court should not make and enter an order approving and authorizing the Debtor and Debtor-in-Possession to consummate an Amendment to an Agreement dated as of October 31, 1972 as heretofore amended with Parker-West Corporation with respect to the assets of the Electronic Systems Division and the Esarbe Industries Division, free and clear of all liens and encumbrances for $16,000,000, subject to the terms of and plus such other and additional considera-

tions as are set forth in the said Third Amendment to the said Agreement.

ORDERED, that any and all parties who may be interested in purchasing the assets more fully described in the application annexed hereto and made a part hereof and the Agreement attached hereto may offer to purchase said assets on terms and conditions not less favorable, and it is further

ORDERED, that sufficient cause appearing therefore, service by mail of a copy of the notice substantially in the form annexed hereto, upon all creditors with claims in excess of $10,000, on or before June 4, 1973 be deemed good and sufficient service thereof.

/s/ Edward J. Ryan

Consented to:

Levin & Weintraub and
Otterbourg, Steindler, Houston
& Rosen
Attorneys for the Official Creditors'
Committee

By Bryan Weintraub

United States of America)
Southern District of New York) ss

I, Edward J. Ryan, Referee in Bankruptcy, in and for the said district, do hereby certify that the within instrument is a true and correct copy of the original as the same appears of record in my office.

In Witness Whereof, I hereunto set my hand this 1st day of June, 1973

EDWARD J. RYAN
Referee in Bankruptcy

By Mary Ann De Simone
2nd Deputy Chief Clerk

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----------X

In the Matter of	:	In Proceedings for An Arrangement
DYNAMICS CORPORATION OF AMERICA,	:	No. 72 B 750
Debtor.	:	NOTICE TO CREDITORS

----------X

NOTICE IS HEREBY GIVEN that the Debtor and Debtor-in-Possession has filed an Application and Order to Show Cause herein seeking authority of this Court to enter into an Agreement Amending the Agreement entered into with Parker-West Corporation dated as of October 31, 1972 as amended, with respect to the sale of the assets of the Electronic Systems Division and the Esarbe Industries Division for a consideration of $16,000,000 and such other considerations as set forth in the said Amended Agreement and that a hearing will be held before me in Room 236, United States Courthouse, Foley Square, New York, New York, on the 20th day of June, 1973, at 10:00 o'clock in the forenoon of said day to consider the foregoing or any higher or better offer to purchase said assets.

TAKE FURTHER NOTICE, that the Application and Order to Show Cause, together with the Amended Agreement entered into between Dynamics Corporation of America and Parker-West Corporation has been filed with the Court herein. Interested parties may inspect same at the Clerk's Office or at the office of counsel for the Debtor, Krause, Hirsch & Gross, 41 East 42nd Street, New York, New York.

Dated: New York, New York
~~May~~ June 1, 1973

EDWARD J. RYAN
Referee in Bankruptcy

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In the Matter of DYNAMICS CORPORATION OF AMERICA, Debtor.	:	APPLICATION FOR LEAVE TO MODIFY AGREEMENT FOR SALE OF ASSETS OF ELECTRONIC SYSTEMS DIVISION AND ESARBE INDUSTRIES DIVISION In Proceedings for an Arrangement No. 72B750

TO THE HONORABLE EDWARD J. RYAN, REFEREE IN BANKRUPTCY:

The application of DYNAMICS CORPORATION OF AMERICA, Debtor-in-Possession, respectfully sets forth and alleges:

1. This Court, by an Order duly made and entered on December 4, 1972, authorized and approved the application of Dynamics Corporation of America (DCA) to consummate an agreement with Parker-West Corporation (Parker-West) dated as of October 31, 1972 (Agreement) with respect to the sale of the assets of the Debtor's Electronic Systems Division and the Esarbe Industries Division at the prices set forth and in accordance with the Agreement and by further Order dated December 26, 1972, the Court approved an amendment to the said Agreement under which the Closing Date was changed from December 22, 1972 to January 3, 1973.

2. The Agreement provided in paragraph 3 thereof, for the payment of the purchase price of $15,000,000 for the Operating Assets as follows:

(a) $1,500,000 on Closing Date;

(b) delivery of Parker-West's negotiable promissory notes (Notes) payable to the order of DCA in an aggregate principal amount of $13,500,000 payable $2,250,000 sixty days after Closing Date and the balance of $11,250,000 in the aggregate principal

amount in five annual instalments, the first of which was to be payable in fourteen months after Closing Date and the last of which was to be payable sixty-two months after Closing Date, each of the first four such annual instalments to be in the aggregate principal amount of $2,500,000 and the last such payment to be in the aggregate principal amount of $1,250,000. The Notes were to bear interest from Closing Date on unpaid principal amount thereof at prime. As additional consideration for the assignment by DCA to Parker-West of "Disputed Claims" having a book value of approximately $8,000,000, any proceeds from the transaction of such "Disputed Claims" by Parker-West were to be divided 75% to DCA and 25% to Parker-West and net proceeds in excess of book value were to be divided equally. As security for the payment over to DCA of its share of such net proceeds, Parker-West was to deposit in escrow $2,500,000 of securities of the kind referred to below. The Notes and the other obligations of Parker-West under the Agreement were to be secured by obligations of any state of the United States rated Aaa by Moody's Investors Service, Inc. or such other collateral having a fair market value in excess of the face amount of the Notes and the sum of $2,500,000 to be escrowed for "Disputed Claims".

3. When issues arose between the parties with respect to the nature of the collateral and with respect to the settlement of one of the "Disputed Claims" prior to Closing, a modification to the Agreement was entered into by the parties, in writing, dated as of January 3, 1973, pursuant to which Parker-West was to pay $12,000,000 in cash at Closing in place of the aforesaid $13,500,000 of Notes for the assets (exclusive of "Disputed Claims") with related necessary changes in the Agreement. In addition, the date of Closing was put forward.

This Court, by order dated January 4, 1973, approved the aforesaid modification to the Agreement.

4. Following the approval of said Amendment, Parker-West advised DCA that its arrangements for borrowing $12,000,000 of cash required to be paid by it at Closing had fallen through and that it required additional time to seek alternate financing. It subsequently indicated that its ability to borrow cash was severely limited and it sought a reinstatement of the terms of payment substantially along the lines of the original Agreement.

5. DCA advised Parker-West that it would not consider itself bound to the Agreement by virtue of Parker-West's failure to close pursuant to the Agreement, as amended.

6. DCA then diligently explored alternate sources for sale of the assets of ESD and Esarbe during the period that Parker-West was seeking arrangements for financing its purchase of the said assets. DCA was unable to find a purchaser whose offer for such assets would, in the opinion of DCA and the Creditors' Committee, produce a realization equal to that offered by Parker-West. Accordingly, negotiations were resumed between DCA and Parker-West, the result of which has been the execution by the said parties of a Third Amendment dated as of May 14, 1973, a copy of which is annexed hereto and made a part of this Application.

7. The basic points of difference with respect to purchase price between the Agreement as presently amended and the Agreement as it existed theretofore are as follows:

<u>Agreement as amended by Second Amendment</u>:

<u>Purchase Price</u>:	$13,500,000 plus a percentage division on "Disputed Claims" as set forth above.
<u>Method of Payment</u>:	In cash at Closing.

Agreement as amended by Third Amendment:

Purchase Price:	$16,000,000, sub ject to reduction by adjustments of $1,500,000 ($14,500,00 net after such reduction) to include all assets and "Disputed Claims".
Method of Payment:	$2,000,000 in cash at Closing. Balan of $12,500,000 of purchase price to b represented by Notes payable $500,000 September 1, 1973, $1,000,000 December 1, 1973, $4,500,000 in three equal annual instalments, payab e December 1, 1974, December 1, 1975, December 1, 1976 and the balance of $6,500,000 payable in seven annual instalments commencing December 1, 1977, the first six of which are to be in the face amount of $1,000,000 and the last in the amount of $500,00 With respect to interest, the last seven instalments have interest of 4% included in the face amount of the Notes. All notes payable on or befor December 1, 1976 carry interest payable quarterly at prime, determined b reference to the London Interbank rat
Security:	The 3 notes in aggregate $4,500,000 payable December 1, 1974, December 1, 1975 and December 1, 1976 are to be guaranteed by an irrevocable Letter of Credit to be issued by Banque Exel a Swiss bank. $500,000 note due September 1, 1973, the $1,000,000 note due on December 1 1973 and the last seven notes are to be secured by a second mortgage on th real property of ESD. However, if Parker-West enters into a sale-leaseback arrangement with respect to the Boynton Beach property it is acquirin from DCA, the note for $500,000 due September 1, 1973 shall become immed ately due and payable if it has not been paid and DCA shall release its second mortgage in exchange for a leasehold mortgage on the ESD plant. All notes are further secured by a pledge of substantially all of the stock of the corporation designated by Parker-West to acquire the assets be sold hereunder.

8. A condition of the Agreement is that the Closing must take place on or before June 30, 1973.

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9. The Third Amendment is subject to the approval of this Court.

10. To aid the Court, there is set forth as Exhibit B a clean copy of the Agreement which incorporates therein the basic Agreement dated as of October 31, 1972, as amended by the Second Amendment and as amended by the proposed Third Amendment.

11. It is the considered opinion of your applicant that the Third Amendment to the Agreement, as amended, is in the best interests of the creditors and the estate of the debtor. The Official Creditors' Committee share this opinion and have directed their counsel to approve the within Application. The aforesaid opinion is predicated on:

A. The inability to elicit from interested persons for the sale of the assets of ESD and Esarbe a price roughly comparable to the modified offer of Parker-West reflected in the Third Amendment. Protracted negotiations were had with the Dryden Corporation, through its subsidiary, Edex Controls, Ltd., which negotiations were terminated when the principals of the Dryden Corporation indicated their inability to secure completion bonds necessary for new business to be introduced to the continuing operation after Closing The purchase price that was discussed with the Dryden Corporation was less than that currently being offered by Parker-West.

B. The receipt of cash at Closing of $2,000,000 plus $500,000 in September from the proceeds of the sale lease-back or secured by a second mortgage on existing equity that has been appraised in excess of $2,000,000 plus the $4,500,000 of notes with respect to which an irrevocable Letter of Credit will issue from Banque Exel appears to afford to DCA assured payment of at least

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$7,000,000.

This realization may be considered "hard core" and is substantially higher than any sums that could be realized from the liquidation of the assets of the said divisions based on estimates received from persons engaged in the business of liquidating such assets. Proof of this statement will be submitted at the hearing with respect to the instant application.

12. For the foregoing reasons and all of the reasons heretofore stated in prior petitions in support of the petition of DCA for leave to sell the assets of ESD and Esarbe, your applicant and the Official Creditors' Committee are of the opinion that the application herein should be granted.

13. The application of the cash received on Closing to the repayment of certificates of indebtedness will reduce the interest on outstanding certificates of indebtedness as an operating expense and reduce the outstanding indebtedness of the Debtor-in-Possession on said certificates.

14. The sale of ESD and Esarbe Divisions, if and when approved by this Court, will not constitute a sale of all of the assets of the Debtor. The assets of the Debtor remaining after such sale will, in and of themselves, comprise viable on-going business in each retained division.

15. The assets of ESD and Esarbe Divisions being sold under the Agreement are free and clear of all liens except the lien of the certificates of indebtedness.

16. The books of account of the Debtor reflect that the Debtor has 5,039 claimants with prefiling debt of approximately $52,000,000. It is respectfully suggested that the order to show cause submitted simultaneously herewith be sent to those creditors whose claims are $10,000 or more. The number of creditors holding

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claims of $10,000 or more is approximately 280 representing in total indebtedness approximately $44,600,000 or 85.769%. It is further respectfully suggested that notice go to the Dryden Corpo tion with which negotiations for the sale of the ESD and Esarbe Divisions had heretofore been held. Such notice should satisfy the requirement for notice to creditors of this Application.

18. Applicant submits that publication of the notice an to the order to show cause in a newspaper or newspapers should b dispensed with by virtue of the fact that such publication was h with respect to the original Agreement but was dispensed with wi respect to the Second Amendment.

Annexed hereto is a letter dated May 25, 1973 of Emil V. Cianciulli, attorney for Parker-West, addressed to H. Bolton Fi III, Esq. of Cravath, Swaine & Moore, acting in this matter for DCA which letter evidences the availability of $250,000 which c be used as the initial portion of the moneys to be paid at Clos Additionally, we have been advised by the principals of Parker- that Parker-West is currently engaged in arranging a sale and l back of the Boynton Beach property which it is expected would c simultaneously with the Closing of the Agreement for the sale c the assets of ESD and Esarbe and would make available to Parke West the necessary balance of cash payable at Closing pursuant the terms of the Agreement as amended.

WHEREFORE, Applicant prays for the granting of the anr order to show cause and for such other and further relief as r just and proper in the circumstances, for which no previous cation has been made to this or any other Court.

Dated: New York, New York
May 30, 1973

DYNAMICS CORPORATION OF AMERI
Debtor and Debtor-in-Possessi

By _____
Andrew Lozyniak, Preside

KRAUSE, HIRSCH & GROSS
Attorneys for Applicant

By _____
Jack Gross, a Partner

ENGLISH, CIANCIULLI, REISMAN & PEIREZ
COUNSELORS AT LAW
1501 FRANKLIN AVENUE
MINEOLA, N.Y. 11501
516-741-6565

JOHN F. ENGLISH
EMIL V. CIANCIULLI
SEYMOUR J. REISMAN
DAVID H. PEIREZ
JOHN M ARMENTANO
DANIEL PALMIERI
—
FRANK A ROMANO
CHARLES M. DERDER

May 25, 1973

H. Bolton Finn III, Esq.
Cravath, Swaine & Moore
One Chase Manhattan Plaza
New York, New York 10005

Re: Dynamics Corporation of America
with Parker-West Corporation

Dear Mr. Finn:

This will confirm the fact that I am holding a certified check dated December 29, 1972, drawn on Barclays Bank D.C.O., payable to Frederick Pro, in the sum of $250,000.00 This check is unendorsed at present and is being held in my firm's safe deposit box at Long Island Trust Company, Garden City, New York.

I will continue to hold this check until the earlier of the closing date pursuant to the agreement between the parties, or July 10, 1973, at which time I will consider myself authorized to deliver the check to Frederick Pro or as a court may direct. In addition, I will endeavor to have Mr. Pro endorse the check to the order of my firm within the next ten days. I will not, however, be obliged to negotiate the check, but will continue to hold it in accordance with the foregoing provision.

Very truly yours,

Emil V. Cianciulli

EVC/ltf

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----------x

In the Matter

of

DYNAMICS CORPORATION OF AMERICA,

Debtor.

----------x

In Proceedings
For An Arrangement
No. 72 B750

ORDER AUTHORIZING AND APPROVING SALE OF THE ASSETS OF ELECTRONIC SYSTEMS DIVISION AND ESARBE DIVISION

At New York, New York, in said District on the 20th day of June 1973.

DYNAMICS CORPORATION OF AMERICA, as debtor and debtor-in-possession herein, having moved this Court by order to show cause dated June 1, 1973, for an order authorizing and empowering it to consummate an Amendment to an Agreement dated as at October 31, 1972, as amended by Orders of this Court made and entered on December 26, 1972, January 4, 1973, and by letter agreement dated January 5, 1973, with Parker-West Corporation for the sale of the assets of the Electronic Systems Division and the Esarbe Industries Division, for such considerations as are set forth in said Amended Agreement, and for the reasons more particularly set forth in the application in support of said order to show cause; and a hearing having been held before the undersigned, pursuant to Orders of this Court on December 4, 1972 and June 20, 1973, after due notice to all creditors having claims against the above named debtor in excess of $10,000 and other parties in interest, and publication of said notice in the Wall Street Journal, National Edition, and The New York Times, as provided in the order to show cause entered on November 22, 1972, and the appearance of interested parties having been noted on the record;

And upon the oral application of KRAUSE, HIRSCH & GROSS, at-

torneys for the debtor, by Salvatore A Adorno of counsel, requesting that the debtor be authorized, upon receipt of the purchase price of the assets to be sold herein, to pay the same to The Chase Manhattan Bank, N.A., to repay the loans represented by the certificates of indebtedness issued by the Debtor-in-Possession pursuant to order of this Court dated May 31, 1973, and further upon the oral application of the debtor and debtor-in-possession for authority to consummate an agreement dated June 20, 1973 entered into with Shark, Inc. for the sale of its Esarbe Division, entered into evidence as Debtor's exhibit number one (1),

And after hearing KRAUSE, HIRSCH & GROSS, attorneys for DYNAMICS CORPORATION OF AMERICA by Salvatore A. Adorno of counsel, in support of the said applications, and LEVIN & WEINTRAUB and OTTERBOURG, STEINDLER, HOUSTON & ROSEN, attorneys for the Official Creditors' Committee by Elias Mann and Conrad B. Duberstein of counsel, and Parker West Corporation and Shark, Inc. having consented thereto, and upon the testimony of Frank Paradise, Vice President of the debtor, and upon the Debtor's exhibits one (1) and two (2) in evidence and the proceedings heretofore had herein and there being no other opposition or adverse interest represented, and the applications herein having clearly and distinctly set forth the terms of the proposed sale as modified and the reasons why it is proper and in the best interest of the estate that said properties be sold, and upon all the proceedings had before me, and after due deliberation and sufficient cause appearing to me therefore, it is

ORDERED, ADJUDGED AND DECREED:

1. The application of DYNAMICS CORPORATION OF AMERICA to consummate the Amended Agreement with Parker West Corporation as modified upon the record of these proceedings with respect to the sale of the assets of the debtor's Electronic Systems Division, free and clear of all encumberances, at the price set forth and in

accordance with the Amended Agreement as modified dated May 14, 1973, entered into between the parties, be and the same is hereby granted.

2. The oral application of DYNAMICS CORPORATION OF AMERICA to consummate the agreement dated June 20, 1973 with Shark, Inc. in evidence as exhibit one (1) with respect to the sale of the assets of the debtor's Esarbe Division free and clear of all encumberances, at the price set forth and in accordance with the said agreement as modified upon the record of these proceedings entered into between the parties, be and the same is hereby granted;

3. DYNAMICS CORPORATION OF AMERICA, as debtor and debtor-in-possession, be and it hereby is authorized and empowered to execute any and all instruments and other papers, and to take all of the steps which may be necessary or appropriate to effectuate the terms and intent of this order and the agreements referred to herein.

4. DYNAMICS CORPORATION OF AMERICA, as debtor and debtor-in-possession, be and it is hereby authorized and empowered to apply the proceeds of these sales towards repayment of the certificates of indebtedness heretofore issued by the debtor-in-possession pursuant to the order of this Court dated May 31, 1973; and

5. The lien of The Chase Manhattan Bank, N.A. (Chase) pursuant to the aforementioned orders of this Court upon the assets herein sold, shall be transferred to the proceeds of sale with the same effect as they existed on the said assets, and Chase's lien shall continue on all other assets of the debtor-in-possession.

EDWARD J. RYAN
Referee in Bankruptcy

CONSENTED TO:
LEVIN & WEINTRAUB and
OTTERBOURG, STEINDLER,
HOUSTON & ROSEN, Attorneys
to Official Creditor's Committee
By

United States of America)
Southern District of New York) ss

I, Edward J. Ryan, Referee in Bankruptcy, in and for the said district, do hereby certify that the within instrument is a true and [illegible] copy of the original as the same appears of record in my office.

In Witness Whereof, I hereunto set my hand this 20th day of June, 1973

EDWARD J. RYAN
Referee in Bankruptcy
By
Chief Clerk

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In the Matter

of

DYNAMICS CORPORATION
OF AMERICA,

Debtor

ORDER AUTHORIZING AND APPROVING SALE OF THE ASSETS OF ELECTRONIC SYSTEMS DIVISION AND ESARBE DIVISION

KRAUSE, HIRSCH & GROSS
Attorneys for Debtor

Office and Post Office Address
41 East 42nd Street
Borough of Manhattan New York, N. Y. 10017
YUkon 6-1122

To

Attorney for

Due and timely service of a copy of the
within
is hereby admitted
Dated 19
Attorney for

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----------x

In the Matter

of

DYNAMICS CORPORATION OF AMERICA,

Debtor.

----------x

In Proceedings For An Arrangement

No. 72 B750

ORDER AUTHORIZING AMENDMENT OF AGREEMENT WITH PARKER-WEST

At New York, New York, in the said District, on the 19th day of July, 1973.

Upon the annexed application of DYNAMICS CORPORATION OF AMERICA, debtor and debtor-in-possession, the exhibits annexed hereto, the Orders of this Court made and entered on December 4, December 26, 1972 January 4 and June 20, 1973, and all the proceedings heretofor had herein, and upon the subjoined consent of Levin & Weintraub and Otterbourg, Steindler Houston & Rosen, attorneys for the Official Creditors' Committee herein, and it appearing that no notice hereof need be given, and no adverse interest being represented, and due deliberation having been had thereon and sufficient reason appearing therefor, it is

ORDERED, that DYNAMICS CORPORATION OF AMERICA, debtor and debtor-in-possession, be and it hereby is authorized and empowered to enter into the Fourth, Fifth, Sixth and Seventh Amendments to the Agreement as entered into between DYNAMICS CORPORATION OF AMERICA and PARKER-WEST CORP., dated October 31, 1972, as thereafter amended, nunc pro tunc as at June 15, June 20, July 16 and July 18, 1973, respectively, and it is further

ORDERED, that DYNAMICS CORPORATION OF AMERICA, be and

EXHIBIT D

it hereby is authorized and empowered to execute any and all documents required to effectuate the intent and purpose hereof and of the previous orders of this Court.

Roy Babitt
Referee in Bankruptcy

CONSENTED TO:

LEVIN & WEINTRAUB and
OTTERBOURG, STEINDLER,
HOUSTON & ROSEN, Attorneys
to Official Creditors' Committee

By Benjamin Weintraub

United States of America)
Southern District of New York) ss

I, ROY BABITT, Referee in Bankruptcy, in and for the said district, do hereby certify that the within instrument is a true and correct copy of the original as the same appears of record in my office.

In Witness Whereof, I hereunto set my hand this 19th day of July 1973.

ROY BABITT
Referee in Bankruptcy

By Mary Ann [illegible]
2nd Deputy Chief Clerk

EXHIBIT D

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In the Matter of DYNAMICS CORPORATION OF AMERICA, Debtor	In Proceedings for an Arrangement No. 72 B 750 APPLICATION

TO THE HONORABLE EDWARD J. RYAN, REFEREE IN BANKRUPTCY:

The application of Dynamics Corporation of America, debtor and debtor in possession, by its attorneys, Krause, Hirsch & Gross, respectfully sets forth and alleges:

1. Applicant filed a petition to effect an arrangement with its creditors pursuant to the provisions of Chapter XI, Section 322 of the Bankruptcy Act on August 2, 1972.

2. Pursuant to an order of the Court made and entered on said date, the debtor was authorized and empowered to operate its business and manage its property as debtor in possession, which applicant is presently doing.

3. The debtor operated through various divisions and subsidiaries located throughout the United States, England and Scotland.

4. Pursuant to an order made and entered by this Court on December 4, 1972, applicant was authorized and empowered to consummate an agreement with Parker West Corporation ("Parker West") dated as at October 31, 1972, with respect to the sale of the assets of applicant's Electronics Systems Division and Esarbe Industries Division at the prices and upon the terms set forth in said agreement.

Said order was amended pursuant to orders of the Court made and entered on December 26, 1972 and January 4, 1973.

5. Thereafter, a third amendment to the agreement of October 31, 1972 was entered into between the parties on May 14, 1973, and upon application made to the Court herein on May 30, 1973, this Court made and entered an order to show cause as to why an order should not be made and entered authorizing and empowering applicant to enter into the third amendment as annexed to and in support of said application which in substance provided for the sale of applicant's Electronics Systems Division and Esarbe Industries Division pursuant to the revised terms as set forth in said third amended agreement.

6. On June 20, 1973, a hearing was held before this Court pursuant to said order to show cause and upon said application and the modifications made upon the record of said proceedings, the testimony of Frank Paradise, Group Vice President of applicant and the consent of the Official Creditors' Committee and the attorney for Parker West Corporation, an order was made and entered by the Court on said date which authorized and empowered applicant to consummate the amended agreement with Parker West Corporation as modified upon the record of proceedings.

Said order further provided that applicant was authorized and empowered to execute any and all instruments and other papers and to take all steps necessary or appropriate to effectuate the terms and intent of the order and the agreements referred to therein.

7. Pursuant to the authorization granted in the afore-

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mentioned order, applicant and Parker West entered into a fourth and fifth amendment to the aforementioned agreement which in substance provided as follows:

(a) Fourth amendment dated as of June 15, 1973, which amended paragraph 7 of the third amendment by deleting the words "June 30, 1973" (which was the final day set for closing) and substituting the words "July 9, 1973" which was the rescheduled closing date.

(b) Fifth amendment as of June 20, 1973, which in effect incorporated the modifications which applicant's counsel requested be made in the third amendment during the course of the June 20, 1973 hearing before the court, which were as follows:

(i) Amending paragraph 29 of the agreement so as to delete the figures $777,600.00, $5,722,400.00, $611,200.00 and $111,200.00 and substituting in lieu thereof the figures $577,600.00, $5,922,400.00, $711,200.00 and $211,200.00.

(ii) Amending paragraph 10 so as to provide that applicant was to discharge or cause to be discharged prior to the closing certain indebtednesses payable by its Electronics Systems Division to its Esarbe Industries Division in the approximate amount of $136,000.

In addition, the fifth amendment constituted a certain claim asserted by the Defense Contract Audit Agency N.S.A.F. Contract F04606-67-C-1676 a counterclaim within the meaning of paragraph 5 of the third amended agreement and again rescheduled the closing date from July 9, 1973 as had been rescheduled pursuant to the fourth amendment hereinabove referred to, so as to set the closing for July 13, 1973.

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8. Thereafter, applicant and Parker West entered into a sixth amendment to the aforementioned agreement which in substance amended the third amended agreement as follows:

(i) The promissory note payable by Parker West to applicant on December 1, 1973, in the amount of $1,000,000 is to be prepaid by Parker West on or before September 10, 1973.

(ii) Parker West is to cause Rel-Reeves to assign its right, title and interest to a maximum of $1,000,000 payable to it by Plessy Automatica Electrica Portuguesa, S.A.R.L. ("Plessy") pursuant to CTT-Mocambique Tropo Scatter Project-Purchase order No. RT0030082ISC and Parker West shall take such action as applicant may reasonably request to insure that said million dollars is paid directly by Plessy to applicant on or before September 10, 1973. Any such payment received by applicant thereby shall be accepted by applicant as prepayment of the December 1, 1973 note.

(iii) Parker West may offset any amount withheld by the Defense Contract Audit Agency under NSAF Contract F04606-67-C-1676 referred to in subdivision (b)(iii) against the principal amount of the December 1, 1973 note.

(iv) Any offset which Parker West may be entitled to pursuant to subdivision (iii) above is to be reduced by the amount of any amounts which Rel-Reeves must pay to applicant's Ellis and Watts Division as of the date of the prepayment of the December 1, 1973 note. Said offset is to be deemed to satisfy applicant's indemnification obligation as provided in paragraph 5 of the third amended agreement. Should Rel-Reeves receive

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any sums in connection with its claim under the aforementioned contract, it is obligated to remit same promptly to applicant to the extent of any offset which may have been made with respect to the December 1, 1973 note.

9. Applicant and Parker West have now entered into a seventh amendment dated as of July 17, 1973 to the agreement as entered into between the parties on October 31, 1972 as amended which, in substance, provides as follows:

(i) Paragraph 11 of the agreement is to be amended by adding a new subparagraph (g) which in effect places certain prohibitions upon Rel-Reeves until such time as all principal and interest on the notes payable on December 1, 1974, 1975 and 1976 to be issued to applicant have been paid, as well as upon any subsidiary of Rel-Reeves. Rather than burden the Court with a recitation of said prohibitions, applicant respectfully refers the Court to Exhibit D annexed hereto and made a part hereof which is a copy of said seventh amendment and incorporates same herein by reference, specifically paragraph (g) subdivisions (i) through (viii).

(ii) In addition, subdivision (h) has been added to paragraph 11 of the agreement which, in substance, provides that Parker West is to prepay the notes issued to applicant in the amount of 50% of the Net Proceeds which it receives on or subsequent to January 1, 1974 in connection with any Disputed Claim. Said prepayment is to be made within thirty days of the receipt by Parker West or Rel-Reeves of any of said Net Proceeds.

Additionally, subsequent to the closing date, Parker West

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is to confer with applicant regarding all significant developments and transactions relating to Rel-Reeves or the Assets and to allow applicant and its representatives full access at any time to all the properties, books, records, tax returns, contracts and documents of Parker West or Rel-Reeves relating to Rel-Reeves or the Assets, as well as furnish to applicant all information with respect to the business, affairs and properties of Rel-Reeves as applicant may from time to time reasonably request.

(iii) Paragraph 12(h) of the agreement of October 31, 1972 as amended, is amended in its entirety so as to provide as follows:

"(h) Banque Exel shall have issued to DCA a letter of credit substantially in the form attached hereto as Exhibit G."

Exhibit E annexed hereto and made a part hereof is a copy of the letter of credit hereinabove referred to as Exhibit G.

(iv) Paragraph 11 of the agreement is amended by adding a subparagraph (j) which, in effect, requires that Parker West shall deliver to DCA monthly financial statements with respect to Rel-Reeves, shall deliver to DCA annual and

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quarterly financial statements with respect to Parker West and shall give DCA or its representatives an opportunity to review the worksheets which were prepared in support of such financial statements.

(V) The closing date rescheduled for July 13, 1973, pursuant to the fifth amendment has now been rescheduled for July 31, 1973.

The remaining language contained in the seventh amendment, Exhibit D annexed hereto, pertains to definition of terms used in said seventh amendment and to a reference to terms defined in the agreement of October 31, 1972, as amended, remaining applicable.

10. The sixth and seventh amendments referred to in paragraphs 8 and 9 hereof shall not become effective until approved by order of the court.

11. Upon closing, pursuant to the agreement as amended by the amendments heretofore referred to, applicant will receive an official bank cashiers check, issued by The Chase Manhattan Bank, N.A., in the amount of $2,300,000 and an uncertified check issued by Parker West Corporation in the amount of approximately $12,000. In addition, applicant has heretofore received approximately $30,000 from its Electronic Systems Division which, under the aforesaid agreement, would otherwise have been transferred to Rel-Reeves. In sum, on closing, applicant will realize approximately $2,340,000. In addition, applicant will receive promissory notes of ParkerWest Corporation in the aggregate principal amount of $11,422,400, payable as follows:

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$1,000,000 due December 1, 1973 but to be prepaid pursuant to the terms of the sixth amendment on or before September 10, 1973; $1,500,000 due December 1, 1974; $1,500,000 due December 1, 1975; $1,500,000 due December 1, 1976; and the balance of $5,722,400 payable in installments during the period 1977 through 1983.

12. Pursuant to the third amended agreement as entered into between the parties on May 14, 1973 and approved by order of this Court made and entered on June 20, 1973, the notes payable by Parker West to applicant on December 1, 1974, 1975 and 1976, each in the amount of $1,500,000, were to be guarantied by an irrevocable letter of credit issued by Banque Exel.

13. Applicant wishes to take this opportunity to apprise the Court that it has been advised that the letter of credit which is now to be issued by Banque Exel pursuant to the seventh amendment, as described above, is a revocable letter of credit. Consequently, in the event that Parker West failed to honor its payment obligations under the aforesaid notes, there can be no assurance that Banque Exel would make payment in respect of those notes. In addition, the actual letter of credit, which applicant understands is to be issued to it, a copy of which has been exhibited to applicant, appears to have been the subject of certain alterations, to wit, the omission of the words "without any engagement by our bank" and an initial in the margin next to such omission, which alterations applicant has been advised may not have been duly authorized and applicant has been advised that, for that reason, said alteration may be invalid. The subject of such authorization will be further pursued prior to closing and efforts made to get a clean instrument.

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14. In the event that Parker West fails to meet its payment obligations under the aforesaid notes, applicant will be entitled to invoke the guaranty of Rel-Reeves Inc., the subsidiary of Parker West Corporation to whom all of the assets other than the Boynton Beach Property have been conveyed. In addition, applicant will be entitled, under the Pledge and Escrow Agreement, to exercise voting control over such of the capital stock of Rel-Reeves which has been pledged under the Pledge and Escrow Agreement which was part of the third amendment; in addition, such stock may be sold if the event of default is not cured within the time limits set forth in said Pledge and Escrow Agreement.

15. As is apparent from the foregoing, in the event of a failure of Parker West to honor its obligations under the above described notes, applicant will, in effect, be obliged to look to the assets of Rel-Reeves to obtain payment of the notes. The assets of Rel-Reeves which are available to secure such payment differ from those which are being transferred by the applicant pursuant to the agreement in that: (1) Rel-Reeves will have no right, title or interest in and to the Boynton Beach Property, which has an appraised value of in excess of $3,000,000, other than pursuant to a lease thereof which requires the payment of $450,000 per annum as rental; and (2) substantially all of the tangible personal property of applicant's Electronics Systems Division have been subjected to a security interest in favor of the lessor under the above described lease. Accordingly, in order to operate Rel-Reeves so as to cause it to honor its guaranty obligations, applicant

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would be obliged to ensure that no default under the aforementioned lease occurs and applicant could not, as a practical matter, effect a liquidation of Rel-Reeves, Inc.

16. The import of the aforementioned amendments to the agreement as executed by the parties on October 31, 1973, as previously amended, has been conveyed to the Official Creditors Committee herein, which has been fully apprised of all matters which have arisen regarding applicant's sale of its Electronics Systems Division as approved by this Court pursuant to its orders of December 4, 1972 and June 20, 1973.

17. After prolonged discussion and consideration thereof, applicant and the Official Creditors Committee are in agreement that the agreement, as amended, should be consummated in the best interest of the estate and creditors.

18. Applicant submits that no notice of the within need be given to creditors pursuant to the provisions of §58 of the Bankruptcy Act by reason of the fact that notice has been given to creditors pursuant to the previous orders to show cause as entered by this Court and further by reason of the fact that the Official Creditors Committee has consented to the authorization sought by applicant herein.

19. An Official Creditors Committee has been elected here and is represented by Messrs. Levin & Weintraub and Otterbourg, Steindler, Houston and Rosen as co-counsel.

20. Applicant therefore requests that it be authorized and empowered to enter into the fourth, fifth, sixth and seven amendments, substantially in the form as annexed hereto as Exhibits A, B, C and D, nunc pro tunc as of the dates thereof.

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WHEREFORE, applicant prays for the granting of the annexed order, for which no previous application has been made to this or any other court.

Dated: July 18, 1973

DYNAMICS CORPORATION OF AMERICA

Debtor and Debtor in possession
Applicant

By_____
Andrew Lozyniak, President

KRAUSE, HIRSCH & GROSS

Attorneys for Applicant

By_____
A member of the firm

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FOURTH AMENDMENT dated as of June 15, 1973, to the Agreement dated as of October 31, 1972, by and between DYNAMICS CORPORATION OF AMERICA, a New York corporation, on its own behalf and as Debtor-in-Possession (hereinafter called DCA), and PARKER-WEST CORPORATION, a Delaware corporation (hereinafter called Parker-West), as amended by a First Amendment dated as of December 20, 1972, by a Second Amendment dated January 3, 1973, by a letter agreement dated January 5, 1973, and by a Third Amendment dated as of May 14, 1973 (such Agreement; as so amended, being hereinafter called the Agreement).

In recognition of the fact that it may not be possible to consummate the purchase and sale contemplated by the Agreement on or before June 30, 1973, DCA and Parker-West wish to effect an amendment to the paragraph of the Agreement relating to the Closing Date. Accordingly, DCA and Parker-West hereby agree as follows:

1. Paragraph 7 of the Agreement is hereby amended by deleting the words "June 30, 1973" and inserting in lieu thereof the words "July 9, 1973".

EXHIBIT A.

2. Except as herein amended, the Agreement as in effect immediately prior to the date of this Fourth Amendment shall continue in full force and effect.

IN WITNESS WHEREOF, DCA and Parker-West have caused this Fourth Amendment to be duly executed in their respective corporate names by their respective officers, all as of the day and year first above written.

DYNAMICS CORPORATION OF AMERICA,
on its own behalf and as Debtor-in-Possession,

by

[Corporate Seal]

Attest:

PARKER-WEST CORPORATION,

by

[Corporate Seal]

Attest:

FIFTH AMENDMENT dated as of June 20, 1973, to the Agreement dated as of October 31, 1972, by and between DYNAMICS CORPORATION OF AMERICA, a New York corporation, on its own behalf and as Debtor-in-Possession (hereinafter called DCA), and PARKER-WEST CORPORATION, a Delaware corporation (hereinafter called Parker-West), as amended by a First Amendment dated as of December 20, 1972, by a Second Amendment dated January 3, 1973, by a letter agreement dated January 5, 1973, by a Third Amendment dated as of May 14, 1973, and by a Fourth Amendment dated as of June 20, 1973 (such Agreement, as so amended, being hereinafter called the Agreement).

DCA and Parker-West wish to record an oral modification of the Agreement, which was made in open court on June 20, 1973, and to effect an additional modification of the Agreement. Accordingly, DCA and Parker-West hereby agree as follows:

1. Paragraph 29 of the Agreement is hereby amended by deleting the figures "$777,600", "$5,722,400", "$611,200" and "$111,200" appearing therein and substituting in lieu thereof, respectively, the figures "$577,600",

EXHIBIT B

"$5,922,400", "$711,200" and "$211,200".

2. Paragraph 10 of the Agreement is hereby amended to add a new subparagraph at the end thereof as follows:

"(k) DCA hereby agrees to discharge or to cause to be discharged on or before the Closing Date certain indebtedness payable by its Electronic Systems Division to its Esarbe Division in the approximate amount of $136,000."

3. It is agreed that a claim which has been asserted by the Defense Contract Audit Agency NSAF Contract F04606-67-C-1676 is a counterclaim within the meaning of Paragraph 5 of the Agreement.

4. Paragraph 7 of the Agreement is hereby amended to delete the date "July 9, 1973" appearing therein and substituting in lieu thereof the date "July 13, 1973".

5. Except as herein amended, the Agreement as in effect immediately prior to the date of this Fifth Amendment shall continue in full force and effect.

IN WITNESS WHEREOF, DCA and Parker-West have caused this Fifth Amendment to be duly executed in their respective corporate names by their respective officers, all as of the day and year first above written.

DYNAMICS CORPORATION OF AMERICA,
on its own behalf and as Debtor-in-Possession,

by

[Corporate Seal]

Attest:

PARKER-WEST CORPORATION,

by

[Corporate Seal]

Attest:

SIXTH AMENDMENT dated as of July 16, 1973, to the Agreement dated as of October 31, 1972, by and between DYNAMICS CORPORATION OF AMERICA, a New York corporation, on its own behalf and as Debtor-in-Possession (hereinafter called DCA), and PARKER-WEST CORPORATION, a Delaware corporation (hereinafter called Parker-West), as amended by a First Amendment dated as of December 20, 1972, by a Second Amendment dated January 3, 1973, by a letter agreement dated January 5, 1973, by a Third Amendment dated as of May 14, 1973, by a Fourth Amendment dated as of June 15, 1973 and by a Fifth Amendment dated as of June 20, 1973 (such Agreement, as so amended, being hereinafter called the Agreement).

DCA and Parker-West wish to effect an additional modification of the Agreement. Accordingly, DCA and Parker-West hereby agree as follows:

1. Parker-West shall prepay the Note due December 1, 1973, on or before September 10, 1973.

2. Within 5 days after the effective date hereof, Parker-West shall cause Rel-Reeves to assign all of its right,

EXHIBIT C

title and interest in and to all amounts (but only to the extent of $1,000,000) which may become payable to it by Plessy Automatica Electrica Portuguesa, S.A.R.L. ("Plessy") pursuant to CTT-Mocambique Tropo Scatter Project-Purchase Order No. RT 003008215C and thereafter Parker-West shall take such action as DCA may reasonably request so as to ensure that such $1,000,000 is paid directly by Plessy to DCA on or before September 10, 1973. In this connection, DCA acknowledges that any such payment shall be deemed to be a prepayment of the Note due December 1, 1973.

3. It is agreed that in the event that the Defense Contract Audit Agency shall withhold payment under NSAF Contract FO 4606-67-C-1676 by reason of the amounts which said Agency has claimed constitute an overpayment, Parker-West may offset the amount of any such withholding against the principal amount of the Note due December 1, 1973.

4. Anything to the contrary in Paragraph 3 hereof notwithstanding, the amount of any set-off which Parker-West may be entitled to assert thereunder shall be reduced by the amount of any amounts which may be due from Rel-Reeves to the Ellis and Watts Division of DCA on the date of prepayment of the Note due December 1, 1973. Such offset shall be deemed to satisfy DCA's indemnification obligation under Paragraph 5 of the Agreement. In the event that Rel-Reeves shall receive any

amounts pursuant to its claim in respect of such contract, it shall be obligated to pay over promptly any such amounts to DCA up to the amount of any set-off which it may have made in respect of the Note due December 1, 1973.

5. This Sixth Amendment shall become effective when approved by the Chapter XI Court.

6. All terms used herein which are defined in the Agreement shall have the same meaning herein as therein.

7. Except as herein amended, the Agreement as in effect immediately prior to the date of effectiveness of this Sixth Amendment shall continue in full force and effect.

IN WITNESS WHEREOF, DCA and Parker-West have caused this Sixth Amendment to be duly executed in their respective corporate names by their respective officers, all as of the day and year first above written.

DYNAMICS CORPORATION OF AMERICA,
on its own behalf and as Debtor-in-Possession,

by

[Corporate Seal]

Attest:

PARKER-WEST CORPORATION,

by

[Corporate Seal]

Attest:

SEVENTH AMENDMENT dated as of July 17, 1973, to the Agreement dated as of October 31, 1972, by and between DYNAMICS CORPORATION OF AMERICA, a New York corporation, on its own behalf and as Debtor-in-Possession (hereinafter called DCA), and PARKER-WEST CORPORATION, a Delaware corporation (hereinafter called Parker-West), as amended by a First Amendment dated as of December 20, 1972, by a Second Amendment dated January 3, 1973, by a letter agreement dated January 5, 1973, by a Third Amendment dated as of May 14, 1973, by a Fourth Amendment dated as of June 15, 1973, by a Fifth Amendment dated as of June 20, 1973, and by a Sixth Amendment dated as of July 16, 1973 (such Agreement, as so amended, being hereinafter called the Agreement).

DCA and Parker-West wish to effect an additional modification of the Agreement. Accordingly, DCA and Parker-West hereby agree as follows:

1. Paragraph 11 of the Agreement is hereby amended by adding new paragraphs at the end thereof as follows:

"(g) Parker-West shall, and shall cause Rel-Reeves to, take all such action as may be necessary to ensure that, until payment in full of the principal of and interest on the Notes due December 1, 1974,

EXHIBIT D

December 1, 1975 and December 1, 1976, unless DCA shall otherwise consent in writing (which consent DCA agrees shall not be unreasonably withheld), Rel-Reeves will not, nor will it permit any subsidiary of Rel-Reeves, if any, to, either directly or indirectly:

"(i) incur, create, assume or permit to exist any indebtedness for borrowed money or liability for borrowed money, or any other indebtedness evidenced by, or liability evidenced by, notes, bonds, debentures or similar obligations, except

"(A) indebtedness of Rel-Reeves to Parker-West which is subordinate, in a manner approved in writing to DCA, to the prior satisfaction in full of Rel-Reeves' guarantee of the payment of the principal of, and interest on the Notes;

"(ii) incur, create, assume or suffer to exist any mortgage, pledge, lien, charge or other encumbrance of any nature whatsoever on any of its assets, now or hereafter owned other than

"(A) the security interest created by the Security Agreement; provided, however, that such security interest shall not be hereafter modified without the written consent of DCA;

"(B) deposits under workmen's compensation, unemployment insurance and social security laws, or to secure the performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases or to secure statutory obligations or surety or appeal bonds, or to secure indemnity, performance or other similar bonds in the ordinary course of business;

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"(C) liens imposed by law, such as carriers', warehousemen's or mechanics' liens incurred in good faith in the ordinary course of business;

"(D) liens, security interests or conditional sale or other title retention agreements given to secure the purchase price of property purchased after the date hereof acquired in the ordinary course of business.

"(iii) guarantee, endorse, become surety for, or otherwise in any way become or be responsible in any manner whatsoever (other than as contemplated by this Agreement) for the obligations of any other person, except that (a) Rel-Reeves and any of its subsidiaries may endorse negotiable instruments for collection in the ordinary course of business and may indemnify banks against loss for accepting nonconforming documents on payment of letters of credit, and (b) Rel-Reeves may execute and deliver bid and performance bonds, and may indemnify sureties with respect to bid and performance bonds executed by them, in connection with projects for which Rel-Reeves or any of its subsidiaries shall be (in the event the bid is accepted) or is the principal supplier of products to be used in such project;

"(iv) (A) sell, lease, transfer or otherwise dispose during any calendar year of any of its properties and assets (excluding, however, properties and assets which have an aggregate fair market value not in excess of $100,000 and inventory disposed of in the ordinary course of business) to any person, (B) consolidate with or merge into any other

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corporation, or permit another corporation to merge into it, or acquire all or substantially all the properties or assets of any other person, or (C) enter into any arrangement, directly or indirectly, with any person whereby Rel-Reeves or any of its subsidiaries shall sell or transfer any property, real or personal, and used and useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property which Rel-Reeves or such subsidiary intends to use for substantially the same purpose or purposes as the property being sold or transferred;

" (v) incur any obligation under, or purchase or otherwise acquire any property subject to, any conditional sale or title retention agreement except as permitted by Paragraph 1(g) (ii) (D) hereof;

" (vi) purchase or acquire beneficially any stock, other securities or evidences of indebtedness for borrowed money of, make or permit to exist any loans or advances to or make any investment or acquire any interest whatsoever in, any other person, except that Rel-Reeves and its subsidiaries may (a) make investments in securities of the U. S. Government maturing not more than five years from the date of such investment and (b) purchase or hold (i) certificates of deposit or bankers' acceptances issued by any bank with assets in excess of One Billion Dollars or (ii) prime commercial paper;

" (vii) incur, create or assume any commitments to make any direct or indirect payment whether as rent or otherwise, under any lease, rental or other arrangement

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having a term of two years or more, for the use of property of any other person if immediately thereafter the aggregate of such payments to be made by Rel-Reeves and its subsidiaries shall exceed $450,000 in any consecutive 12-month period;

" (viii) consent to or effect any amendment, alteration or other modification of the Security Agreement or the Lease, or any of them, except, in the case of the Lease, amendments, alterations or other modifications thereof which do not increase the obligation of Rel-Reeves thereunder.

"(h) Parker-West shall prepay the Notes in the amount of 50% of the Net Proceeds received on or after January 1, 1974, in respect of any Disputed Claim; such prepayment shall be made within 30 days of the receipt by Parker-West or Rel-Reeves of any such Net Proceeds;

"(i) From and after the Closing Date, Parker-West will (i) confer with DCA regarding all significant developments and transactions relating to Rel-Reeves or the Assets and give to DCA and to its representatives full access at any time to all the properties, books, records, tax returns, contracts and documents of Parker-West or Rel-Reeves relating to Rel-Reeves or the Assets, and (ii) furnish to DCA all information with respect to the business, affairs, and properties of Rel-Reeves as DCA may from time to time reasonably request.

"(j) Until the principal of and interest on the Notes due December 1, 1974, December 1, 1975 and December 1, 1976 shall have been paid in full, Parker-West shall

(i) cause Rel-Reeves to deliver to DCA within 30 days after the end of each calendar month, a consolidated balance sheet and consoli-

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dated statements of income and consolidated statements of retained income, together with supporting schedules, certified by the principal financial officer of Rel-Reeves, showing the financial condition of Rel-Reeves and its subsidiaries at the close of such month and the results of operations of Rel-Reeves and its subsidiaries during such month, in each case subject to year-end and audit adjustments;

(ii) shall furnish to DCA the financial statements referred to in Paragraph 1 of Exhibit A to the Agreement, regardless of whether such financial statements shall have been made public; and

(iii) shall give DCA and its representatives an opportunity to review all work sheets which were prepared or utilized in connection with the preparation of the financial statements referred to in clauses (i) and (ii) hereof.

2. Paragraph 12(h) of the Agreement is hereby amended in its entirety to provide as follows:

"(h) Banque Exel shall have issued to DCA a letter of credit substantially in the form attached hereto as Exhibit G."

3. The Agreement is hereby amended by adding a new Exhibit G thereto, which Exhibit G shall be in the form attached hereto as Exhibit 1.

4. This Seventh Amendment shall become effective at such time as the following shall have occurred:

(a) the Court having jurisdiction over the Chapter XI Proceedings shall have entered an order, not later than July 19, 1973, approving this Seventh Amendment, without notice to creditors or hearing and such order shall have become final and non-appealable not later than July 30, 1973.

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(b) Rel-Reeves shall have made the assignment contemplated by Paragraph 2 of the Sixth Amendment dated as of July 16, 1973 to the Agreement.

5. All terms used herein which are defined in the Agreement shall have the same meaning herein as therein. In addition, for the purposes hereof:

(a) each accounting term not defined herein shall have the meaning given to it under generally accepted accounting principles applied on a consistent basis;

(b) "indebtedness" shall mean all items which would properly be included as liabilities on a balance sheet as at the date as of which "indebtedness" is to be determined;

(c) "subsidiary" shall mean any corporation of which more than 50% of the voting stock entitling the holders thereof to elect a majority of the board of directors, managers or trustees thereof, at the time is owned or controlled, directly or indirectly, by Rel-Reeves or one or more subsidiaries of Rel-Reeves or a combination thereof;

(d) "title retention agreement" shall include, without limitation, any agreement for lease of property by Rel-Reeves where the rental or other payments are calculated to amortize substantially all of the cost of the property (except for estimated salvage value) over the terms of the agreement or lease;

(e) "voting stock" shall mean the shares of any class of capital stock of a corporation having ordinary voting power to elect the

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directors, managers or trustees thereof (irrespective of whether or not at the time stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingencies);

(f) "Lease" shall mean the Lease Agreement dated as of June 30, 1973, between Rel-Reeves and G. R. Palm Associates, as amended to the date hereof;

(g) "Security Agreement" shall mean the Security Agreement dated July 6, 1973, between Rel-Reeves, Parker-West and G. R. Palm Associates, as amended to the date hereof;

(h) "Person" shall mean any person, corporation, partnership, trust or any other entity.

6. Paragraph 7 of the Agreement is hereby amended by deleting the words "July 13, 1973" as they appear therein and substituting in lieu thereof the following words: "July 31, 1973".

7. Except as herein amended, the Agreement as in effect immediately prior to the date of effectiveness of this Seventh Amendment shall continue in full force and effect.

IN WITNESS WHEREOF, DCA and Parker-West have caused this

Seventh Amendment to be duly executed in their respective corporate names by their respective officers, all as of the day and year first above written.

DYNAMICS CORPORATION OF AMERICA
on its own behalf and as Debtor-in-Possession

By: _____

Corporate Seal

Attest:

_____

PARKER-WEST CORPORATION

By: _____

Corporate Seal

Attest:

_____

Banque Exel

Telephone (022) 47 18 65
Telex 27 356

1211 GENEVA 3
12, rue Bellot

DYNAMICS CORPORATION OF AMERICA
501, 5th Avenue
NEW YORK / U.S.A.

July 12, 1973

Documentary Department -/Rc

Credit No. 2 5 8 6 bis

Dear Sir

Please note that the undermentioned credit has been opened :

by / with — our bank, / your firm,

by order of — and irrevocably to Parker West Corporation, 240 South County Road, Palm Beach, 33480 Florida/ U s a,

in favor of — yourselves, DYNAMICS CORPORATION OF AMERICA, 501 5th Avenue, New-York/USA or your transferee,

amount max. — $US 4.500.000.-- (usdollars four million five hundred a thousand only)

valid until — 1st February, 1977 for negotiation and presentation of documents to Exel Bank in Geneva,

available — against the following documents :

- drafts drawn on Exel Bank, attached to one of the notes of the ordinator the Parker-West Corporation, which are payable as follow
  - usdollars 1.500.000.-- on 1st of December 1974
  - usdollars 1.500.000.-- on 1st of December 1975
  - usdollars 1.500.000.-- on 1st of December 1976

All of these notes/drafts are to be in accordance with the contract between beneficiary and ordinator dated 31st of October and amendmen dated 20th of December 1972, 3rd of January 1973, 5th of January 197 and the last dated 14th of May 1973. Exhibit "E" to the third amendm dated 14th of May 1973 is attached to this Letter of Credit.

Nothing contained herein shall prevent the ordinator of the beneficiary from effecting amendments, modifications, waivers or consents with respect to said agreement as so amended.

This credit is subject to the Uniform Customs and Practice for Commercial Documentary Credits codified by the International Chamber of Commerce according to brochure nr.222 (Revision 1 9 6 2).

We are waiting the document's mentioned above in due course and remain with pleasure at your disposal,

Yours faithfully,
EXEL BANK

We operate under the Uniform customs and practice for commercial documentary credits as adopted by the International Chamber of Commerce (Revised 1962).

EXHIBIT E

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YO

In the Matter

of

DYNAMICS CORPORATION
OF AMERICA,

Debtor

ORDER AUTHORIZING AMEND-
MENT OF AGREEMENT WITH
PARKER-WEST CORPORATION

KRAUSE, HIRSCH & GROSS
Attorneys for Debtor

Office and Post Office Address
41 East 42nd Street
Borough of Manhattan New York, N. Y. 10017
YUkon 6-1122

To

Attorney for

Due and timely service of a copy of the
within
is hereby admitted
Dated 19
Attorney for

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In the Matter of DYNAMICS CORPORATION OF AMERICA, Debtor.	In Proceedings for an Arrangement No. 72 B 750 ORDER OF CONFIRMATION

At New York, New York, in the said District on the 27th day of November, 1974 at 12 10 o'clock in the afternoon.

An application having been filed by the above named debtor for confirmation of its amended arrangement pursuant to Chapter XI of the Bankruptcy Act, and the same having been heard and duly considered, and notice of said hearing having been duly given by mail to all persons entitled thereto, and no other interested parties having appeared in opposition to the confirmation of said amended arrangement, and it appearing that said arrangement has been duly accepted in accordance with the provisions of Chapter XI, and that the deposit required by said Chapter and said amended arrangement in the sum of $18,200,000. has been deposited with Harvey R. Miller, the distributing agent in Chemical Bank, 277 Park Avenue New York, New York, a designated depository of this court;

And it further appearing and the court being satisfied that the provisions of said Chapter have been complied with and said amended arrangement is for the best interests of the creditors and the debtor AND is feasible; that the debtor has not been guilty of any of the acts or failed to perform any of the duties which would be a bar to the discharge of a bankrupt; and

that said proposal and its acceptance are in good faith and have not been made or procured by any means, promises or acts forbidden by the Bankruptcy Act; and it also appearing that no reclamation proceedings are pending against the debtor; and that the conditions precedent to confirmation have been complied with;

And it further appearing that the debtor has elected to pay to creditors 28.5 percent of their allowed claims pursuant to the provisions of Paragraph 7D of its amended arrangement;

NOW, on motion of KRAUSE, HIRSCH & GROSS, attorneys for the debtor, it is

ORDERED, that the arrangement as amended pursuant to order of this court made and entered on October 21, 1974 (Exhibit A annexed hereto) proposed by the debtor to its creditors, be and the same is in all respects confirmed; and it is further

ORDERED, that the money deposited or to be deposited by the debtor be distributed to administration and priority creditors in accordance with the schedules of distribution annexed hereto, excepting those claims to which objections have been noted; and it is further

ORDERED, that the debtor's common stock shall be distributed by the debtor's transfer agent as provided in its amended arrangement to all creditors entitled thereto upon resolution of all objections to said claims pursuant to an order of distribution to be filed with the court herein; and it is further

ORDERED, that the money deposited or to be deposited by the debtor be distributed in accordance with an order of distribution to be hereafter made and entered by this court; a proposed order

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of distribution is to be presented by the debtor to this court on or before the 27th day of December, 1974 or within such further time as this court may allow; and it is further

ORDERED, that objections to claims which have been proved and filed but not allowed or disallowed herein prior to the date hereof and not heretofore objected to, may be filed by parties in interest within 45 days from the date hereof, such objections and all objections heretofore filed to such claims shall be brought on for a hearing within 60 days from the date hereof, except where already noticed for a hearing; the objectant shall give notice of said hearing to the claimant no less than 10 days prior to the date fixed for this hearing; and upon the failure so to do, any objection to the allowance of the claims affected thereby shall be deemed waived; and it is further

ORDERED, that this court shall retain jurisdiction of this proceeding and of all pending matters herein pursuant to the provisions of Section 368 of the Bankruptcy Act including without limiting the generality of the aforementioned:

(1) the retention of jurisdiction over any and all contingent, unliquidated and disputed claims;

(2) the retention of jurisdiction to fix the fees of counsel to the debtor, ~~counsel to~~ the secretary to the Creditors' Committee, counsel to the Creditors' Committee, special counsel, accountants for the debtor-in-possession, ~~and the disbursing agent~~, and the fees of the disbursing agent, upon proper applications to this court;

(3) the retention of jurisdiction with respect to all monies deposited with the disbursing agent;

(4) that the debtor be subject to any and all further orders issued by this court; and it is further

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ORDERED, that the debtor shall deposit with the disbursing agent herein any additional deposits or consideration pursuant to the debtor's arrangement which may be hereafter directed by this court and jurisdiction to enforce such direction is hereby specifically retained; and it is further

ORDERED, that the disbursing agent herein withhold distribution to general claimants domiciled or residing inside the United Kingdom (except those of the Chase Manhattan Bank, N. A. and the Marine Midland Bank) filed in these proceedings until such time as the liquidator of the winding-up proceedings of the DYNAMCO DIVISION presently pending in the High Court of Justice, Chancery Division, Companies Act, United Kingdom has determined that all general claimants of the debtor outside of the United Kingdom may prove in said proceedings and may receive distribution on the basis of their claims and if said claims are not allowed in the proceeding pending in the United Kingdom, then the claims of general claimants of the debtor domiciled, residing or doing business in the United Kingdom (except those claims of the Chase Manhattan Bank, N. A. and the Marine Midland Bank) shall be expunged in this proceeding upon application made to the court; and it is further

ORDERED, that the debtor shall be discharged from all of its general unsecured debts and liabilities, but each debt is preserved solely for the purpose of proof and allowance in any proceeding presently pending or in the future instituted in the United Kingdom relating to distribution of the assets of the DYNAMCO DIVISION of the debtor which are located in the United Kingdom, and it is further

ORDERED, except as otherwise provided or permitted by the plan or this order:

(1) The above named debtor is released from all dischargeable debts; except as set forth in the preceding paragraph

(2) Any judgment heretofore or hereafter obtained in any court other than this court is null and void as a determination of the personal liability of the debtor with respect to any of the following:

(a) debts dischargeable under Section 17a and b of the Act;

(b) unless heretofore or hereafter determined by order of this court to be non-dischargeable, debts alleged to be excepted from discharge under clauses (2) and (4) of Section 17a of the Act;

(c) unless heretofore or hereafter determined by order of this court to be non-dischargeable, debts alleged to be excepted from discharge under clause (8) of Section 17a of the Act, except those debts on which there was an action pending on August 2, 1972, the date when the first petition was filed initiating an action under the Act, and in which a right to jury trial existed and a party has either made a timely demand therefor or has submitted to this court an intent to make such demand;

(d) debts determined by this court to be discharged under Section 17c(3) of the Act;

(3) all creditors whose debts are discharged by this order and all creditors having claims of a type referred to in Paragraph 2 above are enjoined from instituting or continuing any action or employing any process to collect such debts as personal liability of the above named debtor; and it is further

ORDERED, that upon expiration of 40 days after the

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entry of this order, any and all surplus funds, then or thereafter existing ~~and~~ in the disbursing agent's account which are not needed for confirmation shall upon orders of this court be paid ~~first proportionately or in full to those parties who have waived deposit of any portion of their allowances as fixed by the court and the additional surplus, if any, shall be returned~~ to the debtor payable to the debtor and its attorneys; and it is further

ORDERED, that for the purposes of this order, the debtor is directed to file with this court simultaneously with the entry of this order, a schedule containing the names, addresses and amounts of creditors scheduled but who did not file claims, so as to permit this court to give the notice required by statute; and it is further

ORDERED, that a proof of claim filed by a creditor within 30 days after the mailing of notice of confirmation to him as provided in Section 355 of the Bankruptcy Act, shall be allowed for an amount not in excess of the amounts set forth in the debtor's schedules ~~unless~~ but objections to the allowance of such claim ~~are~~ maybe filed within 60 days after the date hereof; and it is further

ORDERED, that the amount allocable to the Referee's Salary and Expense Fund will be fixed by the undersigned in appropriate supplemental orders and jurisdiction for such purpose is reserved.

United States of America)
Southern District of New York) ss

I, Edward J. Ryan, Referee in Bankruptcy, in and for the said district, do hereby certify that the within instrument is a true and correct copy of the original as the same appears of record in my office.

In Witness Whereof, I hereunto set my hand this 27 day of November, 19 71

Edward J. Ryan
Referee in Bankruptcy

By Agnes De Giovanna
Chief Clerk

(S) Edward J. Ryan
Bankruptcy Judge

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

In the Matter

of

DYNAMICS CORPORATION OF AMERICA,

Debtor.

In Proceedings for an Arrangement

No. 72 B 750

NOTICE OF ORDER OF CONFIRMATION OF PLAN AND DISCHARGE

TO THE DEBTOR, ITS CREDITORS, AND OTHER PARTIES IN INTEREST:

NOTICE IS HEREBY GIVEN OF THE entry of an order of this court on November 27, 1974 confirming the debtor's plan dated May 15, 1974, as amended by order of this Court entered October 21, 1974, and providing further that:

1. Except as otherwise provided or permitted by the plan or this Order:

(a) The above named debtor is released from all dischargeable debts;

(b) Any judgment heretofore or hereafter obtained in any court other than this Court is null and void as a determination of the personal liability of the debtor with respect to any of the following:

(i) debts dischargeable under § 17a and b of the Act;

(ii) unless heretofore or hereafter determined by order of this Court to be nondischargeable, debts alleged to be excepted from discharge under clauses (2) and (4) of § 17a of the Act;

(iii) unless heretofore or hereafter determined by order of this Court to be nondischargeable, debts alleged to be excepted from discharge under clause (8) of § 17a of the Act, except those debts on which there was an action pending on August 2, 1972, the date when the first petition was filed initiating a case under the Act, if any, in which a right to jury trial existed and a party has submitted to this Court a signed statement of intention to make such a demand;

(iv) debts determined by this Court to be discharge under §17c (3) of the Act.

2. All creditors whose debts are discharged by this Court and all creditors having claims of a type referred to in paragraph 1(b) above are enjoined from instituting or continuing any action or employing any process to collect such debts as personal liabilities of the above named debtor.

Dated: New York, New York
November 27, 1974

Edward J. Ryan
Bankruptcy Judge

Stroock & Stroock & Lavan
Seven Hanover Square
New York, New York 10004-2594

TELEPHONE (212) 806-5400
TRT INTERNATIONAL TELEX
STROOCK UT 177693
PLASTROOCK NYK 177077
CABLE-PLASTROOCK NYK
TELECOPIERS (212) 806-6006
(212) 806-6086, (212) 806-5919

file

NEW YORK, NEW YORK 10017
757 THIRD AVENUE
TELEPHONE (212) 230-3700
TELECOPIER (212) 486-4213

WASHINGTON, D.C. 20036-4652
1150 SEVENTEENTH ST., N.W.
TELEPHONE (202) 452-9250
TELECOPIER (202) 293-2293
WUI TELEX STRCK DC 64238

HVK

LOS ANGELES, CALIFORNIA 90067-3004
2029 CENTURY PARK EAST
TELEPHONE (213) 556-5800
TELECOPIER (213) 556-1366
WUI TELEX PLASTROOCK LSA 677190

MIAMI, FLORIDA 33131-2385
SOUTHEAST FINANCIAL CENTER
SUITE 3300
200 SOUTH BISCAYNE BOULEVARD
TELEPHONE (305) 358-9900
TELECOPIER (305) 371-7486
WUI TELEX STRCK MIA 803133

WRITER'S DIRECT DIAL NUMBER
212-806-5424

April 19, 1988

Mr. Richard Smith
Dynamics Corporation of America
275 Steamboat Road
Greenwich, CT 06830

Re: DCA Order Bankruptcy

Dear Richard:

Enclosed please find a conformed copy of the Order entered by the Bankruptcy Court authorizing the procedures for final disbursements to creditors. Please note that the court order requires that you obtain a surety bond in the amount of $1,000. When you do so, please send me the information and certificate so I can file it with the court.

I am sending copies of the Order to other interested parties. Please follow up on the provisions of the Order and let me know if I can be of any assistance.

Very truly yours,

Robin E. Keller

Robin E. Keller

REK:mcb

Enclosure

cc: Jack Gross, Esq.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

----------X

In the Matter of	:	In Proceedings For an Arrangement
DYNAMICS CORPORATION OF AMERICA,	:	No. 72 B 750 (CB)
Debtor.	:	

----------X

ORDER MODIFYING CONFIRMATION ORDER AND ORDER RETAINING COUNSEL, AND AUTHORIZING PROCEDURE FOR FINAL DISBURSEMENTS TO CREDITORS, DISPOSITION OF INTEREST AND RETURN OF EXCESS DEPOSIT

Upon the application of Dynamics Corporation of America ("DCA") (the "Application"), dated December 30, 1987, seeking an order of the court (i) modifying the Order of Confirmation entered herein; (ii) modifying the Order retaining counsel for the Debtor; (iii) approving the proposed procedure for giving notice and making final disbursements to creditors; (iv) authorizing the transfer of the Disbursing Agent's duties to DCA and relieving and discharging the Disbursing Agent from all further duties and responsibilities herein; (v) authorizing the final allowance of fees and disbursements to the Disbursing Agent; and (vi) authorizing the return of excess funds on deposit to the Debtor, of which due notice has been given, and the objections of The Chase Manhattan Bank, N.A., and the Unsecured

Creditors' Committee as to the procedures for funding expenses in connection herewith and the form of Notice to creditors having been resolved as evidenced by the revisions contained in this Order and in the form of Notice annexed hereto as Exhibit "A," it is hereby

ORDERED, that Harvey Miller, the Disbursing Agent herein, shall be and hereby is relieved and discharged from all further duties and responsibilities as Disbursing Agent in this case (subject only to the provisions of this order) and is awarded a final allowance of fees and disbursements in the amount of $40,000 and $298.70, respectively; and it is further

ORDERED, that Harvey Miller, the Disbursing Agent herein, shall make payment out of the Administrative Expense Fund to himself in the amount of $10,298.70, representing the balance due on the final allowance of fees and disbursements provided for herein, and shall make payment to the Clerk of this Court for the Referee's Salary and Expense Fund of the sum of $268,000, and shall turnover the balance remaining in the Administrative Expense Fund to DCA and DCA shall apply such funds to the payment of legal fees and disbursements to Stroock & Stroock & Lavan for services rendered in assisting DCA in closing out this case in an amount not to exceed $35,000, which payment shall be made upon submission of proper invoices to DCA by Stroock, which invoices

shall be submitted by DCA to this Court for final review and approval when the distribution process is completed, and DCA may apply the balance of the account to all other costs and expenses incurred in connection with closing out this case, and may retain any excess for its own account; and it is further

ORDERED, that the Disbursing Agent shall turnover to DCA the Unsecured Creditors' Fund, and all interest accrued thereon and shall execute such documents and take such other actions as are necessary to effectuate such transfer and to preserve the value and safety of said Fund pending its transfer; and it is further

ORDERED, that DCA shall be and hereby is substituted to the duties and responsibilities of the Disbursing Agent and shall obtain a surety bond in the amount of $1,000.00, and is authorized to invest the Unsecured Creditors' Fund (subject to the next decretal paragraph below) in a Certificate of Deposit until it is ready to make the distribution in accordance with the provisions hereof and shall make distribution of the Unsecured Creditors' Fund in accordance with the directions of this Court as provided herein or as subsequently provided; and it is further

ORDERED, that DCA shall distribute the Unsecured Creditors' Fund as follows:

a) DCA shall set aside a reserve in an amount not to exceed $25,000, for its expenses of distribution (as described in paragraph 17(b) of the Application) incurred in connection with the closing-out of this case, which reserve shall be held in an interest-bearing account and shall be disbursed as necessary expenses are incurred, and DCA shall make a final accounting of such disbursements to this Court when the distribution process is completed, and shall return any excess to the Unsecured Creditors' Fund upon completion of the distribution process.

b) DCA shall mail a Notice of Final Distribution by first-class mail, postage prepaid, in substantially the form annexed hereto as Exhibit "A" to all holders of allowed unsecured claims (the "Creditors") at their last known address, and shall publish said Notice in the national edition of the Wall Street Journal on two occasions during the ninety (90) days following the mailing of said Notice, and shall compile an updated address list within ninety (90) days of said mailing for all Creditors who can be located as a result of the mailing and publication of said Notice. Any Creditors with respect to which the copy of said Notice mailed to their last-known address is returned as undeliverable by the U.S. Post Office, and who have not given DCA notice of a new address, shall be stricken from

the list of Creditors and shall be forever barred from further participation in any distribution by DCA pursuant to this Order. Within one hundred twenty (120) days after the mailing of the Notice, DCA shall commence mailing out checks by first-class mail, postage prepaid, representing a distribution of the total available funds in the Unsecured Creditors' Fund divided by the allowed amounts of participating claims.

c) Sixty days after the mailing of the checks, DCA shall stop payment on checks not cashed as of that date. DCA shall continue making pro rata distributions from the aggregate amount of the remaining funds to Creditors who have cashed their checks, so long as such remaining funds exceed $50,000 (or 1/2 of 1% of the total claims). When and if funds remaining in the estate are less than $50,000 in total, such funds shall be deposited with the Clerk of this Court to be held pursuant to the provisions of Section 66 of the 1898 Bankruptcy Act, 11 U.S.C. §106, and Rule 310 of the Rules of Bankruptcy Procedure, and DCA shall make a final accounting to this Court of the funds disbursed by it pursuant hereto, and shall be released from its liabilities as Disbursing Agent and from its bond, and the case shall be closed; and it is further

ORDERED, that the retention order of Krause, Hirsch & Gross (now Stroock & Stroock & Lavan), annexed to the Application as Exhibit "A", shall be and hereby is amended to authorize the performance of legal services by Stroock necessary to prepare and effectuate this application and Order, and otherwise to assist DCA in closing out this case; and it is further

ORDERED, that the Confirmation Order herein shall be and hereby is deemed modified to provide:

a) for the final distribution of the Administrative Expense Fund as set forth herein;

b) for the final distribution of the Unsecured Creditors' Fund as set forth herein;

c) for the discharge of the Disbursing Agent and the substitution of DCA to his duties;

d) for the closing out of this estate without the Dynamco liquidation proceedings being closed; and

e) for the elimination as moot of any and all provisions relating to the retention of jurisdiction by this Court to review distributions made to Marine Midland Bank and The Chase Manhattan Bank, N.A.

Dated: New York, New York
April 12, 1988

/S/ CORNELIUS BLACKSHEAR
United States Bankruptcy Judge

CTS/DCA000107

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In the Matter of DYNAMICS CORPORATION OF AMERICA, Debtor.	In Proceedings For An Arrangement No. 72 B 750 (CB)

NOTICE OF FINAL DISTRIBUTION

TO: ALL CREDITORS HOLDING ALLOWED UNSECURED CLAIMS.

PLEASE TAKE NOTICE, that the United States Bankruptcy Court for the Southern District of New York has entered an order dated April 12, 1988 (the "Final Order of Distribution"), directing that one or more final pro rata distributions be made to holders of allowed unsecured claims ("Creditors") in the above-captioned bankruptcy case. Since the last distribution to Creditors in this case, additional funds have become available by way of settlement of disputed claims, accrual of interest, and the receipt of distributions from the liquidation proceeding of Dynamco Division pending in England.

PLEASE NOTE that the English liquidator still has claims outstanding which may result in future recoveries for the benefit of American creditors. Thus, at some future date, additional funds may be available for further distribution. However,

pursuant to the Final Order of Distribution, the above-captioned Debtor will distribute all funds on hand to Creditors.

PLEASE TAKE FURTHER NOTICE, that pursuant to the Final Order of Distribution, Dynamics Corporation of America ("DCA") has mailed this Notice to all Creditors at their last known address to enable DCA to compile an updated address list of all Creditors who can be located. Accordingly, Creditors who have received this Notice at their correct current address need not take any steps to receive their pro rata distribution. Creditors whose address is currently different than the address to which this Notice was sent and who have been forwarded this Notice, or otherwise become aware of the contents hereof, must contact the following representative of DCA with their correct current address to ensure receipt of their pro rata distribution:

Dynamics Corporation of America
475 Steamboat Road
Greenwich, Connecticut 06830
(203) 869-3211
Attn: Richard Smith

PLEASE TAKE FURTHER NOTICE, that any Creditors with respect to which the copy of this Notice mailed to their last known address is returned undelivered by the U.S. Post Office, and who have not given DCA notice of a new address by the time the distributions authorized by the Court are made, shall be stricken

from the list of Creditors and shall be forever barred from further participation in any distribution by DCA pursuant to the Final Order of Distribution.

PLEASE TAKE FURTHER NOTICE, that one hundred twenty (120) days subsequent to the mailing of this Notice, DCA will commence the pro rata distribution by mailing checks to those Creditors who have not been stricken from the list of Creditors pursuant to the preceding paragraph.

Any questions concerning any of the information contained in this Notice should be directed to DCA at the above address and telephone number or to the undersigned attorneys for DCA. A copy of the Order entered by the Court and the underlying Application are available upon request to DCA or the undersigned attorneys.

BY ORDER OF THE COURT

/s/
United States Bankruptcy Judge

STROOCK & STROOCK & LAVAN
Attorneys for Dynamics
Corporation of America
Seven Hanover Square
New York, New York 10004
(212) 806-5400
Attn: Robin Keller, Esq.

72 B 750 (CB) UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In the Matter of

DYNAMICS CORPORATION OF AMERICA,

Debtor.

ORDER MODIFYING CONFIRMATION ORDER AND ORDER RETAINING COUNSEL, AND AUTHORIZING PROCEDURE FOR FINAL DISBURSEMENTS TO CREDITORS, DISPOSITION OF INTEREST AND RETURN OF EXCESS DEPOSIT

Stroock & Stroock & Lavan
Attorneys for Debtor

SEVEN HANOVER SQUARE
NEW YORK, N. Y. 10004
(212) 806-5400

PLEASE TAKE NOTICE

☒ NOTICE OF ENTRY — *that the within is a (certified) true copy of a entered in the office of the clerk of the within named Court on* 19

☒ NOTICE OF SETTLEMENT — *that an Order of which the within is a true copy will be presented for settlement to the Hon. one of the judges of the within named Court, at on* 19 *, at* M.

Check Applicable Box

Dated:

Stroock & Stroock & Lavan
Attorneys for

SEVEN HANOVER SQUARE
NEW YORK, N. Y. 10004

To:

Attorney(s) for

ss:

STATE OF NEW YORK, COUNTY OF

I, the undersigned, am an attorney admitted to practice in the courts of New York State, and

☐ Attorney's Certification — certify that the annexed has been compared by me with the original and found to be a true and complete copy thereof.

☐ Attorney's Verification — say that: I am the attorney of record, or of counsel with the attorney(s) of record, for I have read the annexed know the contents thereof and the same are true to my knowledge, except those matters therein which are stated to be alleg information and belief, and as to those matters I believe them to be true. My belief, as to those matters therein not statec knowledge, is based upon the following:

☐ by Affirmation — is

The reason I make this affirmation instead of

I affirm that the foregoing statements are true under penalties of perjury.

(Print signer's name below signature)

Dated:

ss:

STATE OF NEW YORK, COUNTY OF being sworn says: I am

☐ Individual Verification — in the action herein; I have read the annexed know the contents thereof and the same are true to my knowledge, except those matters therein which are stated to be information and belief, and as to those matters I believe them to be true.

☐ Corporate Verification — the of a corporation, one of the parties to the action; I have read the annexed know the contents thereof and the same are true to my knowledge, except those matters therein which are stated to be information and belief, and as to those matters I believe them to be true.

My belief, as to those matters therein not stated upon knowledge, is based upon the following:

(Print signer's name below signature)

Sworn to before me on ,19

ss:

STATE OF NEW YORK, COUNTY OF being sworn says: I am not a party to the action, am ove

age and reside at ,19 I served a true copy of the annexed

On in the following manner:

☐ Service By Mail — by mailing the same in a sealed envelope, with postage prepaid thereon, in a post-office or official depository of the U.S within the State of New York, addressed to the last known address of the addressee(s) as indicated below:

☐ Personal Service — by delivering the same personally to the persons and at the addresses indicated below:

Check Applicable Box

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In The Matter of	In Proceedings For An Arrangement
DYNAMICS CORPORATION OF AMERICA,	
Debtor.	No. 72 B 750 (CB)

NOTICE OF FINAL DISTRIBUTION

TO ALL CREDITORS HOLDING ALLOWED UNSECURED CLAIMS AGAINST THE ABOVE-CAPTIONED DEBTOR:

PLEASE TAKE NOTICE, that, on September 20, 1994, the United States Bankruptcy Court for the Southern District of New York has approved an Order Reopening the Case to Permit Additional Distribution ("the Order"), directing that **pro rata** distributions be made to holders of allowed unsecured claims ("Creditors") in the above-captioned bankruptcy case. Since the last distribution to Creditors in this case, additional funds have become available by way of the receipt of final distribution from the liquidation proceeding of Dynamco Division in the United Kingdom ("the Dynamco Dividend").

PLEASE TAKE FURTHER NOTICE that the Order waives payment of pro rata distributions of the Dynamco Dividend in amounts less than $5.00 and such funds shall be distributed pro rata to the remaining Creditors.

PLEASE TAKE FURTHER NOTICE, that pursuant to the Order, Dynamics Corporation of America ("DCA") has mailed this Notice to all Creditors who cashed checks from the last distribution at the address to which said checks were mailed to enable DCA to compile an updated address list of such Creditors who can be located. Creditors who have received this Notice at their current address need not take any further steps to receive their **pro rata** distribution. Creditors whose address is currently different than the address to which this Notice was sent and who have been forwarded this Notice, or otherwise become aware of the contents hereof, must contact the following representative of DCA within 60 days of the date of this notice with their correct current address to ensure receipt of their **pro rata** distribution:

Dynamics Corporation of America
475 Steamboat Road
Greenwich, Connecticut 06830
(203) 869-3211
Attn: Richard Smith

PLEASE TAKE FURTHER NOTICE, that those Creditors with respect to whom a copy of this Notice, mailed to their last known address, is returned undelivered by the U.S. Post Office, and who have not given DCA notice of a new address within 60 days of the date of this Notice, shall be stricken from

the list of Creditors and be barred from participation in the distribution of the Dynamco Dividend.

PLEASE TAKE FURTHER NOTICE, that no later than one hundred (100) days subsequent to the mailing of this Notice, DCA shall effect the **pro rata** distribution by mailing checks to those Creditors who have not been stricken from the list of Creditors pursuant to the preceding paragraph and whose pro rata distributions are in the amount of $5.00 or more.

PLEASE TAKE FURTHER NOTICE, that sixty days after the distribution of the Dynamco Dividend, DCA shall stop payment on all checks then unpaid and shall deposit such funds with the registry of the Clerk of the Bankruptcy Court, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004, pursuant to the provisions of Section 66 of the Bankruptcy Act of 1898, 11 U.S.C. § 106, and Rule 310 of the Rules of Bankruptcy Procedure.

PLEASE TAKE FURTHER NOTICE, that the Dynamco Dividend will be reduced prior to distribution to provide for the payment of certain fees incurred by DCA and Stroock & Stroock & Lavan in connection with distribution of the Dynamco Dividend, as authorized by the Bankruptcy Court in the Order.

Any questions concerning any of the information contained in this Notice should be directed to DCA at the above address and telephone number or to the undersigned attorneys for DCA. A copy of the Order entered by the Court and the underlying Application are available upon request to DCA or the undersigned attorneys.

Dated: New York, New York

November 21, 1994

STROOCK & STROOCK & LAVAN
Attorneys for Dynamics
Corporation of America
Seven Hanover Square
New York, New York 10004
(212) 806-5400
Attn: Robin Keller, Esq.

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LEGAL NOTICES

UNITED STATES
BANKRUPTCY COURT
SOUTHERN DISTRICT
OF NEW YORK
----------X

In re:	Chapter 11
FINGERMATRIX, INC.,	Case No. 93 B 21794 (JJC)
Debtor.	

----------X

NOTICE OF BAR DATE FOR THE FILING OF PROOFS OF CLAIM

TO: ALL CREDITORS AND PARTIES IN INTEREST IN THE CAPTIONED CHAPTER 11 CASE:

PLEASE TAKE NOTICE that, upon the Motion of HAL M. HIRSCH, Chapter 11 Trustee (the "Trustee"), the United States Bankruptcy Court for the Southern District of New York has entered an Order dated November 18, 1994 (the "Bar Order"), requiring, *inter alia*, all entities (except those described in paragraph "3" below), including individuals, partnerships, corporations, estates, trusts and governmental units, which assert a claim (as defined in paragraph "1" below) against FINGERMATRIX, INC. (the "Debtor"), which claim arose on or relates back to, or prior to, September 15, 1993, the date upon which the Debtor filed its voluntary Chapter 11 petition, to file a proof of claim against the Debtor as described below on or before December 15, 1994.

1. As used herein, "Claim" shall mean (a) a right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or (b) a right to an equitable remedy for breach of performance if such breach gives rise to right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

2. All entities which are required to file a proof of claim against the Debtor and fail to do so shall forever be barred from asserting such claim against the Debtor and shall not, with respect to any such claim or claims be treated as a creditor of the Debtor for the purposes of voting upon a plan of reorganization or distribution thereunder.

3. Entities whose claims are listed in the Debtor's Chapter 11 schedules as undisputed, uncontingent and not unliquidated, may, but need not, file a proof of claim. Copies of the Debtor's Chapter 11 schedules are available for inspection at the office of the Clerk of the United States Bankruptcy Court, 101 East Post Road, White Plains, New York 10601, during its regular business hours.

4. Proofs of claim should conform substantially to the appropriate Official Form and must be filed before the close of business on or before December 15, 1994 with:

Clerk, United States Bankruptcy Court
for the Southern District of New York
101 East Post Road
White Plains, New York 10601.

LEGAL NOTICES

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In The Matter of	In Proceedings For An Arrangement
DYNAMICS CORPORATION OF AMERICA,	
Debtor.	No. 72 B 750 (CB)

NOTICE OF FINAL DISTRIBUTION

TO ALL CREDITORS HOLDING ALLOWED UNSECURED CLAIMS AGAINST THE ABOVE-CAPTIONED DEBTOR:

PLEASE TAKE NOTICE, that, on September 20, 1994, the United States Bankruptcy Court for the Southern District of New York has approved an Order Reopening the Case to Permit Additional Distribution ("the Order"), directing that pro rata distributions be made to holders of allowed unsecured claims ("Creditors") in the above-captioned bankruptcy case. Since the last distribution to Creditors in this case, additional funds have become available by way of the receipt of final distribution from the liquidation proceeding of Dynamco Division in the United Kingdom ("the Dynamco Dividend").

PLEASE TAKE FURTHER NOTICE that the Order waives payment of pro rata distributions of the Dynamco Dividend in amounts less than $5.00 and such funds shall be distributed pro rata to the remaining Creditors.

PLEASE TAKE FURTHER NOTICE, that pursuant to the Order, Dynamics Corporation of America ("DCA") has mailed this Notice to all Creditors who cashed checks from the last distribution at the address to which said checks were mailed to enable DCA to compile an updated address list of such Creditors who can be located. Creditors who have received this Notice at their current address need not take any further steps to receive their pro rata distribution. Creditors whose address is currently different than the address to which this Notice was sent and who have been forwarded this Notice, or otherwise become aware of the contents hereof, must contact the following representative of DCA within 60 days of the date of this notice with their correct current address to ensure receipt of their pro rata distribution:

Dynamics Corporation of America
475 Steamboat Road
Greenwich, Connecticut 06830
(203) 869-3211
Attn: Richard Smith

PLEASE TAKE FURTHER NOTICE, that those Creditors with respect to whom a copy of this Notice, mailed to their last known address, is returned undelivered by the U.S. Post Office, and who have not given DCA notice of a new address within 60 days of the date of this Notice, shall be stricken from the list of Creditors and be barred from participation in the distribution of the Dynamco Dividend.

PLEASE TAKE FURTHER NOTICE, that no later than one hundred (100) days subsequent to the mailing of this Notice, DCA shall effect the pro rata distribution by mailing checks to those Creditors who have not been stricken from the list of Creditors pursuant to the preceding paragraph and) whose pro rata distributions are in the amount of $5.00 or more.

PLEASE TAKE FURTHER NOTICE, that sixty days after the distribution of the Dynamco Dividend, DCA shall stop payment on all checks then unpaid and shall deposit such funds with the registry of the Clerk of the Bankruptcy Court, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004, pursuant to the provisions of Section 66 of the Bankruptcy Act of 1898, 11 U.S.C. § 106, and Rule 310 of the Rules of Bankruptcy Procedure.

PLEASE TAKE FURTHER NOTICE, that the Dynamco Dividend will be reduced prior to distribution to provide for the payment of certain fees incurred by DCA and Stroock & Stroock & Lavan in connection with distribution of the Dynamco Dividend, as authorized by the Bankruptcy Court in the Order.

Any questions concerning any of the information contained in this Notice should be directed to DCA at the above address and telephone number or to the undersigned attorneys for DCA. A copy of the Order entered by the Court and the underlying application are available upon request to DCA or the undersigned attorneys.

Dated: New York, New York
November 21, 1994

STROOCK & STROOCK & LAVAN
Attorneys for Dynamics Corporation of America
Seven Hanover Square
New York, New York 10004
(212) 806-5400
Attn: Robin Keller, Esq.

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
PROCEEDINGS IN BANKRUPTCY
NO. 75-1000-BK-CF-B

In the Matter of:	)	Consolidated with Case Nos.
	)	75-1003
REL-REEVES, INC., et al,	)	75-1004
Bankrupts.	)	75-1005

ORDER APPROVING AND IMPLEMENTING
SETTLEMENT AGREEMENT

The United States of America filed a proof of claim (No. 235) in this proceeding on or about September 30, 1975, in the amount of $4,025,853.77, of which amount $3,906,048 allegedly represented damages suffered by the United States by reason of the default termination of Contract No. F30602-72-C-0134 (hereinafter called the "MSTTE Contract") by and between the United States of America and Rel-Reeves, Inc. as successor in interest to Dynamics Corporation of America (hereinafter "DCA") under a Novation Agreement dated July 10, 1973 by and between the United States of America, DCA and Rel-Reeves, Inc.

Subsequently, on June 29, 1977, the United States of America by its Termination Contracting Officer, notified Douglass E. Wendel, Trustee of the Estate of Rel-Reeves, Inc., and DCA of the final decision with respect to the default termination of the MSTTE Contract, demanding that the Trustee and DCA jointly pay $305,071.83, consisting of damages of $27,035.83 and unliquidated progress payments of $278,036. By Orders dated January 5, 1979, this Court authorized the Trustee as appellant and the United States of America as appellee to prosecute and defend an appeal with respect to the Termination Contracting Officer's final decision before the Armed Services Board of Contract Appeals and further appointed the law firm of Cummings & Lockwood of

Stamford, Connecticut, as special counsel to represent the Trustee in connection with such appeal.

The Trustee has advised this Court that he has, through his special counsel, conducted an investigation with respect to the merits of the claims of the United States of America against the Estate under the MSTTE Contract as well as the merits of the potential counterclaims of the Trustee against the United States of America under or arising out of said Contract and has determined that the best interests of the Estate would be served by settlement of the claim of the United States of America insofar as it relates to the MSTTE Contract and the Novation Agreement, as provided in a Settlement Agreement dated among the Trustee, DCA and the United States of America, (the "Settlement Agreement"), and has moved that this Court enter an Order approving the execution of such Settlement Agreement by the Trustee and implementing the terms thereof as contemplated thereby.

The Court, having conducted a hearing on the matter, has concluded that it would be in the best interests of the Estate to approve such Settlement Agreement and to enter an Order implementing the terms thereof, as contemplated thereby; and being fully advised in the premises, it is therefore

ORDERED that the execution of the Settlement Agreement by the Trustee be and it hereby is authorized and approved; and it is further

ORDERED that Proof of Claim No. 235 filed by the United States of America in this proceeding, insofar as it relates to liabilities of the Estate of Rel-Reeves, Inc. bankrupt, under or arising out of the MSTTE Contract or the Novation Agreement (as it relates to the MSTTE Contract), be and it hereby is

allowed in the amount of $120,000; that such claim, insofar as it relates to the liabilities of the Estate of Rel-Reeves, Inc., bankrupt, under or arising out of the MSTTE Contract or the Novation Agreement (as it relates to the MSTTE Contract) in excess of $120,000 be and it hereby is disallowed; and that such claim as so allowed, is entitled to priority under Section 64(a)(5) of the Bankruptcy Act as a debt owing to the United States which is entitled to priority under the laws of the United States of America (31 U.S.C. §191); and it is further

ORDERED that Dynamics Corporation of America, upon proof of payment to the United States of $120,000 in respect of the aforesaid claim of the United States, as so allowed, shall be subrogated to the rights of the United States of America against the Estate of Rel-Reeves, Inc., bankrupt, in respect of such claim and that the claim of Dynamics Corporation of America, as subrogee, shall be entitled to priority of payment under Section 64(a)(5) of the

Bankruptcy Act.

DONE and ORDERED at Miami, Florida this 27th day of , 1979.

Thomas C. Britton
Bankruptcy Judge

SETTLEMENT AGREEMENT, entered into as of December 27, 1979 among Douglass E. Wendel, trustee of the Estate of Rel-Reeves, Inc., bankrupt (hereinafter the "Trustee"), the United States of America and Dynamics Corporation of America, a New York corporation (hereinafter "DCA").

WHEREAS, on or about December 15, 1971, DCA, through its Electronic Systems Division, entered into Contract No. F30602-72-C-0134 with the United States of America (hereinafter the "MSTTE Contract"); and

WHEREAS, on or about August 1, 1973, DCA assigned, transferred and conveyed all of the assets of its Electronic Systems Division to Rel-Reeves, Inc., a corporation then organized and existing under the laws of the State of Florida; and

WHEREAS, Rel-Reeves, Inc., by virtue of said assignment, transfer and conveyance, acquired all of the rights and assumed all of the duties, obligations and liabilities of DCA under the MSTTE Contract, as then amended, modified, and supplemented by purchase orders; and

WHEREAS, the United States of America entered into a Novation Agreement dated July 10, 1973, with DCA and Rel-Reeves, Inc. (hereinafter the "Novation Agreement"), wherein the United States of America recognized Rel-Reeves, Inc. as DCA's successor in interest in, to and under the MSTTE Contract, as then amended, modified, and supplemented by purchase orders; and

WHEREAS, on July 22, 1975, Rel-Reeves, Inc. commenced proceedings in the United States District Court for the Southern District of Florida under Chapter XI of the Bankruptcy Act; and

WHEREAS, on November 12, 1975, the Court having jurisdiction over the aforesaid proceedings (the "Bankruptcy Court") entered an order adjudging Rel-Reeves, Inc. a bankrupt under the Bankruptcy Act and appointing Douglass E. Wendel Trustee of the Estate of Rel-Reeves, Inc.; and

WHEREAS, on November 26, 1975, the United States of America, by Eugene H. Whitehead, Termination Contracting Officer (hereinafter the "Termination Contracting Officer"), terminated the MSTTE Contract, as then amended, modified and supplemented by purchase orders, for the alleged default of Rel-Reeves, Inc., and demanded that the Trustee pay to the United States of America the sum of $3,844,808 and transfer title and deliver in place all partially completed supplies and materials, parts, tools, dies, jigs, fixtures, plans, drawings, information and contract rights, specifically produced or acquired for the performance of the MSTTE Contract (hereinafter the "Manufacturing Materials"); and

WHEREAS, on or about September 30, 1975, the United States of America, by and through its Defense Supply Agency (Defense Contract Administration) filed Proof of Claim No. 235 against the Estate of Rel-Reeves, Inc. in the amount of $4,025,853.77, of which amount $3,906,048 is claimed for damages alleged to have been suffered by the United States of America by reason of the default termination of the MSTTE Contract; and

WHEREAS, on or about June 29, 1977, the Termination Contracting Officer notified the Trustee and DCA, that (1) progress payments up to the time of default totaled $3,844,908, (2) the Manufacturing Materials were physically inventoried and

removed from Rel-Reeves' plant at a cost of $27,035, (3) his final decision was that the value of the removed Manufacturing Materials was $3,566,772, leaving a balance of unliquidated progress payments of $278,036, and that demand was therefore being made upon the Estate and DCA jointly for payment of the amount of $305,071.83, consisting of damages of $27,035.83 and unliquidated progress payments of $278,036; and

WHEREAS, the Trustee disputes, inter alia, the Termination Contracting Officer's final decision that the value of the Manufacturing Materials was only $3,566,772, and the Trustee has appealed the Termination Contracting Officer's final decision by filing Appeal Number 22258 with the Armed Services Board of Contract Appeals; and

WHEREAS, DCA disputes, inter alia, the Termination Contracting Officer's final decision that DCA is liable jointly with the Trustee, and DCA has appealed the Termination Contracting Officer's final decision by filing Appeal Number 22259 with the Armed Services Board of Contract Appeals; and

WHEREAS, the United States of America desires to settle and compromise its disputes with and claims against DCA and the Trustee, and DCA and the Trustee desire to settle and compromise their disputes with and claims against the United States of America.

NOW, THEREFORE, in consideration of the premises, the parties hereto agree as follows:

1. The United States of America hereby consents to the entry of an order by the Bankruptcy Court, substantially in the form of Exhibit A hereto, (1) allowing Claim No. 235 against the Estate of Rel-Reeves, Inc., bankrupt, in the amount of $120,000,

(2) disallowing such claim, insofar as it relates to liabilities of the Estate of Rel-Reeves, Inc., bankrupt, under or arising out of the MSTTE Contract or the Novation Agreement, to the extent that it exceeds $120,000, and (3) recognizing that such claim, as so allowed, is entitled to priority under Section 64(a)(5) of the Bankruptcy Act (11 U.S.C. §104(a)(5)) as a debt owing to the United States which is entitled to priority under the laws of the United States (31 U.S.C. §191).

2. DCA, without admitting or confessing any liability therefor whatsoever, agrees to pay to the United States of America the sum of One Hundred and Twenty Thousand Dollars ($120,000), subject, however, to the entry of the aforesaid Order, substantially in the form of Exhibit A, confirming its right to be subrogated to the rights of the United States of America, as described in paragraph 3 below.

3. The United States of America and the Trustee agree with DCA that, upon making the payment specified in paragraph 2 hereof, DCA shall be subrogated, to the extent of One Hundred and Twenty Thousand Dollars ($120,000), to rights of the United States of America against the Estate of Rel-Reeves, Inc., bankrupt, as described in the aforesaid Order.

4. Except as otherwise contemplated by paragraphs 1, 2 and 3 hereof, the United States of America and the Trustee each, for themselves, their successors, assigns and legal representatives, hereby expressly and unconditionally releases the other and his successors, assigns and legal representatives, from all obligations under, and all claims or liabilities based upon or arising from the MSTTE Contract and/or any amendments, modifications or supplements thereto, or the Novation Agreement (as it

relates to the MSTTE Contract), from the beginning of the world to the date of this mutual release.

5. Except as otherwise contemplated by paragraphs 1, 2 and 3 hereof, the United States of America and DCA, each, for themselves, their successors, assigns and legal representatives, hereby expressly releases the other and his successors, assigns and legal representatives, from all obligations under, and all claims or liabilities based upon or arising from the MSTTE Contract and/or any amendments, modifications or supplements thereto, or the Novation Agreement (as it relates to the MSTTE Contract), from the beginning of the world to the date of this mutual release.

6. Except as otherwise contemplated by paragraphs 1, 2 and 3 hereof, the Trustee and DCA, each, for themselves, their successors, assigns and legal representatives, hereby expressly releases the other and his successors, assigns and legal representatives, from all obligations under, and all claims or liabilities based upon or arising from the MSTTE Contract and/or any amendments, modifications or supplements thereto, or the Novation Agreement (as it relates to the MSTTE Contract), from the beginning of the world to the date of this mutual release.

7. Each of the parties hereto expressly reserves all rights of action against any persons or entities other than the parties hereto.

8. The Trustee hereby specifically authorizes and directs Cummings & Lockwood, special counsel for the Estate of Rel-Reeves, Inc., bankrupt, to withdraw Armed Services Board of Contract Appeals Appeal Number 22258.

9. The United States of America, DCA, and the Trustee hereby warrant each to the other that no promise or inducement has been offered or made except as herein set forth and that this Agreement is executed by each of the parties without reliance on any statements or representations by any other party to this Settlement Agreement.

10. Anything to the contrary herein notwithstanding, this Settlement Agreement shall not become effective or binding upon the parties hereto unless and until the Bankruptcy Court shall have entered an Order substantially in the form of Exhibit A hereto.

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

UNITED STATES OF AMERICA

Executed in the presence of:

By _____

Title: Assistant U.S. Attorney

Harold B. Finn

DYNAMICS CORPORATION OF AMERICA

By _____

Title: Vice Pres.

M. Jane Corkins

ESTATE OF REL-REEVES, INCORPORATED

By _____

Title: Trustee

Harold B. Finn

EXHIBIT A

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
PROCEEDINGS IN BANKRUPTCY
NO. 75-1000-BK-CF-B

In the Matter of:	)	Consolidated with Case Nos.
	)	75-1003
REL-REEVES, INC., et al,	)	75-1004
Bankrupts.	)	75-1005

ORDER APPROVING AND IMPLEMENTING
SETTLEMENT AGREEMENT

The United States of America filed a proof of claim (No. 235) in this proceeding on or about September 30, 1975, in the amount of $4,025,853.77, of which amount $3,906,048 allegedly represented damages suffered by the United States by reason of the default termination of Contract No. F30602-72-C-0134 (hereinafter called the "MSTTE Contract") by and between the United States of America and Rel-Reeves, Inc. as successor in interest to Dynamics Corporation of America (hereinafter "DCA") under a Novation Agreement dated July 10, 1973 by and between the United States of America, DCA and Rel-Reeves, Inc.

Subsequently, on June 29, 1977, the United States of America by its Termination Contracting Officer, notified Douglass E. Wendel, Trustee of the Estate of Rel-Reeves, Inc., and DCA of the final decision with respect to the default termination of the MSTTE Contract, demanding that the Trustee and DCA jointly pay $305,071.83, consisting of damages of $27,035.83 and unliquidated progress payments of $278,036. By Orders dated January 5, 1979, this Court authorized the Trustee as appellant and the United States of America as appellee to prosecute and defend an appeal with respect to the Termination Contracting Officer's final decision before the Armed Services Board of Contract Appeals and further appointed the law firm of Cummings & Lockwood of

Stamford, Connecticut, as special counsel to represent the Trustee in connection with such appeal.

The Trustee has advised this Court that he has, through his special counsel, conducted an investigation with respect to the merits of the claims of the United States of America against the Estate under the MSTTE Contract as well as the merits of the potential counterclaims of the Trustee against the United States of America under or arising out of said Contract and has determined that the best interests of the Estate would be served by settlement of the claim of the United States of America insofar as it relates to the MSTTE Contract and the Novation Agreement, as provided in a Settlement Agreement dated December 27, 1979 among the Trustee, DCA and the United States of America, (the "Settlement Agreement"), and has moved that this Court enter an Order approving the execution of such Settlement Agreement by the Trustee and implementing the terms thereof as contemplated thereby.

The Court, having conducted a hearing on the matter, has concluded that it would be in the best interests of the Estate to approve such Settlement Agreement and to enter an Order implementing the terms thereof, as contemplated thereby; and being fully advised in the premises, it is therefore

ORDERED that the execution of the Settlement Agreement by the Trustee be and it hereby is authorized and approved; and it is further

ORDERED that Proof of Claim No. 235 filed by the United States of America in this proceeding, insofar as it relates to liabilities of the Estate of Rel-Reeves, Inc. bankrupt, under or arising out of the MSTTE Contract or the Novation Agreement (as it relates to the MSTTE Contract), be and it hereby is

allowed in the amount of $120,000; that such claim, insofar as it relates to the liabilities of the Estate of Rel-Reeves, Inc., bankrupt, under or arising out of the MSTTE Contract or the Novation Agreement (as it relates to the MSTTE Contract) in excess of $120,000 be and it hereby is disallowed; and that such claim as so allowed, is entitled to priority under Section 64(a)(5) of the Bankruptcy Act as a debt owing to the United States which is entitled to priority under the laws of the United States of America (31 U.S.C. §191); and it is further

ORDERED that Dynamics Corporation of America, upon proof of payment to the United States of $120,000 in respect of the aforesaid claim of the United States, as so allowed, shall be subrogated to the rights of the United States of America against the Estate of Rel-Reeves, Inc., bankrupt, in respect of such claim and that the claim of Dynamics Corporation of America, as subrogee, shall be entitled to priority of payment under Section 64(a)(5) of the

Bankruptcy Act.

DONE and ORDERED at Miami, Florida this day of , 1979.

Bankruptcy Judge

B.O. 29

United States District Court

For the Southern District of Florida

In re

REL-REEVES, INC.

Bankrupt *

Bankruptcy No. 75-1000-BK-CF-B

ORDER FOR FINAL MEETING OF CREDITORS AND NOTICE OF FILING OF FINAL ACCOUNT[S] OF TRUSTEE [~~AND RECEIVER~~] AND OF FINAL MEETING OF CREDITORS [~~AND OF HEARING ON ABANDONMENT OF PROPERTY BY THE TRUSTEE~~]

To the creditors:

The final report[s] and account[s] of the trustee [~~*if appropriate*: and of the receiver~~] in this case ~~having been filed~~, Preliminary Final Report filed December 4, 1980 CP#544.

It is ordered, and notice is hereby given, that the final meeting of creditors will be held at U.S. BANKRUPTCY COURT, Room 329, New Federal Bldg.,701 Clematis Street, West Palm Beach, Fl

, on February 3, 1981 , at 9:30 o'clock

a .m., for the purpose [*as appropriate*] of examining and passing on the report[s] and account[s], acting on applications for allowances, and transacting such other business as may properly come before the meeting. Attendance by creditors is welcomed but not required.

The following applications for allowances have been filed:

FILED MIAMI, FLORIDA 1980 CLERK, UNITED STATES BANKRUPTCY COURT

Applicants	*Commissions or fees*	*Expenses*
DOUGLASS WENDEL, Chapter XI *Receiver*	Interim Fee:5,000. $Additional:31,260.00	$
DOUGLASS WENDEL, *Trustee*	Interim Fee:22,000.00 $Additional:32,093.00	$
HARRISON K. CHAUNCEY, *Attorney for Bankrupt*	$ 11,775.00	$ 1,689.13
IRVING M. WOLFF, *Attorney for* Chapter XI Receiver	Interim Fee:$7,500. $Additional fee:$14,275.00	
IRVING M. WOLFF, *Attorney for Trustee*	Interim Fee:$40,000. $~~Additional Fee:$89,461~~	$ ~~1,157.68~~
WITTE & WITTE, P.C., *Attorney for* Creditors Committee	$ 11,531.09	$
CUMMINGS & LOCKWOOD, ~~Special Counsel to Trustee~~	$ 17,912.75	$ 841.00

Creditors may be heard before the allowances are determined.

NOTE: Trustee was custodian to over $2.5 million in assets belonging to the U.S.A.F.

The account of the trustee shows total receipts of $ 1,438,163.03

and total disbursements of $ 1,151,476.98

The balance on hand is $ 286,686.05

In addition to expenses of administration as may be allowed by the court, liens and priority claims totaling $ 12,979,706.47** , must be paid in advance of any dividend to general creditors.

Claims of general creditors totaling $ 10,760,885.67**

have been allowed.

[~~*If appropriate*] The trustee's application to abandon the following property will be heard and acted upon at the meeting~~: Unless formal demand for the books and records of this bankrupt estate is made to the trustee at or before the final meeting of creditors, trustee is authorized to destroy books and records.

The bankrupt has [not] been discharged.

Dated: January 22, 1981

THOMAS C. BRITTON

Bankruptcy Judge
Thomas C. Britton

* *Include all names used by bankrupt within last 6 years.*

**This is an estimated amount taken from the claims register. Objections pending.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF FLORIDA
AINSLEY BUILDING, ROOM 808
14 N.E. FIRST AVENUE
MIAMI, FLORIDA 33132
OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE $300

Bankruptcy Court
Federal Bldg.
51 S.W. First Ave.
Miami, FL 33130

MIAMI, FL
PM
23 JAN

POSTAGE AND FEES PAID
UNITED STATES COURTS
U.S. MAIL

Bankruptcy Court
Federal Bldg.
51 S.W. First Ave.
Miami, FL 33130

698 DATE FILED: 6/1/76
Dynamics Corp. of AMERICA (
475 Steamboat Road
Greenwich, Conn. 06830

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                STANDARD INDUSTRIAL CLASSIFICATION:     ELECTRONIC COMPONENTS & ACCESSORIES [3670]
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                STATE OF INCORPORATION:                 IN
                FISCAL YEAR END:                1231

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the

Securities Exchange Act of 1934

Date of Report: October 20, 1997

CTS CORPORATION

950 West Boulevard North
Elkhart, Indiana 46514
(219) 293-7511

INDIANA	1-4639	35-0225010
(State of Incorporation)	(Commission File No.)	(IRS Id. No.)

<PAGE>

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

On October 16, 1997 (the "Effective Time), Dynamics Corporation of America, a New York corporation ("Dynamics") merged with and into CTS First Acquisition Corp. ("Sub"), a New York corporation and a wholly owned subsidiary of CTS Corporation (the "Company") pursuant to an Amended and Restated Agreement and Plan of Merger, dated as of May 9, 1997, as amended and restated on July 17, 1997, as amended (the "Merger Agreement"), among Sub, Dynamics and the Company. At the Effective Time of such merger (the "Merger"), among other things, (i) each then-outstanding share of common stock of Dynamics ("Dynamics Shares") (other than Electing Shares as defined below) was converted into the right to receive 0.88 shares of common stock of the Company ("CTS Shares"), (ii) holders of 3,297 Dynamics Shares who elected to receive cash in the Merger prior to the October 15, 1997 election deadline ("Electing Shares") received $58.00 in cash per Dynamics Share, (iii) each Dynamics Share owned by the Company, Sub, Dynamics or any wholly owned subsidiary of Dynamics (including the 1,164,339 Dynamics Shares acquired by Sub in a tender offer completed on June 16, 1997 for $56.25 per share (the "Tender Offer") and the 50,825 Dynamics Shares acquired in open market purchases after the Tender Offer) were canceled without payment of any consideration therefor, and (iv) Sub's name was changed to Dynamics Corporation of America.

Immediately following the Merger, the Company owns all of the outstanding shares of the common stock of Dynamics Corporation of America, as successor in the Merger to Dynamics. Pursuant to the Merger Agreement, the Board of Directors of the Company continues to be composed of Joseph P. Walker, Chairman, President and Chief Executive Officer of the Company, Patrick J. Dorme, Vice President - Finance and Chief Financial Officer of Dynamics, Andrew Lozyniak, Chairman and President of Dynamics and two independent directors. Prior to the Merger, Dynamics owned 43.9% of the issued and outstanding CTS Shares and 30.3% of the voting power of the CTS Shares.

Dynamics is a diversified manufacturer of commercial and industrial

products. Dynamics' eight plants are located in California, Connecticut, Ohio and Pennsylvania. Its six business units manufacture electronic components, mobile vans and transportable shelters for specialized electronic and medical diagnostic equipment, portable electric housewares and commercial appliances, air distribution equipment, specialized air-conditioning equipment and generator sets. Subsequent to the Merger, the Company intends to continue the operations of Dynamics.

In connection with the Tender Offer, the Company entered into a Credit Agreement among the Company, NBD Bank, N.A., as Agent, and the institutions from time to time parties thereto as lenders (the "Credit Agreement") providing for credit facilities (the "Credit Facilities") of $125 million. On June 16, 1997, the Company borrowed $50 million under the term loan portion of the Credit Facilities to finance the purchase of Dynamics Shares in the Tender Offer. The balance of the purchase price for Dynamics Shares came from working capital of the Company.

ITEM 5. OTHER EVENTS.

On October 16, 1997, in connection with the Merger, the shareholders of the Company approved certain amendments to the Company's Articles of Incorporation. The Company's Articles of Incorporation, as amended and restated, are filed herewith as Exhibit 3(a) and are incorporated herein by this reference. On May 9, 1997 the Company's Board of Directors approved certain amendments to the Company's By Laws to be effective on completion of the Merger. The By Laws, as amended, are filed herewith as Exhibit 3(b) and are incorporated herein by this reference.

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ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(a) Financial Statements of Business Acquired.

The following audited consolidated financial statements of Dynamics are incorporated herein by reference to the Annual Report on Form 10-K for the year ended December 31, 1996 filed by Dynamics with the Securities and Exchange Commission (the "Commission"):

Report of Independent Accountants

Consolidated Balance Sheets - December 31, 1996 and 1995

Consolidated Statements of Income - Years ended December 31, 1996, 1995 and 1994

Consolidated Statements of Cash Flows - Years ended December 31, 1996, 1995 and 1994

Notes to Consolidated Financial Statements

The following unaudited consolidated financial statements of Dynamics are incorporated herein by reference to the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1997 filed by Dynamics with the Commission:

Condensed Consolidated Balance Sheets - June 30, 1997 and December 31, 1996

Condensed Consolidated Statements of Income - Three and Six Months ended June 30, 1997 and 1996

Condensed Consolidated Statements of Cash Flows - Six Months ended June 30, 1997 and 1996

Notes to Condensed Consolidated Financial Statements - Unaudited

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(b) Pro Forma Financial Information.

The following pro forma financial data is incorporated herein by reference to the Registration Statement on Form S-4 of the Company (Registration No. 333-34861) filed with the Commission on September 3, 1997:

Unaudited Condensed Consolidated Pro Forma Balance Sheet at June 29, 1997

Unaudited Condensed Consolidated Pro Forma Statement of Operations for the Six Months Ended June 29, 1997

Unaudited Condensed Consolidated Pro Forma Statement of Operations for the Year Ended December 31, 1996

Notes to Pro Forma Financial Data

(c) Exhibits:

EXHIBIT NUMBER

2 Amended and Restated Agreement and Plan of Merger dated as of May 9, 1997, as amended and restated on July 17, 1997, as amended, among Dynamics Corporation of America, CTS Corporation and CTS First Acquisition Corp. (the "Merger Agreement") (incorporated by reference to Exhibit 99(c)(6) to CTS Corporation's and CTS First Acquisition Corp.'s Amendment No. 3 to Schedule 13D, filed with the Commission on July 18, 1997).

2(a) Amendment dated as of October 15, 1997 to the Merger Agreement.

3(a) Articles of Incorporation, as amended and restated October 16, 1997.

3(b) By Laws, as amended and in effect on October 16, 1997.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CTS CORPORATION
(Registrant)

Date: October 20, 1997

By: /s/ Stanley J. Aris

Stanley J. Aris
Vice President - Finance and
Chief Financial Officer

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EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION

2 Amended and Restated Agreement and Plan of Merger dated as of May 9, 1997, as amended and restated on July 17, 1997, as amended, among Dynamics Corporation of America, CTS Corporation and CTS First Acquisition Corp. (incorporated by reference to Exhibit 99(c)(6) to CTS Corporation's and CTS First Acquisition Corp.'s Amendment No. 3 to Schedule 13D filed with the Commission on July 18, 1997).

2(a) Amendment dated October 15, 1997 to the Merger Agreement, filed herewith.

3(a) Articles of Incorporation, as amended and restated October 16, 1997, filed herewith.

3(b) By Laws, as amended and in effect October 16, 1997, filed herewith.

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EXHIBIT 2(a)

FIRST AMENDMENT TO THE AMENDED AND RESTATED
AGREEMENT AND PLAN OF MERGER

FIRST AMENDMENT TO THE AMENDED AND RESTATWED AGREEMENT AND PLAN OF MERGER, dated as of October 15, 1997 (the "Amendment"), among CTS Corporation, an Indiana corporation ("Parent"), CTS First Acquisition Corp., a New York corporation and a wholly owned subsidiary of Parent ("Sub"), and Dynamics Corporation of America, a New York corporation (the "Company").

WHEREAS, Parent, Sub and the Company have entered into the Amended and Restated Agreement and Plan of Merger, dated as of May 9, 1997 and amended and restated on July 17, 1997 (the "Merger Agreement"), which sets forth the terms and conditions upon which the Company will merge with and into Sub (the "Merger");

WHEREAS, Parent, Sub and the Company desire that after the Effective Time of the Merger, the certificate of incorporation of Sub shall be amended to change the name of Sub to Dynamics Corporation of America; and

WHEREAS, Parent, Sub and the Company desire to amend the Merger Agreement to make the change set forth below.

NOW, THEREFORE, in consideration of the agreement herein set forth, the parties agree as follows:

1. DEFINITIONS. Capitalized terms used and not otherwise defined herein shall have the respective meanings assigned to them in the Merger Agreement.

2. AMENDMENT TO SECTION 2.05 OF THE MERGER AGREEMENT. Subsection (a) of Section 2.05 is hereby amended and restated in its entirety to read as follows:

"(a) The certificate of incorporation of Sub will be the certificate of incorporation of the Surviving Corporation, amended to change the name of the Surviving Corporation to `Dynamics Corporation of America', until thereafter changed or amended as provided therein or by Law."

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IN WITNESS WHEREOF, Parent, Sub and the Company have caused this Amendment to be signed by their respective officers thereunto duly authorized, all as of the date first written above.

CTS CORPORATION

By: /s/ Joseph P. Walker

Name: Joseph P. Walker
Title: Chairman of the Board, President and Chief Executive Officer

CTS FIRST ACQUISITION CORP.

By: /s/ Joseph P. Walker

Name: Joseph P. Walker
Title: President

DYNAMICS CORPORATION OF AMERICA

By: /s/ Andrew Lozyniak

Name: Andrew Lozyniak
Title: Chairman of the Board And President

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EXHIBIT 3(a)

Amended and Restated

ARTICLES OF INCORPORATION

OF

CTS CORPORATION

ARTICLE I.

NAME

The name of the corporation is CTS Corporation (the "Corporation").

ARTICLE II.

PURPOSES

The purpose for which the Corporation is formed is to engage in any lawful business or activity for which corporations may be organized under the Indiana Business Corporation Law, as amended (the "IBCL").

ARTICLE III.

TERM OF EXISTENCE

The period during which the Corporation shall continue is perpetually.

ARTICLE IV.

PRINCIPAL OFFICE AND RESIDENT AGENT

The post-office address of the principal office of the Corporation is 905 West Blvd. North, Elkhart, Indiana; and the name and post-office address of its Resident Agent in charge of such office is Jeannine M. Davis, 3819 Augusta Lane, Elkhart, Indiana.

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ARTICLE V.

AMOUNT OF CAPITAL STOCK

The Corporation is authorized to issue two classes of capital stock, designated Common Stock and Preferred Stock. The total number of shares of capital stock that the Corporation is authorized to issue is 100,000,000 shares, consisting of 75,000,000 shares of Common Stock, without par value, and 25,000,000 shares of Preferred Stock, without par value.

ARTICLE VI.

TERMS OF CAPITAL STOCK

(a) PREFERRED STOCK. The Preferred Stock may be issued in one or more series. The Board of Directors of the Corporation is authorized to fix the designations, powers, preferences, rights, qualifications, limitations or restrictions of each such series by the adoption and filing in accordance with the Indiana Business Corporation Law, before the issuance of any Preferred Shares of such series, of an amendment or amendments to these Articles of Incorporation determining the terms of such series (an "Article IV Amendment"). The authority of the Board of Directors with respect to each such series will include, without limiting the generality of the foregoing, the determination of any or all of the following:

(i) the number of shares of any series and the designation to distinguish the shares of such series from the shares of all other series;

(ii) the voting powers, if any, and whether such voting powers are full or limited in such series;

(iii) the redemption provisions, if any, applicable to such series, including the redemption price or prices to be paid;

(iv) whether dividends, if any, will be cumulative or noncumulative, the dividend rate of such series and the dates and preferences of dividends on such series;

(v) the rights of such series upon the voluntary or involuntary dissolution of, or upon any distribution of the assets of, the Corporation;

(vi) the provisions, if any, pursuant to which the shares of such series are convertible into, or exchangeable for, shares of any other class or classes or of any other series of the same or any other class or classes of stock, or any other security, of the Corporation or any other corporation or other entity and the rates or other determinants of conversion or exchange applicable thereto;

(vii) the right, if any, to subscribe for or to purchase any securities of the Corporation or any other corporation or other entity;

(viii) the provisions, if any, of a sinking fund for such series; and

(vix) any other relative, participating, optional or other special powers, preferences or rights and qualifications, limitations or restrictions thereof;

all as may be determined from time to time by the Board of Directors and stated or expressed in the Article IV Amendment for such shares of Preferred Stock (collectively, a "Preferred Stock Designation").

(b) PREEMPTIVE RIGHTS. Except as may be specified in a Preferred Stock Designation, no holder of any share or shares of any class of stock of the Corporation shall have any preemptive right to subscribe for any shares of stock of any class of the Corporation now or hereafter authorized or for any securities, warrants or options convertible into or carrying any rights to purchase any shares of stock of any class of the Corporation now or hereafter authorized, provided, however, that no provision of these Articles of Incorporation shall be deemed to deny to the Board of Directors the right, in its discretion, to grant to the holders of shares of any class of stock at the time outstanding the right to purchase or subscribe for shares of stock of any class or any other securities of the Corporation now or hereafter authorized, at such prices and upon such other terms and conditions as the Board of Directors, in its discretion, may fix.

ARTICLE VII.

VOTING RIGHTS OF CAPITAL STOCK

Subject to the rights, if any, of the holders of any series of Preferred Stock to vote under circumstances specified in a Preferred Stock designation, the holders of the Common Stock, without par value, shall be entitled to vote at all meetings of the shareholders and shall be entitled to cast one vote for each share of stock held by them respectively and standing in their respective names on the books of the Corporation.

ARTICLE VIII.

DATA RESPECTING DIRECTORS

SECTION 1. NUMBER. Subject to the rights, if any, of the holders of any series of Preferred Stock to elect additional directors of the Board of Directors under circumstances specified in a Preferred Stock Designation, the number of the directors of the Corporation will not be less than three nor more than fifteen and will be fixed from time to time in the manner provided in the Bylaws of the Corporation.

SECTION 2. QUALIFICATIONS. Directors need not be shareholders of the Corporation. A majority of the Directors at any time shall be citizens of the United States.

ARTICLE IX.

PROVISIONS FOR REGULATION OF BUSINESS
AND CONDUCT OF AFFAIRS OF CORPORATION

(a) ISSUANCE OF SHARES. The Board of Directors is hereby authorized to direct the issuance by the Corporation of shares of Common Stock and Preferred Stock at such times, in such amounts, to such persons, for such consideration and upon such terms and conditions as it may, from time to time, determine, subject only to the restrictions, limitations, conditions and requirements imposed by the Indiana Business Corporation Law, other applicable laws and these Articles of Incorporation.

(b) The Corporation shall have power to carry on and conduct its said business, or any part thereof, and to have one or more officers in the State of Indiana, and in the various other states, territories, colonies and dependencies of the United States, in the District of Columbia, and in all or any foreign countries;

(c) The Corporation reserves the right to take advantage of the provisions of any amendment to The Indiana Business Corporation Law, or of any new law applicable or relating to corporations formed, organized under, or which have accepted the provisions of, the law now in force, which may hereafter be enacted, and all rights granted to, and conferred on, the shareholders of the Corporation, are granted and conferred, subject to this reservation;

(d) Annual or special meetings of the shareholders of the Corporation may be held at the place, either within or without the State of Indiana, which may be stated in the notice of said meeting;

(e) These Amended and Restated Articles of Incorporation shall amend and supersede and take the place of all heretofore existing Articles of Incorporation or Articles of Acceptance (and amendments thereto) of the Corporation.

ARTICLE X.

LIABILITY

To the fullest extent permitted by applicable law as then in effect, no director or officer shall be personally liable to the Corporation or any of its shareholders for damages for breach of fiduciary duty as a director or officer, except for liability (a) for breach of duty if such breach constitutes wilful misconduct or recklessness or (b) for the payment of distributions to shareholders in violation of Section 23-1-28-3 of the Indiana Business Corporation Law. Any

amendment or repeal of, or adoption of any provision inconsistent with, this

Article X will not adversely affect any right or protection existing hereunder, or arising out of facts occurring, prior to such amendment, repeal or adoption and no such amendment, repeal or adoption will affect the legality, validity or enforceability of any contract entered into or right granted prior to the effective date of such amendment, repeal or adoption.

ARTICLE XI.

INDEMNIFICATION

Each person who was or is involved in any manner (including without limitation as a party or a witness), or is threatened to be made so involved, in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal, by reason of the fact that such person is or was a director or officer of the Corporation, or who is or was serving at the request of the Board of Directors as a director, officer, partner, trustee, employee or agent of another corporation or a partnership, joint venture, trust, employee benefit plan or other entity, whether for profit or not for profit, whether or not the basis of such proceeding is alleged action in an official capacity while serving as a director, officer, employee or agent, will be indemnified by the Corporation to the fullest extent to which it is empowered to do so by the Indiana Business Corporation Law, or any other applicable laws, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment) against all expense, liability and loss (including attorneys' fees and expenses, judgments, settlements, penalties, fines, and excise taxes assessed with respect to employee benefit plans) actually and reasonably incurred or suffered by such person in connection therewith. The right of indemnification provided in this Article XI (a) will not be exclusive of any other rights to which any person seeking indemnification may otherwise be entitled, including without limitation pursuant to any contract approved by a majority of the Board of Directors (whether or not the directors approving such contract are or are to be parties to such contract or similar contracts), and (b) will be applicable to matters otherwise within its scope (with each reference in the first sentence of this Article XI to "the Corporation" being deemed for purposes of this sentence to include any domestic or foreign predecessor entity of the Corporation in a merger or other transaction in which the predecessor's existence ceased upon consummation of the transaction) whether or not such matters arose or arise before or after the adoption of this Article XI. Without limiting the generality or the effect of the foregoing, the Corporation may adopt Bylaws, or enter into one or more agreements with any person, which provide for indemnification greater or different than that provided in this Article XI or the Indiana Business Corporation Law. Any amendment or repeal of, or adoption of any provision inconsistent with, this Article XI will not adversely affect any right or protection existing hereunder, or arising out of facts occurring, prior to such amendment, repeal or adoption and no such amendment, repeal or adoption will affect the legality, validity or enforceability of any contract entered into or right granted prior to the effective date of such amendment, repeal or adoption.

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Exhibit 3(b)

CTS CORPORATION

BY LAWS

(As Amended and in Effect on October 16, 1997)

ARTICLE I.

OFFICERS

The officers of CTS Corporation (the "Corporation") shall be a President, one or more Vice Presidents, a Secretary, a Treasurer and a Controller. The Board of Directors may also elect one or more Assistant Secretaries, Assistant Treasurers and Assistant Controllers, and such other officers as may be determined, from time to time, by the Board of Directors.

The President shall be a director of the Corporation. Any offices, other than those of President and Secretary, may be held by the same person.

The officers of the Corporation shall be elected by the Board of Directors at the annual meeting of the Board of Directors for the term of one year and until their successors have been elected and qualified. Any vacancy occurring among the above offices may be filled for the remainder of the term by the Board of Directors at any regular or special meeting, and officers so elected shall hold office until the next annual meeting of the Board of Directors and until their successors have been elected and qualified.

ARTICLE II.

BOARD OF DIRECTORS ORGANIZATION

SECTION 1. The Board of Directors shall elect, from the members of the Board of Directors who are not officers of the Corporation, an Audit Committee consisting of not less than three members. The members of the Audit Committee shall be elected at each annual meeting of the Board of Directors to serve, while qualified, at the pleasure of the Board of Directors, or if longer, for one year and until their successors have been elected and qualified.

The Audit Committee shall be responsible directly to the Board of Directors and, in addition to such authority and duties specifically delegated by the Board of Directors, shall have

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the authority to review the conduct and the report of the independent financial audit of the Corporation and shall report to the Board of Directors the findings, conclusions and recommendations of the Audit Committee regarding the conduct and report of the independent financial audit.

Unless the Board of Directors designates a Chairman, a majority of the members of the Audit Committee may designate one member of the Audit Committee as Chairman of the Audit Committee to preside at all meetings of the Audit Committee.

SECTION 2. The Board of Directors shall elect from members of the Board of Directors, who are not officers of the Corporation, a Compensation Committee consisting of not less than three members. The members of the Compensation Committee shall be elected at each annual meeting of the Board of Directors to serve, while qualified, at the pleasure of the Board of Directors, or if longer, for one year and until their successors have been elected and qualified.

The Compensation Committee shall be responsible directly to the Board of Directors and, in addition to such authority and duties specifically delegated by the Board of Directors, shall have authority to review, and make recommendations to the Board of Directors regarding the compensation, including fringe benefits and stock options, for the officers of the Corporation.

Unless the Board of Directors designates a Chairman, a majority of the members of the Compensation Committee may designate one member of the Compensation Committee as Chairman of the Compensation Committee to preside at all meetings of the Compensation Committee.

SECTION 3. The Board of Directors shall designate from members of the Board of Directors, a Chairman of the Board, who shall preside at meetings of shareholders and of the Board of Directors unless the Chairman shall designate an officer or other director of the Corporation to do so. The Chairman of the Board shall have such additional authority as granted by the Board of Directors and shall perform such other duties as are assigned from time to time by the Board of Directors.

ARTICLE III.

CORPORATE OFFICERS

SECTION 1. The President shall exercise specific authority and supervision over, and shall be responsible for the direction of, the business and affairs of the Corporation, subject to the direction of the Board of Directors. In addition, the President may be designated the Chief Executive Officer and, if so, shall have the additional authority and duties and responsibilities specified in these Bylaws. The President shall also perform such other duties as may be assigned from time to time, by the Board of Directors. The President shall perform all the duties of the Chairman of the Board in the absence or during any disability of the Chairman.

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SECTION 2. The Board of Directors shall designate the Chairman of the Board or the President as the Chief Executive Officer of the Corporation. In addition to other duties as an officer, the Chief Executive Officer shall exercise general authority and supervision over, and shall be responsible for, management of the business and affairs of the Corporation, subject to the direction of the Board of Directors.

The Chief Executive Officer shall determine the organization of the officers of the Corporation, shall designate to whom such officers shall report and be responsible, and subject to the direction of the Board of Directors shall determine their respective duties and responsibilities.

SECTION 3. Each Vice President shall perform such duties as may be assigned from time to time by the President and shall report to and be responsible to such officer as the President shall designate. Each Vice President shall also have such additional authority and shall perform such other duties assigned from time to time, by the Board of Directors.

The Board of Directors may designate a word or words to be placed before or after the title of Vice President to indicate organizational or functional authority or duty.

SECTION 4. The Secretary shall attend all meetings of the shareholders and Board of Directors and all committees, and shall keep minutes of each meeting. The Secretary shall give proper notice of all meetings of shareholders, directors and committees, required in these Bylaws. The Secretary shall maintain proper records of ownership and transfer of the stock of the Corporation. The Secretary shall have the custody of, and affix, the seal of the Corporation and perform such other duties as may be assigned from time to time by the Board of Directors.

SECTION 5. The Vice President Finance/Chief Financial Officer, shall be responsible for the financial affairs of the Corporation, shall submit to the annual meeting of shareholders a statement of the financial condition of the Corporation, and whenever required by the Board of Directors, shall give account of all transactions and of the financial condition of the Corporation. The Treasurer shall report to the Vice President Finance/Chief Financial Officer. The Treasurer shall establish and maintain appropriate banking relations and arrangements on behalf of the Corporation. The Treasurer shall receive and have

custody of, and shall disburse, all moneys of the Corporation, and in the name of the Corporation, shall deposit all moneys in, and disburse all moneys from, such bank, or banks, as the Board of Directors shall designate, from time to time, as the depositories of the Corporation. The Treasurer shall perform such other duties and render such services for, and on behalf of, the Corporation as may be assigned from time to time by the Vice President Finance, Chief Financial Officer.

SECTION 6. The Controller shall be the accounting officer of the Corporation and shall formulate accounting procedures to record expenses, losses, gains, assets and liabilities of the Corporation, to report and interpret results of operations of the Corporation and to assure protection of the assets of the Corporation. The Controller shall prepare and submit to the Board of Directors and the Chief Executive Officer such periodic balance sheets, profit and loss statements and other financial statements as may be required to keep such persons currently

informed of the operations and the financial condition of the Corporation. The Controller shall perform such other duties assigned from time to time by the Chief Executive Officer.

SECTION 7. The Assistant Secretary or Secretaries, Assistant Treasurer or Treasurer or Treasurers, and the Assistant Controller or Controllers shall perform the duties of the Secretary, of the Treasurer, and of the Controller, respectively, in the absence of those officers and shall have such further authority and perform such other duties as may be assigned.

ARTICLE IV.

DUTIES OF OFFICERS DELEGATED

In the absence or disability of any officer of the Corporation, the Board of Directors may delegate the powers and duties of any such officer to any other officer or director of the Corporation for such period of time as said Board of Directors may determine.

ARTICLE V.

BONDS

The Board of Directors or the Chief Executive Officer may require any officer, agent, or employee of the Corporation to furnish the Corporation a bond for the faithful performance of duties and for the accounting of all moneys, securities, records, or other property of the Corporation coming into the hands of such agent or employee.

ARTICLE VI.

MEETINGS OF SHAREHOLDERS

SECTION 1. Meetings of the shareholders of the Corporation shall be held at the place, either within or without the State of Indiana, stated in the notice of said meeting.

SECTION 2. The annual meeting of shareholders of the Corporation shall be held on the last Friday in April of each year or at such other time established for such meeting by 80% of the directors.

SECTION 3. A complete list of the shareholders entitled to vote at any shareholders' meeting, arranged in alphabetical order and containing the address and number of shares of stock so held by each shareholder who is entitled to vote at said meeting, shall be prepared by the Secretary and shall be subject to the inspection by any shareholder at the time and place of an annual meeting and

at the principal office of the Corporation for five (5) days prior thereto.

SECTION 4. At all shareholders' meetings a quorum shall consist of a majority of all of the shares of stock outstanding and entitled by the Articles of Incorporation to vote on the business to be transacted at said meeting, but a meeting composed of less than a quorum may adjourn the meeting from day to day thereafter or until some future time.

SECTION 5. At the annual meeting of the shareholders, there shall be elected, by plurality vote, a Board of Directors, who shall hold office until the next annual meeting of shareholders and until their successors have been elected and qualified.

SECTION 6. At all shareholders' meetings, each shareholder shall be entitled to one (1) vote in person or by proxy for each share of common stock registered in the shareholder's name on the books of the Corporation as of the record date which shall be as fixed by the Board of Directors and entitled, by the Articles of Incorporation, to vote on the business to be transacted at said meeting.

SECTION 7. The shareholders may be represented at any meeting thereof by their duly appointed Attorney-in-Fact provided the proxy so appointing said Attorney-in-Fact shall be filed with the Secretary prior to the meeting.

SECTION 8. Special meetings of the shareholders of the Corporation may be called by the Chairman of the Board, by the President, by the Board of Directors, or by the shareholders holding not less than one-fourth of all of the shares of stock outstanding and entitled, by the Articles of Incorporation, to vote on the business to be transacted at said special meeting whenever in the opinion of such person or body such meeting is necessary.

Whenever a special meeting of the shareholders shall be called by the shareholders, the call shall be delivered to the Secretary who shall issue the notice of said special meeting which is required to be given.

SECTION 9. Written notice of each meeting of the shareholders shall be given by the Secretary to each shareholder of record at least ten (10) days prior to the time fixed for the holding of such meeting; said notice shall state the place, day and hour and the purpose for which said meeting is called, and said notice shall be addressed to the last known place of residence of each shareholder as shown by the stock books of the Corporation. The ten (10) days shall be computed from the date upon which said notice is deposited in the mails.

SECTION 10. Notice of any shareholders' meeting may be waived in writing by any shareholder if the waiver sets forth in reasonable detail the purpose or purposes for which the meeting is called and the time and place thereof.

SECTION 11. No shares of stock shall be voted at any annual or special meeting of shareholders upon which any installment is due and unpaid, which are owned by the Corporation.

ARTICLE VII.

DIRECTORS

SECTION 1. The property and business affairs of the Corporation shall be managed under the direction of the Board of Directors. Directors shall be elected by a plurality vote at the annual meeting or a special meeting of the shareholders and shall hold office for a term of one year or until their successors are elected and qualified. In case of the failure to hold the annual meeting on the date fixed herein for the same to be held, the directors shall hold over until the next annual meeting, unless prior to said meeting a special

meeting of the shareholders for the purpose of electing directors has been held. Subject to the rights, if any, of any series of Preferred Stock to elect additional directors under circumstances specified in the Articles of Incorporation and to the minimum and maximum number of authorized directors provided in the Articles of Incorporation, the authorized number of directors will be as determined from time to time by the Board of Directors. If no determination of the number of directors has been made by the Board of Directors, the number of directors shall be seven.

SECTION 2. Any vacancy occurring in the Board of Directors caused by resignation, death or other incapacity, shall be filled by majority vote of the remaining members of the Board until the next annual meeting of shareholders; provided, however, that if the vote of the remaining members of the Board of Directors shall result in a tie, such vacancy shall be filled by the shareholders at the next annual meeting of the shareholders or at a special meeting of the shareholders called for that purpose.

SECTION 3. Any vacancy occurring in the Board of Directors, caused by an increase in the number of directors, shall be filled by a majority vote of the members of the Board until the next annual meeting of shareholders; provided, however, that if the vote of the members of the Board of Directors shall result in a tie, such vacancy shall be filled by the shareholders at the next annual meeting of the shareholders or at a special meeting of the shareholders called for that purpose.

SECTION 4. A person shall not be nominated, stand for election or be elected as a director of the Corporation who (I) at the time of his election shall be seventy (70) years of age or older, (ii) has retired from employment by the Corporation and is sixty-five (65) years of age or older or (iii) has retired from active business and professional vocations.

ARTICLE VIII.

MEETINGS OF DIRECTORS

SECTION 1. Following the annual meeting of shareholders, the annual meeting of the Board of Directors shall be held without notice, each and every year hereafter, at the time and place determined by the directors.

SECTION 2. Regular meetings of the Board of Directors shall be held without notice at 9:00 A.M. on the last Friday of February, June, August, October and December at the offices of the Corporation, unless another time and place is designated.

SECTION 3. Special meetings of the Board of Directors may be called by the Chairman of the Board, by the President, or by three (3) members of the Board of Directors on three (3) days' notice by mail, or an twenty-four (24) hours' notice by telegraph, telephone, facsimile or other similar medium of communication to each director, which notice shall be addressed to the last known place of business or residence of each director, and said meetings may be held either at the office of the Corporation or at such other place as may be designated in the notice of said meeting.

Whenever a special meeting of the Board of Directors shall be called, in accordance with the provision of this section, by members of the Board of Directors, the call shall be in writing, signed by said directors and delivered to the secretary who shall thereupon issue the notice calling said meeting.

SECTION 4. Not less than one-half at the whole Board of Directors, shall constitute a quorum for the transaction of any business except the filling of vacancies, but a smaller number may adjourn, from time to time, until a future date or until a quorum is secured.

For the purpose only of filling a vacancy or vacancies in the Board of Directors, a quorum shall consist of a majority of the whole Board of Directors,

less the vacancy or vacancies therein.

The act of a majority at the directors present at a duly called, at which a quorum is present shall be the act of the Board of Directors.

ARTICLE IX.

Compensation of Directors and
MEMBERS OF COMMITTEES

The members of the Board of Directors and members of committees of the Corporation, who are not salaried employees of the Corporation, shall receive such compensation for their services to be rendered as members of the Board of Directors, or of committees, as may, from time to time, be fixed by the Board of Directors and the compensation so fixed shall continue to be payable until the Board of Directors shall have thereafter fixed a different compensation, which it may do at any annual, regular or special meeting.

ARTICLE X.

CERTIFICATES OF STOCK

SECTION 1. Certificates of stock shall be issued to those legally entitled thereto, as may be shown by the books of the Corporation, and shall be signed by the President and attested by the Secretary.

SECTION 2. The Corporation may appoint one or more transfer agents and/or registrars to issue, countersign, register, and transfer certificates representing its capital stock and signatures of the Corporation's officers and of the transfer agents on stock certificates may be facsimiles. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction on its books.

SECTION 3. The holder of any stock of the Corporation shall immediately notify the Corporation of any loss, theft, destruction or mutilation of the certificate for any such stock. A new certificate or certificates shall be issued upon the surrender of the mutilated certificate or, in case of loss, theft, or destruction, upon (I) delivery of an affidavit or affirmation, and (ii) delivery of a bond in such sum and in such form and with such surety or sureties as the Board of Directors (by general or specific resolutions) or the President may approve, indemnifying the Corporation against any claim with respect to the certificate or certificates alleged to have been lost, stolen or destroyed. However, the Board may, in its discretion, refuse to issue new certificate or certificates, save upon the order of some Court having jurisdiction in such matters.

ARTICLE XI.

TRANSFER OF STOCK

SECTION 1. The stock transfer books of the Corporation may from time to time be closed by order of the Board of Directors for any lawful purpose and for such period consistent with law, but not exceeding thirty (30) days at any one time, as the Board of Directors may deem advisable. In lieu of closing the stock transfer books as aforesaid, the Board of Directors may, in its discretion, fix in advance a date not exceeding fifty (50) days or less than ten (10) days next preceding the date of any meeting of shareholders or the date for the payment of any dividend or the date for the allotment of rights or the date when any change or conversion or exchange of capital stock shall go into effect, as the record date for the determination of the shareholders entitled to notice

of and to vote at any such meeting or entitled to receive any such dividend or to any such allotment of rights or to exercise the rights of any such change, conversion or exchange of capital stock; and, in such case, only such shareholders as shall be shareholders of record at the close of business on the date so fixed shall be entitled to notice of and to vote at such meeting or to receive such payment of dividend or to receive such allotment of rights or to exercise such rights as the case may be, notwithstanding any transfer of stock on the books of the Corporation after such record date fixed as aforesaid. In the event the Board of Directors fails to fix in advance the record date for the determination of the shareholders entitled to notice of and to vote at any meeting, no share of stock transferred on the books of the corporation within ten (10) days next preceding the date of a meeting shall be voted at such meeting.

SECTION 2. The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the legal owner thereof and accordingly shall not be bound to recognize any equitable claim to or interest in such share or shares on the part of any other person whether or not it shall have express or other notice thereof, save as expressly provided in the laws of the State of Indiana.

SECTION 3. The assignment of any certificate of stock shall constitute an assignment to the assignee of the shares so assigned and of all dividends on the shares assigned which are declared payable as of a record date subsequent to the date the assignment is recorded on the stock record books of the Corporation.

ARTICLE XII.

FISCAL YEAR

The fiscal year of the Corporation shall correspond to the calendar year.

ARTICLE XIII.

CHECKS FOR MONEY

All checks, drafts or other orders for the payment of funds of the Corporation shall be signed by either the Chairman of the Board, the President, or the Treasurer, or by such other individual or individuals as may hereafter, from time to time, be designated by the Board of Directors. No check, draft or other order for the payment of funds of the Corporation shall be signed in blank, either as to the amount of the check, draft or other order, or as to the name of the payee.

ARTICLE XIV.

DIVIDENDS

The Board of Directors may declare and pay dividends out of the unreserved and unrestricted earned surplus of the Corporation. Dividends may be declared at any annual, regular or special meeting of the Board of Directors. Dividends may be paid in cash, in property or in the shares of the capital stock of the Corporation, as provided by the Articles of Incorporation and the laws of the State of Indiana.

ARTICLE XV.

NOTICES

SECTION 1. A notice required to be given under the provisions of these Bylaws to any shareholder, director, officer and member of any committee shall not be construed to mean personal notice but may be given in writing by depositing the same in a post office or letter box in a postpaid sealed wrapper addressed to such shareholder, director, officer and member of any committee at such address as appears upon the books of the Corporation, and such notice shall be deemed to be given at the time when the same shall be thus mailed.

SECTION 2. Any shareholder, director, officer and member of any committee may waive, in writing, any notice required to be given by these Bylaws, either before or after the time said notice should have been issued.

ARTICLE XVI.

COMPENSATION OF OFFICERS

The officers of the Corporation shall receive such compensation for their services as may, from time to time, be fixed by the Board of Directors, and the compensation so fixed shall continue to be payable until the Board of Directors shall have fixed a different compensation, which it may do at any annual, regular, or special meeting.

ARTICLE XVII.

CORPORATE SEAL

The seal of the Corporation shall be a plain circular disk having engraved thereon, near the outer edge thereof, at least the words, "CTS Corporation" and in the center thereof the word, "Seal".

ARTICLE XVIII.

INDEMNIFICATION

SECTION 1. GENERAL. Without limiting the generality or effect of Article XI of the Articles of Incorporation, the Corporation shall, to the fullest extent to which it is empowered to do so by the Indiana Business Corporation Law (hereinafter the "IBCL"), or any other applicable laws, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), indemnify and hold harmless any person who was or is involved in any manner (including without limitation as a party or a witness),

or is threatened to be made so involved, in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal (hereinafter a "proceeding"), by reason of the fact that such person is or was a director or officer of the Corporation, or who is or was serving at the request of the Board of Directors as a director, officer, partner or trustee of another corporation or a partnership, joint venture, trust, employee benefit plan or other entity, whether for profit or not for profit, (any such person hereinafter an "indemnitee"), whether or not the basis of such proceeding is alleged action in an official capacity while serving as a director, or officer, against all expense, liability and loss (including attorneys' fees and expenses, judgments, settlements, penalties, fines, and excise taxes assessed with respect to employee benefit plans) actually and reasonably incurred or suffered by such person in connection therewith; provided, however, that, except as provided in Section 3 of this Article XVIII with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

SECTION 2. RIGHT TO ADVANCEMENT OF EXPENSES. The right to indemnification conferred in Article XVIII shall include the right to be paid by the Corporation the expenses (including, without limitation, attorneys' fees and expenses) incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the IBCL so requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Section 2 or otherwise.

The rights to indemnification and to the advancement of expenses conferred in Article XVIII shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director or officer and shall inure to the benefit of the indemnitee's heirs, executors and administrators. For purposes of Article XVIII, references to "the Corporation" shall include any domestic or foreign predecessor entity of the Corporation in a merger or other transaction in which the predecessor's existence ceased upon consummation of the transaction.

SECTION 3. RIGHT OF INDEMNITEE TO BRING SUIT. If a claim under Section 1 or Section 2 of this Article XVIII is not paid in full by the Corporation within 60 calendar days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be 20 calendar days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking,

the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the IBCL. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel or shareholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the IBCL, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel or shareholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article XVIII or otherwise shall be on the Corporation.

SECTION 4. NON-EXCLUSIVITY OF RIGHTS. The rights to indemnification and to the advancement of expenses conferred in this Article XVIII shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation's Articles of Incorporation, Bylaws, agreement, vote of shareholders or disinterested directors or otherwise.

SECTION 5. INSURANCE. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the IBCL.

SECTION 6. VESTED RIGHT TO INDEMNIFICATION. The right of any individual to indemnification under this Article XVIII shall vest at the time of occurrence or performance of any event, act or omission giving rise to any Proceeding and once vested, shall not later be impaired as a result of any amendment, repeal, alteration or other modification of any or all of these Bylaws. Notwithstanding the foregoing, the indemnification afforded under this Article XVIII shall be applicable to all alleged prior acts or omissions of any individual seeking indemnification hereunder, regardless of the fact that such alleged acts or omissions may have occurred prior to the adoption of these Bylaws, and to the extent such prior acts or omissions cannot be deemed to be covered by these Bylaws, the right of any individual to indemnification shall be governed by the indemnification provisions in effect at the time of such prior acts or omissions.

SECTION 7. INDEMNIFICATION OF EMPLOYEES AND AGENTS OF THE CORPORATION. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of this corporation, or to any individual who is or was serving at the request of the Board of Directors as an employee or agent of another corporation or a partnership, joint venture, trust, employee benefit plan or other entity, whether for profit or not for profit, to the fullest extent of the provisions of these Bylaws with respect to the indemnification and advancement of expenses of directors and officers of this corporation.

SECTION 8. BUSINESS EXPENSE. Any payments made to any indemnified party under these Bylaws or under any other right to indemnification shall be deemed to be an ordinary and necessary business expense of the Corporation, and payment thereof shall not subject any person responsible for the payment, or the Board, to any action for corporate waste or to any similar action.

SECTION 9. SEVERABILITY. If any provision or provisions of Article XVIII is or are held to be invalid, illegal, or unenforceable for any reason whatsoever: (i) the validity, legality, and enforceability of the remaining provisions of such Article (including without limitation all portions of any paragraph of such Article containing any such provision held to be invalid, illegal, or unenforceable, that are not themselves invalid, illegal, or unenforceable) will not in any way be affected or impaired thereby and (ii) to the fullest extent possible, the provisions of such Article (including without limitation all portions of any paragraph of such Article containing any such provision held to be invalid, illegal, or unenforceable, that are not themselves invalid, illegal, or unenforceable) will be construed so as to give effect to the intent manifested by the provision held invalid, illegal, or illegal, or unenforceable.

ARTICLE XIX.

AMENDMENTS

SECTION 1. These Bylaws may be amended, altered, repealed, or added to at any annual or regular meeting of the directors, or at any special meeting thereof.

SECTION 2. No amendment, alteration or addition to these Bylaws shall become effective unless the same is adopted by the affirmative vote of a majority of the members of the Board of Directors.

ARTICLE XX.

CONTROL SHARE ACQUISITIONS

As provided for in Section 5 thereof, Chapter 42 of the Indiana Business Corporation Law, relating to control share acquisitions, shall not apply to control share acquisitions of shares of the corporation made after March 3, 1987.

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SUBJECT COMPANY:

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                CENTRAL INDEX KEY:                      0000030819
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                IRS NUMBER:                             130579260
                STATE OF INCORPORATION:                 NY
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        MAIL ADDRESS:
                STREET 1:               475 STEAMBOAT RD
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        FORMER COMPANY:
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FILED BY:

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13D

(AMENDMENT NO. 3)*

UNDER THE SECURITIES EXCHANGE ACT OF 1934

Dynamics Corporation of America
- ---
(Name of Issuer)

Common Stock, par value $.10 per share
- ---
(Title of Class of Securities)

268039104
- ---
(CUSIP Number)

Joseph P. Walker
Chairman, President
and Chief Executive Officer
CTS Corporation
905 West Boulevard North
Elkhart, Indiana 46314
(219) 326-3939
- ---
(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

July 17, 1997
- ---
(Date of Event which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following box |_|.

Note: Six copies of this statement, including all exhibits, should be filed with the Commission. See Rule 13d-1(a) for other parties to whom copies are to be sent.

- ---
* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of

the Act but shall be subject to all other provisions of the Act (however, see the Notes).
<PAGE>

SCHEDULE 13D

CUSIP No. 268039104

1	Name of Reporting Person S.S. or I.R.S. Identification No. of Above Person CTS Corporation 35-0225010		
2	Check the Appropriate Box If a Member of a Group* (See Item 6)	a. |_| b. |X|
3	SEC Use Only		
4	Source of Funds* BK, WC		
5	Check Box If Disclosure of Legal Proceedings Is Required Pursuant to Item 2(d) or 2(e) |_|		
6	Citizenship or Place of Organization Indiana		
Number of Shares Beneficially Owned By Each Reporting Person With	7	Sole Voting Power 100	
	8	Shared Voting Power 1,215,164	
	9	Sole Dispositive Power 100	
	10	Shared Dispositive Power 1,215,164	
11	Aggregate Amount Beneficially Owned by Each Reporting Person 1,215,164		
12	Check Box If the Aggregate Amount in Row (11) Excludes Certain Shares* |_|	
13	Percent of Class Represented By Amount in Row (11) 31.7%		
14	Type of Reporting Person* CO		

*SEE INSTRUCTIONS BEFORE FILLING OUT!
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SCHEDULE 13D

CUSIP No. 268039104

1	Name of Reporting Person S.S. or I.R.S. Identification No. of Above Person CTS First Acquisition Corp. EIN applied for		
2	Check the Appropriate Box If a Member of a Group* (See Item 6)		a. |_| b. |X|
3	SEC Use Only		
4	Source of Funds* HC		
5	Check Box If Disclosure of Legal Proceedings Is Required Pursuant to Item 2(d) or 2(e) |_|		
6	Citizenship or Place of Organization New York		
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	8	Shared Voting Power 1,215,164	
	9	Sole Dispositive Power -0-	
	10	Shared Dispositive Power 1,215,164	
11	Aggregate Amount Beneficially Owned by Each Reporting Person 1,215,164		
12	Check Box If the Aggregate Amount in Row (11) Excludes Certain Shares* |_|		
13	Percent of Class Represented By Amount in Row (11) 31.7%		
14	Type of Reporting Person* CO		

*SEE INSTRUCTIONS BEFORE FILLING OUT!

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This Amendment No. 3 amends and supplements the Schedule 13D first filed on June 16, 1997, (as amended by Amendments Nos. 1 and 2, the "Schedule 13D"), by CTS Corporation, an Indiana corporation ("CTS"), and CTS First Acquisition Corp. ("Sub"), a New York corporation and a wholly owned subsidiary of CTS. Capitalized terms used herein which are not otherwise defined herein are so used with the respective meanings ascribed to them in the Schedule 13D.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer

Item 6 is hereby amended by adding the following thereto.

On July 17, 1997, CTS, Sub and the Company entered into an Amended and Restated Merger Agreement, dated May 9, 1997 and amended and restated on July 17, 1997 (the "Amended Merger Agreement"). Pursuant to the Amended Merger Agreement, among other things, Shareholders will have the right, subject to certain limitations and possible proration, to elect to receive in the Merger, $58.00 per Share in cash or .88 CTS Shares, and the date by which CTS or the Company may terminate the Merger Agreement was extended from September 30, 1997 to October 31, 1997. Simultaneously with entering into the Amended Merger Agreement, CTS and Sub entered into a Shareholders Agreement (the "Shareholders Agreement") with WHX Corporation ("WHX") and SB Acquisition Corp., a wholly owned subsidiary of WHX ("WHX Sub"), pursuant to which, among other things, WHX and WHX Sub agreed to vote Shares beneficially owned by them for the Merger and against any competing transaction. Copies of the Amended Merger Agreement and the Shareholders Agreement are filed herewith as Exhibits (c)(6) and (c)(7), respectively, and the full text thereof is incorporated herein by reference.

Based on representations of WHX and WHX Sub in the Shareholders Agreement, CTS believes that WHX and WHX Sub currently beneficially own 516,440 Shares (or 13.5% of the outstanding Shares) (the "WHX-Owned Shares"). WHX and WHX Sub filed a Schedule 13D with the Commission on July 18, 1997 in respect of the WHX-Owned Shares. Such Schedule 13D contains certain information concerning WHX and WHX Sub and their ownership of Shares. By virtue of the Shareholders Agreement, CTS and Sub may be deemed to be a member of a "group" with WHX and WHX Sub or to beneficially own the WHX-Owned Shares. However, CTS and Sub believe that they should not be deemed to have such beneficial ownership or group status, and hereby disclaim the same and assume no responsibility for any information disclosed by or other acts of WHX or WHX Sub.

Item 7. Material to be Filed as Exhibits.

Item 7 is hereby amended by adding the following thereto.

(a) (16) Press Release dated July 17, 1997

(c) (6) Amended and Restated Agreement and Plan of Merger, dated as of May 9, 1997 and amended and restated on July 17, 1997, among CTS Corporation, CTS First Acquisition Corp., and Dynamics Corporation of America.

(7) Shareholders Agreement, dated as of July 17, 1997, by and among CTS Corporation, CTS First Acquisition Corp., WHX Corporation, and SB Acquisition Corp.

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete, and correct.

Dated: July 18, 1997

CTS CORPORATION

By: /s/ Joseph P. Walker

Joseph P. Walker
Chairman, President
and Chief Executive Officer

CTS FIRST ACQUISITION CORP.

By: /s/ Joseph P. Walker

Joseph P. Walker
President

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Contact (CTS):	Contact (Dynamics):	Contact (WHX):
Gene Donati Clark & Weinstock 212/953-2550	Henry V. Kensing Dynamics Corp. of America 212/869-3211	Joely Frank Abernathy MacGregor Group 212/371-5999

WHX AGREES
TO SUPPORT THE CTS/DYNAMICS MERGER

$58.00/Share Optional Cash Election Feature Added

FOR IMMEDIATE RELEASE

New York, New York, July 17, 1997 - CTS Corporation (NYSE:CTS), Dynamics Corporation of America (NYSE:DYA) and WHX Corporation (NYSE:WHX) announced today that WHX Corporation, which owns 13.5% of Dynamics' common stock, has agreed to vote for the previously announced merger of CTS and Dynamics and to oppose any competing transaction, and that Dynamics' shareholders will now have the option of receiving in the merger either 0.88 CTS shares or $58.00 in cash for each Dynamics share. The cash consideration will be prorated to the extent that the total number of Dynamics shares for which cash elections are made exceeds 49.9% of Dynamics shares less the Dynamics shares owned by CTS prior to the merger. Based on the number of Dynamics shares presently owned by CTS, the optional cash election feature would be for up to 18.2% of the presently outstanding Dynamics shares. The optional cash election feature will not affect the tax-free status of the share exchange in the merger.

Joseph P. Walker, Chairman and Chief Executive Officer of CTS, said, "We are pleased that WHX has committed to support the transaction. We think that the merger marks the beginning of an exciting new chapter in CTS' more than century-long history, and are looking forward to turning our undivided attention to the process of integrating CTS' and Dynamics' operations and continuing to build long-term shareholder value."

Ron LaBow, Chairman of WHX, stated that "We are pleased that the revised terms of the merger permit Dynamics' shareholders to elect to receive either cash or shares of CTS and that, as a result of WHX's participation in the process, we believe that the

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revised offer enables Dynamics' shareholders to vote on a transaction that is in the best interests of all of Dynamics' shareholders."

The merger remains subject to approval by shareholders of both CTS and

Dynamics and other customary conditions. CTS currently owns 31.7% of Dynamics' common stock, WHX owns 13.5% of Dynamics' common stock and officers and directors of Dynamics own 8.2% in the aggregate of Dynamics' common stock. The approval of the merger by Dynamics shareholders requires a two-thirds shareholder vote. It is expected that Dynamics and CTS shareholders will be asked to approve the merger in September.

CTS is a diversified manufacturer of electronic and electromechanical components for the automotive, computer equipment, communications equipment, instruments and controls, defense and aerospace, and consumer electronics markets. Headquartered in Elkhart, Indiana, CTS operates manufacturing plants in the United States and abroad.

Dynamics is a diversified company which manufactures electronic components, mobile vans and transportable shelters for specialized electronic and medical diagnostic equipment, portable electric housewares and commercial appliances, air distribution equipment, specialized air-conditioning equipment and generator sets. Dynamics currently holds a 44.1% stake in CTS.

WHX is an integrated steel manufacturer based in Pittsburgh, Pennsylvania.

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AMENDED AND RESTATED AGREEMENT AND PLAN OF MERGER

AMENDED AND RESTATED AGREEMENT AND PLAN OF MERGER, dated as of May 9, 1997 and amended and restated on July 17, 1997, among CTS Corporation, an Indiana corporation ("Parent"), CTS First Acquisition Corp., a New York corporation and a wholly owned subsidiary of Parent ("Sub"), and Dynamics Corporation of America, a New York corporation (the "Company").

RECITALS

A. The Boards of Directors of Parent and the Company have determined that it is in the best interests of the shareholders of their respective companies that Parent and the Company combine their respective businesses on the terms and subject to the conditions set forth herein (the "Combination");

B. As a first step in the Combination, the Company and Parent each desire that Parent cause Sub to commence an offer to purchase up to 49.9% of the issued and outstanding shares of Common Stock of the Company, together with the associated Company Rights (the "Shares"), on the terms and subject to the conditions set forth in this Agreement and the Offer Documents (the "Offer") and the Board of Directors of the Company (the "Company Board") has unanimously approved the Offer and has determined to recommend that the Company's shareholders accept the Offer and tender their Shares pursuant thereto;

C. To complete the Combination, the respective Boards of Directors of the Parent, Sub and the Company have approved the merger of the Company with and into Sub, wherein each issued and outstanding Share not owned directly or indirectly by Parent, Sub or the Company will be converted into the right to receive the Merger Consideration, on the terms and subject to the conditions of this Agreement (the "Merger");

D. The parties desire to make certain representations, warranties and covenants in connection with the Merger and the Offer and also to prescribe various conditions to the Merger and the Offer;

E. For federal income tax purposes, it is intended that the Merger will qualify as a reorganization under the provisions of Section 368(a) of the

Internal Revenue Code of 1986, as amended (the "Code"); and
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F. Parent, Sub and two shareholders of the Company have entered into a Shareholders Agreement, dated as of July 17, 1997 (the "Shareholders Agreement"), pursuant to which, among other things, such shareholders have agreed to vote the Shares Beneficially Owned by them in favor of the adoption of the Merger Agreement.

NOW, THEREFORE, in consideration of the representations, warranties and covenants contained in this Agreement, the parties agree as follows:

I. THE OFFER

1.01. The Offer. (a) As promptly as practicable (but in any event not later than five business days after the public announcement of the execution and delivery of this Agreement), Parent will cause Sub to commence (within the meaning of Rule 14d-2 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), the Offer whereby Sub will offer to purchase up to 49.9% of the Shares at a price of $55 per Share, net to the seller in cash (as paid pursuant to the Offer, the "Offer Consideration"). The obligation of Parent to cause Sub to commence the Offer, to consummate the Offer and to accept for payment and to pay for Shares validly tendered in the Offer and not withdrawn in accordance therewith will be subject to, and only to, those conditions set forth in Annex A hereto.

(b) Without the prior written consent of the Company, Sub will not, and Parent will cause Sub not to, (i) decrease or change the form of the Offer Consideration, (ii) change the conditions to the Offer or impose additional conditions to the Offer, (iii) increase the number of Shares to be purchased pursuant to the Offer to more than 50.1% of the number of Shares (calculated on a fully diluted basis), (iv) extend the expiration date of the Offer (the "Expiration Date") except (A) as required by Law and (B) that, in the event that any condition to the Offer is not satisfied or waived at the time that the Expiration Date would otherwise occur, (1) Sub must extend the Expiration Date for an aggregate of 20 additional business days (the "First Extension Date") to the extent necessary to permit such condition to be satisfied and (2) Sub may, in its sole discretion, extend the Expiration Date for up to 20 additional business days after the First Extension Period, or (v) amend any term of the Offer in any manner materially adverse to holders of Shares (including without limitation to result in any extension which would be inconsistent with the preceding provisions of this sentence), provided, however, that (1) subject to applicable legal requirements, Parent may cause Sub to waive any condition to the Offer, other than the Minimum Share Condition and the Tax Opinion Condition (each as defined in Annex A), in Parent's sole discretion and (2) the Offer may be extended in connection with an increase in the consideration to be paid pursuant to the Offer so as to comply with applicable rules and regulations of the

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Securities and Exchange Commission (the "SEC"). Assuming the prior satisfaction or waiver of the conditions of the Offer, Parent will cause Sub to accept for payment, and pay for, in accordance with the terms of the Offer, all Shares validly tendered and not withdrawn pursuant to the Offer as soon as practicable after the Expiration Date or any extension thereof.

1.02. Offer Documents. (a) As soon as practicable on the date of commencement of the Offer, Parent and Sub will file or cause to be filed with the SEC a tender offer statement on Schedule 14D-1 (the "Schedule 14D-1") which will contain an offer to purchase and related letter of transmittal and other ancillary Offer documents and instruments pursuant to which the Offer will be made (collectively with any supplements or amendments thereto, the "Offer Documents") and which Parent and Sub represent, warrant and covenant will comply in all material respects with the Exchange Act and other applicable Laws and will contain (or will be amended in a timely manner so as to contain) all information which is required to be included therein in accordance with the

Exchange Act and the rules and regulations thereunder and other applicable Laws; provided, however, that (i) no agreement or representation hereby is made or will be made by Parent or Sub with respect to information supplied by the Company in writing expressly for inclusion in, or information derived from the Company's public SEC filings which is incorporated by reference in, the Offer Documents and (ii) no representation, warranty or covenant is made or will be made herein by the Company with respect to information contained in the Offer Documents other than information supplied by the Company in writing expressly for inclusion in or information derived from the Company Filed SEC Documents which is incorporated by reference in, the Offer Documents.

(b) Parent, Sub and the Company will each promptly correct any information provided by them for use in the Offer Documents if and to the extent that it becomes false or misleading in any material respect and Parent and Sub will jointly and severally take all lawful action necessary to cause the Offer Documents as so corrected to be filed promptly with the SEC and to be disseminated to holders of Shares, in each case as and to the extent required by applicable Law. In conducting the Offer, Parent and Sub will comply in all material respects with the provisions of the Exchange Act and other applicable Laws. Parent and Sub will endeavor to afford the Company and its counsel a reasonable opportunity to review and comment on the Offer Documents and any amendments thereto prior to the filing thereof with the SEC.

1.03. Company Actions. The Company hereby consents to the Offer and represents that (a) the Company Board (at a meeting duly called and held) has (i) determined that this Agreement, the Offer and the Merger are fair to and in the best interests of the Company and its shareholders, (ii) approved this Agreement and the transactions contemplated hereby, including the

Offer and the Merger, and such approval is sufficient to render Section 912 of the New York Business Corporation Law (the "NYBCL") inapplicable to this Agreement and the transactions contemplated hereby, including the Offer and the Merger, (iii) amended the Company Rights Agreement as described in Section 4.01(n), and (iv) resolved to recommend acceptance of the Offer by those Shareholders who wish to receive cash for their Shares and adoption of this Agreement by the holders of Shares and (b) WP&Co. has delivered to the Company Board the Fairness Opinion as described in Section 4.01(l). The Company hereby consents to the inclusion in the Offer Documents of the recommendation referred to in this Section 1.03; provided, however, that the Company Board may withdraw, modify or change such recommendation to the extent, and only to the extent and on the conditions, specified in Section 5.02. The Company will file with the SEC simultaneously with the filing by Parent and Sub of the Schedule 14D-1, a Solicitation/Recommendation Statement on Schedule 14D-9 (together with all amendments and supplements thereto, "Schedule 14D-9") containing such recommendations of the Company Board in favor of the Offer and the Merger. The Company represents, warrants and covenants that Schedule 14D-9 will comply in all material respects with the Exchange Act and any other applicable Laws and will contain (or will be amended in a timely manner so as to contain) all information which is required to be included therein in accordance with the Exchange Act and the rules and regulations thereunder and other applicable Laws. The Company will include in the Schedule 14D-9 information furnished by Parent in writing concerning Parent's Designees as required by Section 14(f) of the Exchange Act and Rule 14f-1 thereunder and will use its reasonable best efforts to have the Schedule 14D-9 available for inclusion to the initial mailing (and any subsequent mailing) of the Offer Documents to Shareholders. Each of the Company and Parent will promptly correct any information provided by them for use in Schedule 14D-9 if and to the extent that it becomes false or misleading in any material respect and the Company will further take all lawful action necessary to cause Schedule 14D-9 as so corrected to be filed promptly with the SEC and disseminated to the holders of Shares, in each case as and to the extent required by applicable Law. Parent and its counsel will be given a reasonable opportunity to review the Schedule 14D-9 and any amendments thereto prior to the filing thereof with the SEC. In connection with the Offer, the Company will promptly furnish Parent with mailing labels, security position listings and all available listings or computer files containing the names and addresses of the

record holders of Shares as of the latest practicable date and will furnish Parent such information and assistance (including updated lists of shareholders, mailing labels and lists of security positions) as Parent or its agents may reasonably request in communicating the Offer to the record and beneficial holders of Shares. Subject to the requirements of applicable Law, and except for such actions as are necessary to disseminate the Offer Documents and any other documents necessary to consummate the Offer and the Merger, Parent and Sub will, and will instruct each of their respective

affiliates, associates, partners, employees, agents and advisors to, hold in confidence the information contained in such labels, lists and files, will use such information only in connection with the Offer and the Merger, and, if this Agreement is terminated in accordance with its terms, will deliver promptly to the Company (or destroy and certify to the Company the destruction of) all copies of such information (and any copies, compilations or extracts thereof or based thereon) then in their possession or under their control.

1.04. Directors. (a) Promptly upon the purchase of Shares by Sub pursuant to the Offer, and from time to time thereafter, (i) Parent will be entitled to designate such number of directors ("Parent's Designees"), rounded up to the next whole number as will give Parent, subject to compliance with Section 14(f) of the Exchange Act, representation on the Company Board equal to the product of (A) the number of directors on the Company Board (giving effect to any increase in the number of directors pursuant to this Section 1.04) and (B) the percentage that such number of Shares so purchased bears to the aggregate number of Shares outstanding (such number being, the "Board Percentage"), provided, however, that if the number of Shares purchased pursuant to the Offer equals or exceeds 49.9% of the outstanding Shares, the Board Percentage will in all events be at least a majority of the members of the Company Board, and (ii) the Company will, upon request by Parent, promptly satisfy the Board Percentage by (A) increasing the size of the Company Board or (B) using reasonable efforts to secure the resignations of such number of directors as is necessary to enable Parent's Designees to be elected to the Company Board and will use its best efforts to cause Parent's Designees promptly to be so elected, subject in all instances to compliance with Section 14(f) of the Exchange Act and Rule 14f-1 promulgated thereunder. At the request of Parent, the Company will take all lawful action necessary to effect any such election. Parent will supply to the Company in writing and be solely responsible for any information with respect to itself, the Parent's Designees and Parent's officers, directors and affiliates required by Section 14(f) of the Exchange and Rule 14f-1 promulgated thereunder to be included in the Schedule 14D-9. Notwithstanding the foregoing, at all times prior to the Effective Time, the Company Board will include at least two Continuing Directors.

(b) Notwithstanding any other provision hereof, of the articles of incorporation or bylaws of the Company or of applicable Law to the contrary, following the election or appointment of Parent's Designees pursuant to this Section 1.04 and prior to the Effective Time, any amendment or termination of this Agreement by the Company, extension by the Company for the performance or waiver of the obligations or other acts of Parent or Sub hereunder or waiver by the Company of the Company's rights hereunder will require the concurrence of a majority of directors of the Company then in office who are directors on the date

hereof and who voted to approve this Agreement (such directors, the "Continuing Directors").

(c) Notwithstanding any other provision hereof, of the articles of incorporation or bylaws of Parent and Sub or of applicable Law to the contrary, on or after the date hereof, any amendment or termination of this Agreement by Parent or Sub, extension by Parent or Sub for the performance or waiver of the

obligations or other acts of the Company hereunder or waiver by Parent or Sub of the rights of Parent or Sub hereunder will be taken by a majority of the members of the Board of Directors of Parent (the "Parent Board") who are not employed by the Company or any Subsidiary of the Company on the date hereof (such directors being on the date hereof Messrs. Lawrence J. Ciancia, Gerald H. Frieling, Jr., and Joseph P. Walker) (the "Unaffiliated Directors") or any successor thereto elected to the Parent Board with the prior approval of the Unaffiliated Directors.

1.05. Offer Completion Date. If (a) the Minimum Share Condition is not satisfied on the Expiration Date and (b) the Average Closing Price for the ten trading days prior to the Expiration Date multiplied by the Exchange Ratio is at least $55.00, Parent and Sub may elect, by written notice from Parent to the Company not later than the first business day after the Expiration Date, to proceed with the Merger, in which case the Company, Parent and Sub will be obligated to effect the Merger subject only to the conditions specified in Article VII other than the conditions set forth in Section 7.02(b) and 7.03(b). As used herein, "Offer Completion Date" means the earlier to occur of (i) the date on which Sub purchases Shares pursuant to the Offer and (ii) the Effective Time.

II. THE MERGER

2.01. The Merger. On the terms and subject to the conditions set forth in this Agreement, and in accordance with the NYBCL, the Company will be merged with and into Sub at the Effective Time in the Merger. Following the Effective Time, Sub will be the surviving corporation in the Merger (the "Surviving Corporation") and will succeed to and assume all the rights and obligations of the Company in accordance with the NYBCL.

2.02. Closing. The closing of the Merger (the "Closing") will take place at 10:00 a.m. on a date to be specified by the parties (the "Closing Date"), which (subject to satisfaction or waiver of the conditions set forth in Article VII) will be no later than the second business day after satisfaction or waiver of the conditions set forth in Article VII, unless another time or date is agreed to by the parties hereto. The Closing will be held at the offices of Jones, Day, Reavis & Pogue, 599 Lexington Avenue, New York, New York unless another date, time or place is agreed to in writing by the parties hereto.

2.03. Effective Time. Subject to the provisions of this Agreement, as soon as practicable on or after the Closing Date, the parties will file a certificate of merger or other appropriate documents (the "Certificate of Merger") executed in accordance with the relevant provisions of the NYBCL and will make all other filings or recordings required under the NYBCL in order to effect the Merger. The Merger will become effective at such time as the Certificate of Merger for the Merger has been duly filed with the New York Secretary of State or at such subsequent date or time as Parent and the Company agree and specify in the Certificate of Merger (the time the Merger becomes effective being hereinafter referred to as the "Effective Time").

2.04. Effects of the Merger. The Merger will have the effects set forth in Section 906 of the NYBCL.

2.05. Certificate of Incorporation and By-laws. (a) The certificate of incorporation of Sub will be the certificate of incorporation of the Surviving Corporation, amended to change the name of the Surviving Corporation to "DCA Incorporated", until thereafter changed or amended as provided therein or by Law.

(b) The by-laws of Sub will be the by-laws of the Surviving Corporation until thereafter changed or amended as provided therein or by applicable Law.

2.06. Boards, Committees and Officers. The Board of Directors, committees of the Board of Directors, composition of such committees (including

chairmen thereof) and officers of Sub as of the Effective Time will serve as such as the directors and officers of the Surviving Corporation until the earlier of the resignation or removal of any such individual or until their respective successors are duly elected and qualified, as the case may be.

III. EFFECT OF THE MERGER ON THE CAPITAL STOCK OF THE CONSTITUENT CORPORATION; EXCHANGE OF CERTIFICATES

3.01. Effect on Capital Stock. As of the Effective Time, by virtue of the Merger and without any action on the part of the holder of any Shares:

(a) Conversion of Sub Shares. At the Effective Time, each share of common stock, without par value, of Sub issued and outstanding immediately prior to the Effective Time will remain outstanding unaffected by the Merger, with the result that the Surviving Corporation will be a wholly owned Subsidiary of Parent.

(b) Cancellation of Treasury Stock and Sub-Owned Stock. Each Share that is owned by the Company or by any wholly

owned Subsidiary of the Company or by Parent or any wholly owned Subsidiary of Parent will automatically be cancelled and retired and will cease to exist, and no consideration will be delivered in exchange therefor.

(c) Electing Shares. Subject to Sections 3.01(f) and (g) hereof, each Share outstanding immediately prior to the Effective Time with respect to which a Form of Election to receive cash has been properly made and not revoked pursuant to Section 3.01(e) (other than Shares to be cancelled in accordance with Section 3.01(b)) will, at the Effective Time, be converted into, and holders thereof will be entitled to receive therefor, $58.00 in cash (the "Cash Election Price") (such shares with respect to which an election to be converted into cash is duly filed being hereinafter referred to as "Electing Shares").

(d) Non-Electing Shares. Each Share outstanding immediately prior to the Effective Time (other than Electing Shares and Shares to be cancelled in accordance with Section 3.01(b)) (each such share being hereinafter referred to as "Non-Electing Shares") and any Electing Shares subject to proration pursuant to Section 3.01(g) will, at the Effective Time, be converted into 0.88 (the "Exchange Ratio") fully paid and non-assessable shares of Parent Common Stock, (the "Stock Consideration" and, together with the Cash Election Price, the "Merger Consideration") subject to adjustment as provided in Section 3.03.

(e) Form of Election. The Company will mail a form of election ("Form of Election") to holders of record of Shares as of the Record Date of the Company Shareholder Meeting. In addition, the Company will use its best efforts to make the Form of Election and Joint Proxy Statement available to all persons who become shareholders of Company during the period between such record date and such meeting. Any election to receive the Cash Election Price contemplated by Section 3.01(c) hereof shall have been properly made only if the Exchange Agent shall have received at its designated office or offices, by 5:00 p.m. New York City time, on the last business day preceding the date of the Company Shareholder Meeting, a Form of Election properly completed and accompanied by Certificates for the shares to which such Form of Election relates, duly endorsed in blank or otherwise acceptable for transfer on the books of the Company, (or an appropriate guarantee of delivery), as set forth in such Form of Election. An election to receive cash may be revoked only by written notice received by the Exchange Agent prior to 5:00 p.m. New York City time, on the last business day preceding the date of the Company Shareholder Meeting. In addition, all elections to receive cash shall automatically be revoked if the Exchange Agent is notified in writing by Parent and Company that the Merger has been abandoned. If an election to receive cash is so revoked, the Certificate(s) (or guarantee of delivery, as appropriate) for the Shares to which such election to receive cash relates shall be

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promptly returned to the person submitting the same to the Exchange Agent.

(f) Limitations on Cash Payments. Anything in this Article III to the contrary notwithstanding, Electing Shares shall not be entitled to, and Parent will not be obligated in implementation of Section 3.01(c) hereof to pay, the Cash Election Price in respect of the number of Shares that exceeds (i) 49.9% of the number of Shares outstanding at the Effective Time (including Shares owned by Sub) minus (ii) the number of Shares owned by Parent, Sub and any of their respective Subsidiaries as of the Effective Time. The maximum number of Shares entitled to the Cash Election Price pursuant to this Section 3.01(f) is hereinafter referred to as the "Maximum Cash Shares".

(g) Proration of Electing Shares. In the event that the aggregate number of Electing Shares exceeds the Maximum Cash Shares, all Electing Shares will be converted into the right to receive Merger Consideration in the following manner:

(i) The number of Electing Shares covered by each Form of Election to be converted into the Cash Election Price shall be determined by multiplying the number of Electing Shares covered by such Form of Election by a fraction, the numerator of which is the Maximum Cash Shares and the denominator of which is the total number of Electing Shares, rounded down to the nearest whole number.

(ii) All Electing Shares not converted into the Cash Election Price in accordance with Section 3.01(g)(i) shall be converted into the Stock
Consideration.

(h) Cancellation of Shares. As of the Effective Time, all such Shares will no longer be outstanding and will automatically be cancelled and retired and will cease to exist and each holder of a certificate representing any such Shares (a "Certificate") will cease to have any rights with respect thereto, except the right to receive the Merger Consideration and any additional cash in lieu of fractional shares of Parent Common Stock to be issued or paid in consideration therefor upon surrender of such Certificate in accordance with Section 3.02, without interest.

3.02. Exchange of Certificates. (a) Exchange Agent. As of the Effective Time, Parent will enter into an agreement with such bank or trust company as may be designated by Parent (the "Exchange Agent"), which will provide that Parent will deposit with the Exchange Agent as of the Effective Time, for the benefit of the holders of Shares, for exchange in accordance with this Article III, through the Exchange Agent, certificates representing the shares of common stock, without par value, of

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Parent ("Parent Common Stock") (such shares of Parent Common Stock, together with any dividends or distributions with respect thereto with a record date after the Effective Time, any Excess Shares and any cash (including cash proceeds from the sale of the Excess Shares) payable pursuant to Section 3.01(c) or in lieu of any fractional shares of Parent Common Stock, being hereinafter referred to as the "Exchange Fund") issuable pursuant to Section 3.01 in exchange for outstanding Shares.

(b) Exchange Procedures. As soon as reasonably practicable after the Effective Time, the Exchange Agent will mail to each holder of record of a Certificate which immediately prior to the Effective Time represented outstanding Shares whose Shares were converted into the right to receive the Merger Consideration pursuant to Section 3.01 (i) a letter of transmittal (which will specify that delivery will be effected, and risk of loss and title to the Certificates will pass, only upon delivery of the Certificates to the Exchange Agent and will be in such form and have such other provisions as Parent may

specify consistent with this Agreement) and (ii) instructions for use in effecting the surrender of the Certificates in exchange for the Merger Consideration. Upon surrender of a Certificate for cancellation to the Exchange Agent or to such other agent or agents as may be appointed by Parent, together with such letter of transmittal, duly executed, and such other documents as may reasonably be required by the Exchange Agent, the holder of such Certificate will be entitled to receive in exchange therefor a certificate representing that number of whole shares of Parent Common Stock and cash, if any, which such holder has the right to receive pursuant to the provisions of this Article III, and the Certificate so surrendered will forthwith be cancelled. In the event of a transfer of ownership of Shares which are not registered in the transfer records of the Company, a certificate representing the proper number of shares of Parent Common Stock may be issued to a Person other than the Person in whose name the Certificate so surrendered is registered if such Certificate is properly endorsed or otherwise in proper form for transfer and the Person requesting such issuance pays any transfer or other taxes required by reason of the issuance of shares of Parent Common Stock to a Person other than the registered holder of such Certificate or establishes to the satisfaction of Parent that such tax has been paid or is not applicable. Until surrendered as contemplated by this Section 3.02, each Certificate will be deemed at any time after the Effective Time to represent only the right to receive upon such surrender the Merger Consideration and cash, if any, which the holder thereof has the right to receive in respect of such Certificate pursuant to the provisions of this Article III. No interest will be paid or will accrue on any cash payable to holders of Certificates pursuant to the provisions of this Article III.

(c) Distributions with Respect to Unexchanged Shares. No dividends or other distributions with respect to Parent Common Stock with a record date after the Effective Time will be paid to

the holder of any unsurrendered Certificate with respect to the shares of Parent Common Stock represented thereby, no cash payment in lieu of fractional shares will be paid pursuant to Section 3.02(e) and all such dividends, other distributions and cash in lieu of fractional shares of Parent Common Stock will be paid by Parent to the Exchange Agent and will be included in the Exchange Fund, in each case in accordance with this Article III. Subject to the effect of applicable escheat or similar Laws, following surrender of any Certificate in accordance herewith there will be paid to the holder of the certificate representing whole shares of Parent Common Stock issued in exchange therefor, without interest, (i) at the time of such surrender, the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to such whole shares of Parent Common Stock and, in the case of Certificates formerly representing Shares, the amount of any cash payable in lieu of a fractional share of Parent Common Stock to which such holder is entitled pursuant to Section 3.02(e) and (ii) at the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time but prior to such surrender and with a payment date subsequent to such surrender payable with respect to such whole shares of Parent Common Stock.

(d) No Further Ownership Rights in Shares. All shares of Parent Common Stock issued upon the surrender for exchange of Certificates in accordance with the terms of this Article III (including any cash paid pursuant to this Article III) will be deemed to have been issued (and paid) in full satisfaction of all rights pertaining to the Shares theretofore represented by such Certificates, and there will be no further registration of transfers on the stock transfer books of the Surviving Corporation of previously outstanding Shares. If, after the Effective Time, Certificates are presented to Parent, the Surviving Corporation or the Exchange Agent for any reason, they will be cancelled and exchanged as provided in this Article III.

(e) No Fractional Shares. (i) No certificates or scrip representing fractional shares of Parent Common Stock will be issued upon the surrender for exchange of Certificates, no dividend or distribution of Parent will relate to such fractional share interests and such fractional share interests will not

entitle the owner thereof to vote or to any rights of a shareholder of Parent.

(ii) As promptly as practicable following the Effective Time, the Exchange Agent will determine the excess of (A) the number of whole shares of Parent Common Stock delivered to the Exchange Agent by Parent pursuant to Section 3.02(a) over (B) the aggregate number of whole shares of Parent Common Stock to be distributed to holders of Shares pursuant to Section 3.02(b) (such excess being herein called the "Excess Shares"). Following the Effective Time, the Exchange Agent will sell the Excess Shares at then-prevailing prices on the New York Stock Exchange,

Inc. (the "NYSE"), all in the manner provided in Section 3.02(e)(iii).

(iii) The sale of the Excess Shares by the Exchange Agent will be executed on the NYSE through one or more member firms of the NYSE and will be executed in round lots to the extent practicable. The Exchange Agent will use reasonable efforts to complete the sale of the Excess Shares as promptly following the Effective Time as, in the Exchange Agent's sole judgment, is practicable consistent with obtaining the best execution of such sales in light of prevailing market conditions. Until the net proceeds of such sale or sales have been distributed to the prior holders of Shares, the Exchange Agent will hold such proceeds in trust for such holders entitled thereto (the "Common Shares Trust"). The Surviving Corporation will pay out of the Common Shares Trust all commissions, transfer taxes and other out-of-pocket transaction costs, including the expenses and compensation of the Exchange Agent incurred in connection with such sale of the Excess Shares. The Exchange Agent will determine the portion of the Common Shares Trust to which each holder of Shares is entitled, if any, by multiplying the amount of the aggregate net proceeds comprising the Common Shares Trust by a fraction, the numerator of which is the amount of the fractional share interest to which such holder of Shares is entitled (after taking into account all Shares held at the Effective Time by such holder) and the denominator of which is the aggregate amount of fractional share interests to which all holders of Shares are entitled.

(iv) Notwithstanding the provisions of Section 3.02(e)(ii) and (iii), Parent may elect at its option, exercised prior to the Effective Time, in lieu of the issuance and sale of Excess Shares and the making of the payments hereinabove contemplated, to pay each holder of Shares an amount in cash equal to the product obtained by multiplying (A) the fractional share interest to which such holder (after taking into account all Shares held at the Effective Time by such holder) would otherwise be entitled by (B) the average closing price for a share of Parent Common Stock as reported on the NYSE Composite Combination Tape (as reported in the Wall Street Journal, or, if not reported thereby, any other authoritative source) ("Average Closing Price") for the ten trading days prior to the Closing Date and, in such case, all references herein to the cash proceeds of the sale of the Excess Shares and similar references will be deemed to mean and refer to the payments calculated as set forth in this Section 3.02(e)(iv).

(v) As soon as practicable after the determination of the amount of cash, if any, to be paid to holders of Shares with respect to any fractional share interests, the Exchange Agent will make available such amounts to such holders of Shares subject to and in accordance with the terms of Section 3.02(c).

(f) Termination of Exchange Fund. Any portion of the Exchange Fund which remains undistributed to the holders of the Certificates for six months after the Effective Time will be delivered to Parent, upon demand, and any holders of the Certificates who have not theretofore complied with this Article III will thereafter look only to Parent for payment of their claim for Merger Consideration, any cash in lieu of fractional shares of Parent Common Stock and

any dividends or distributions with respect to Parent Common Stock.

(g) No Liability. None of Parent, Sub, the Company or the Exchange Agent will be liable to any Person in respect of any shares of Parent Common Stock (or dividends or distributions with respect thereto) or cash from the Exchange Fund delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law. If any Certificate has not been surrendered prior to one year after the Effective Time (or immediately prior to such earlier date on which any Merger Consideration, any cash payable to the holder of such Certificate representing Shares pursuant to this Article III or any dividends or distributions payable to the holder of such Certificate would otherwise escheat to or become the property of any Governmental Entity), any such Merger Consideration or cash, dividends or distributions in respect of such Certificate will become the property of the Surviving Corporation, free and clear of all claims or interest of any Person previously entitled thereto.

(h) Investment of Exchange Fund. The Exchange Agent will invest any cash included in the Exchange Fund, as directed by Parent, on a daily basis. Any interest and other income resulting from such investments will be paid to Parent.

(i) Lost Certificates. If any Certificate is lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by the Surviving Corporation, the posting by such Person of a bond in such reasonable amount as the Surviving Corporation may direct as indemnity against any claim that may be made against it with respect to such Certificate, the Exchange Agent will issue in exchange for such lost, stolen or destroyed Certificate the Merger Consideration and, if applicable, any cash in lieu of fractional shares, and unpaid dividends and distributions on shares of Parent Common Stock or deliverable in respect thereof, pursuant to this Agreement.

(j) Dissenting Shares. Notwithstanding anything in this Agreement to the contrary, no Share, the holder of which has properly complied with the provisions of Section 623 of the NYBCL as to appraisal rights (a "Dissenting Share"), will be deemed to be converted into and to represent the right to receive the Merger Consideration hereunder and the holders of Dissenting Shares, if any, will be entitled to payment, solely from the Surviving Corporation, of the appraised value of such Dissenting Shares to the extent permitted by and in accordance with the

provisions of Section 623 of the NYBCL; provided, however, that (i) if any holder of Dissenting Shares, under the circumstances permitted by the NYBCL, subsequently delivers a written withdrawal of his or her demand for appraisal of such Dissenting Shares, (ii) if any such holder fails to establish his or her entitlement to rights to payment as provided in such Section 623, or (iii) if neither any holder of Dissenting Shares nor the Surviving Corporation has instituted a proceeding to determine the rights of holders of Dissenting Shares and to fix the fair value of Dissenting Shares in any of the circumstances described in subparagraph (h) of Section 623 within the time provided in such Section 623, such holder will forfeit such right to payment for such Dissenting Shares pursuant to such Section 623 and, as of the later of Effective Time or the occurrence of such event, such holder's Certificate formerly representing shares of Company Common Stock will automatically be converted into and represent only the right to receive the Merger Consideration pursuant to Section 3.01 hereof, without any interest thereon, upon surrender of the Certificate or Certificates formerly representing such shares of Company Common Stock. The Company will give Parent (A) prompt notice of any written demands for appraisal of any Dissenting Shares, attempted withdrawals of such demands and any other instruments received by the Company relating to shareholders' rights of appraisal, (B) the opportunity to participate in all negotiations and proceedings with respect to demands for appraisal under the NYBCL, and (C) the right to approve any settlement of any such demand in Parent's sole discretion.

(k) Exchange of Certificates for Cash. Without limiting the

generality or effect of any other provision hereof, the Exchange Agent will have discretion to determine whether or not elections to receive cash have been properly made or revoked pursuant to this Article III with respect to Shares and when elections and revocations were received by it. If the Exchange Agent determines that any election to receive cash was not properly made with respect to Shares, such shares will be treated by the Exchange Agent as, and for all purposes of this Agreement will be deemed to be, Non-Electing Shares at the Effective Time, and such shares will be converted in the Merger into shares of Parent Common Stock pursuant to Section 3.01(d). The Exchange Agent will also make computations as to the allocation and proration contemplated by this Article III and any such computation will be conclusive and binding on the holders of Electing Shares pursuant to this Article III. The Exchange Agent may, with the mutual agreement of Parent, make such equitable changes in the procedures set forth herein for the implementation of the cash elections provided for in this Article III as it determines to be necessary or desirable to effect fully such elections.

3.03. Stock Split. In connection with its approval of this Agreement, the Board of Directors of Parent approved a stock split in the form of a dividend of one Parent Common Share

for each then outstanding Parent Common Share (the "Stock Split"), to be effective, subject to certain conditions, immediately after the Effective Time. If the Stock Split is so effective, without further action, the Exchange Ratio will be adjusted so as to be 1.76 shares of Parent Common Stock for each Share.

IV. REPRESENTATIONS AND WARRANTIES

4.01. Representations and Warranties of the Company. Except as disclosed in the Company Filed SEC Documents or as set forth on the Disclosure Schedule delivered by the Company to Parent prior to the execution of this Agreement (the "Company Disclosure Schedule"), the Company represents and warrants to Parent and Sub as follows:

(a) Organization, Standing and Corporate Power. The Company and each of its Significant Subsidiaries is a corporation or other legal entity duly organized, validly existing and in good standing (with respect to jurisdictions which recognize such concept) under the Laws of the jurisdiction in which it is organized and has the requisite corporate or other power, as the case may be, and authority to carry on its business as now being conducted. The Company and each of its Significant Subsidiaries is duly qualified or licensed to do business and is in good standing (with respect to jurisdictions which recognize such concept) in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification or licensing necessary, other than in such jurisdictions in which the failure to be so qualified or licensed or to be in good standing individually or in the aggregate could not be reasonably expected to have a material adverse effect on the business, financial condition or results of operations of the Company and each of its Subsidiaries, taken as a whole, or on the ability of the Company to perform any of its obligations under this Agreement (any such effect, a "Company MAE"). The Company has delivered to Parent prior to the execution of this Agreement complete and correct copies of its certificate of incorporation and by-laws and has made available to Parent the certificate of incorporation and by-laws (or comparable organizational documents) of each of its Subsidiaries, in each case as amended to date.

(b) Subsidiaries. Exhibit 21 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 includes all of the Subsidiaries of the Company. All the outstanding shares of capital stock of, or other equity interests in, each such Subsidiary have been validly issued and are fully paid and nonassessable and are owned directly or indirectly by the Company, free and clear of all pledges, claims, liens, charges, encumbrances and security interests of any kind or nature whatsoever (collectively, "Liens").

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(c) Capital Structure. The authorized capital stock of the Company consists of 10,600,000 Shares and 894,000 shares of preferred stock of the Company ("Company Preferred Shares"). At the close of business on the last business day immediately preceding the date hereof (the "Measurement Date"), (i) 3,838,742 Shares were issued and outstanding, (ii) 3,336,419 Shares were held by the Company in its treasury, (iii) 106,000 shares of Series A Participating Preferred Stock, par value $1 per share (the "Participating Preferred"), were reserved for issuance pursuant to the Company Rights Agreement, and (iv) other than the Participating Preferred, no other Company Preferred Shares have been designated or issued. Except as set forth above, at the close of business on the Measurement Date, no shares of capital stock or other voting securities of the Company or any Subsidiary were issued, reserved for issuance or outstanding. At the close of business on the Measurement Date, there were no outstanding stock options, stock appreciation rights or rights to receive Shares on a deferred basis. All outstanding shares of capital stock of the Company are, and all shares which may be issued will be, when issued, duly authorized, validly issued, fully paid and nonassessable and not subject to preemptive rights. As of the close of business on the Measurement Date, there were no bonds, debentures, notes, other indebtedness or securities of the Company having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which shareholders of the Company may vote. Except as set forth above, as of the close of business on the Measurement Date, there were no outstanding securities, options, warrants, calls, rights, commitments, agreements, arrangements or undertakings of any kind to which the Company or any of its Subsidiaries is a party or by which any of them is bound obligating the Company or any of its Subsidiaries to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock or other voting securities of the Company or of any of its Subsidiaries or obligating the Company or any of its Subsidiaries to issue, grant, extend or enter into any such security, option, warrant, call, right, commitment, agreement, arrangement or undertaking. As of the close of business on the Measurement Date, there were no outstanding contractual obligations of the Company or any of its Subsidiaries to issue, repurchase, redeem, exchange or otherwise acquire any shares of capital stock of the Company or any of its Subsidiaries. As of the close of business on the Measurement Date, there were no outstanding contractual obligations of the Company to vote or to dispose of any shares of the capital stock of any of its Subsidiaries. The Company has delivered to Parent a complete and correct copy of the Rights Agreement, dated as of January 10, 1986 (the "Company Rights Agreement"), as amended and supplemented to the date hereof relating to rights ("Company Rights") to purchase Participating Preferred.

(d) Authority; Noncontravention. The Company has all requisite corporate power and authority to enter into this

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Agreement, and, subject to the Company Shareholder Approval, to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company, subject to Company Shareholder Approval. This Agreement has been duly executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms. The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated hereby and compliance with the provisions hereof will not, conflict with, breach or result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or loss of a material benefit under, or result in the creation of any Lien upon any of the properties or assets of the Company or any of its Significant Subsidiaries under, (i) the certificate of incorporation or by-laws of the Company or the comparable organizational documents of any of its Subsidiaries, (ii) any loan or credit agreement, note, bond, mortgage, indenture, lease or other agreement, instrument, permit, concession, franchise

or license applicable to the Company or any of its Subsidiaries or their respective properties or assets, or (iii) subject to the governmental filings and other matters referred to in the following sentence, any judgment, order or decree ("Order"), or statute, law, ordinance, rule or regulation ("Law") applicable to the Company or any of its Subsidiaries or their respective properties or assets, other than, in the case of clauses (ii) and (iii), any such conflicts, breaches, violations, defaults, rights, losses or Liens that individually or in the aggregate could not be reasonably expected to have a Company MAE. No Order, consent, approval or authorization of, or registration, declaration or filing with, any federal, state, local or foreign government or any court, administrative or regulatory agency or commission or other governmental authority, agency or instrumentality (a "Governmental Entity") is required by or with respect to the Company or any of its Subsidiaries in connection with the execution and delivery of this Agreement by the Company or the consummation by the Company of the transactions contemplated hereby except for (1) the filing of a premerger notification and report form by the Company under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"); (2) the filing with the SEC of (A) a proxy statement relating to the Company Shareholders Meeting (such proxy statement, together with the proxy statement relating to the Parent Shareholders Meeting, in each case as amended or supplemented from time to time, the "Joint Proxy Statement"), (B) the Schedule 14D-9, and (C) such reports under the Exchange Act as may be required in connection with this Agreement and the transactions contemplated hereby; (3) the filing of the Certificate of Merger with the New York Secretary of State and appropriate documents with the relevant authorities of other states in which the Company is qualified to

do business and such filings with Governmental Entities to satisfy the applicable requirements of state securities or "blue sky" laws; (4) such other filings and consents as may be required under any environmental, health or safety Law or regulation pertaining to any notification, disclosure or required approval necessitated by the Offer, the Merger or the transactions contemplated hereby; and (5) such consents, approvals, Orders or authorizations the failure of which to be made or obtained could not reasonably be expected, individually or in the aggregate, to have a Company MAE.

(e) SEC Documents; Undisclosed Liabilities. The Company has filed all required reports, schedules, forms, statements and other documents with the SEC since January 1, 1995 (the "Company SEC Documents"). As of their respective dates, the Company SEC Documents complied in all material respects with the requirements of the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such Company SEC Documents, and none of the Company SEC Documents when filed contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Except to the extent that information contained in any Company SEC Document has been revised or superseded by a later Company Filed SEC Document, none of the Company SEC Documents contains any untrue statement of a material fact or omits 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 were made, not misleading. The financial statements of the Company included in the Company SEC Documents comply as to form, as of their respective dates of filing with the SEC, in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with generally accepted accounting principles (except, in the case of unaudited statements, as permitted by Form 10-Q of the SEC) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly present in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal recurring year-end audit adjustments). Except (i) as reflected in such financial statements or in the notes thereto, (ii) for liabilities incurred in

connection with this Agreement or the transactions contemplated hereby, and (iii) for liabilities and obligations incurred since March 31, 1997 in the ordinary course of business consistent with past practice, neither the Company nor any of its Subsidiaries has any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise), including liabilities arising

under any Laws relating to the protection of health, safety or the environment ("Environmental Laws"), required by generally accepted accounting principles to be reflected in a consolidated balance sheet of the Company and its consolidated Subsidiaries and which, individually or in the aggregate, could reasonably be expected to have a Company MAE.

(f) Information Supplied. None of the information supplied or to be supplied by the Company specifically for inclusion or incorporation by reference in (i) the Offer Documents, at the time such documents are first published, sent or given to holders of Shares, and any time they are amended or supplemented, (ii) the registration statement on Form S-4 to be filed with the SEC by Parent in connection with the issuance of Parent Common Stock in the Merger (the "Form S-4"), at the time the Form S-4 is filed with the SEC or at the time it becomes effective under the Securities Act, or (iii) the Joint Proxy Statement, at the date it is first mailed to the Company's shareholders or at the time of the Company Shareholders Meeting will 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. The Joint Proxy Statement will comply as to form in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder, including Rule 13e-3 (if applicable, nothing herein being deemed to be an admission that Rule 13e-3 is so applicable), except that no representation or warranty is made by the Company with respect to statements made or incorporated by reference therein based on information supplied by Parent or Sub specifically for inclusion or incorporation by reference in the Joint Proxy Statement or contained in any Parent Filed SEC Documents incorporated by reference in the Offer Documents, the Form S-4 or the Joint Proxy Statement.

(g) Absence of Certain Changes or Events. Except (i) as disclosed in the Company SEC Documents filed and publicly available prior to the date of this Agreement (as amended to the date of this Agreement, the "Company Filed SEC Documents"), (ii) for the transactions provided for herein or permitted by Section 5.01(a), and (iii) for liabilities incurred in connection with or as a result of this Agreement, since March 31, 1997, the Company has conducted its business only in the ordinary course, and there has not been (1) any Company MAE, (2) any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with respect to any of the Company stock, other than regular semiannual cash dividends at the rate in effect for the first half of 1997 ("Regular Company Semiannual Dividends"), (3) any split, combination or reclassification of any of the Company's capital stock or any issuance or the authorization of any issuance of any other securities in respect of, in lieu of or in substitution for shares of the Company's capital stock, (4) any granting by the Company or any of its Subsidiaries to any director, executive

officer or other key employee of the Company of any increase in compensation, other than as contemplated by Section 4.01(o), (5) any granting by the Company or any of its Subsidiaries to any such director, executive officer or key employee of any increase in severance or termination pay, except as was required under any employment, severance or termination agreements in effect as of the date of the most recent financial statements included in the Company Filed SEC Documents or referred to in Section 4.01(o), (6) any entry by the Company or any of its Subsidiaries into any employment, severance or termination agreement with

any such director, executive officer or key employee, other than as contemplated by Section 4.01(o), or (7) except insofar as may be required by a change in generally accepted accounting principles, any change in accounting methods, principles or practices by the Company. For purposes of this Agreement, "key employee" means any employee whose current salary and targeted bonus exceeds $100,000 per annum. Section 4.01(g) of the Company Disclosure Schedule contains a true and complete list of all agreements or plans providing for termination or severance pay to any employee of the Company.

(h) Litigation. There are no suits, actions or proceedings pending or, to the Knowledge of the Company, threatened against or affecting the Company or any of its Subsidiaries that individually or in the aggregate could reasonably be expected to have a Company MAE, nor are there any Orders of any Governmental Entity or arbitrator outstanding against the Company or any of its Subsidiaries having, or which could reasonably be expected to have, individually or in the aggregate, a Company MAE.

(i) Voting Requirements. The affirmative vote of the holders of two-thirds of the voting power of all outstanding Shares, voting as a single class, at the Company Shareholders Meeting (the "Company Shareholder Approval") to adopt this Agreement is the only vote of the holders of any class or series of the Company's capital stock necessary to approve and adopt this Agreement and the transactions contemplated hereby.

(j) State Takeover Statutes. The Company Board has approved this Agreement and the consummation of the Merger and the other transactions contemplated by hereby. Such approval constitutes approval of the Merger and the other transactions contemplated hereby by the Company Board under the provisions of Section 912 of the NYBCL and Article XV of the Company's Certificate of Incorporation.

(k) Brokers. No broker, investment banker, financial advisor or other Person, other than Wasserstein, Perella & Co., Inc. ("WP&Co."), the fees and expenses of which will be paid by the Company, is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Company. The Company

has furnished to Parent true and complete copies of all agreements under which any such fees or expenses are payable and all indemnification and other agreements related to the engagement of the Persons to whom such fees are payable.

(l) Opinion of Financial Advisor. The Company has received the opinion of WP&Co. (the "Fairness Opinion") to the effect that, as of the date thereof, the consideration in the form of shares of Parent Common Stock issuable in the Merger and, in the event Shares are purchased in the Offer, the cash price of such Shares, collectively, to be received by the Company's shareholders pursuant to this Agreement is fair to the Company's shareholders from a financial point of view, a signed copy of which opinion has been delivered to Parent.

(m) Ownership of Parent Common Stock. Except as set forth in the Company Disclosure Schedule, neither the Company nor, to its Knowledge, any of its Affiliates, (i) beneficially owns (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, or (ii) is party to any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of, in each case, shares of capital stock of Parent.

(n) The Company Rights Agreement. The Company Rights Agreement has been amended (the "Company Rights Plan Amendment") as set forth in the Company Disclosure Schedule to, among other things, (i) render the Company Rights Agreement inapplicable to the Offer, the Merger and the other transactions contemplated hereby, including without limitation the Shareholders Agreement, and (ii) ensure that (y) neither Parent nor any of its Subsidiaries nor any of

its permitted assignees or transferees is an Acquiring Person (as defined in the Company Rights Agreement) pursuant to the Company Rights Agreement and (z) a Stock Acquisition Date or Distribution Date (in each case as defined in the Company Rights Agreement) does not occur by reason of the execution of this Agreement, the commencement or completion of the Offer, the consummation of the Merger or the other transactions contemplated hereby. Except as set forth in the Company Disclosure Schedule, the Company Rights Agreement may not be further amended by the Company without the prior consent of Parent in its sole discretion.

(o) Employment Agreements. The Company, Parent and each of the three executive officers of the Company identified in Section 6.05(a) of the Company Disclosure Schedule (the "Executives") have entered into employment agreements among the Company, Parent and the Executives (the "Company Employment Agreements") in the form attached to the Company Disclosure Schedule. Without limiting the generality or effect of any other provision hereof, none of the Company Employment Agreements will be amended or modified, or any binding interpretation thereof made, by the Company prior to the Effective Time without the prior approval of the Parent Board.

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4.02. Representations and Warranties of Parent and Sub. Except as disclosed in the Parent Filed SEC Documents or as set forth on the Disclosure Schedule delivered by Parent to the Company prior to the execution of this Agreement (the "Parent Disclosure Schedule"), Parent and Sub jointly and severally represent and warrant to the Company as follows:

(a) Organization, Standing and Corporate Power. Each of Parent and each of its Significant Subsidiaries is a corporation or other legal entity duly organized, validly existing and in good standing (with respect to jurisdictions which recognize such concept) under the Laws of the jurisdiction in which it is organized and has the requisite corporate or other power, as the case may be, and authority to carry on its business as now being conducted. The Parent and each of its Significant Subsidiaries is duly qualified or licensed to do business and is in good standing (with respect to jurisdictions which recognize such concept) in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification or licensing necessary, other than in such jurisdictions in which the failure to be so qualified or licensed or to be in good standing individually or in the aggregate could not be reasonably expected to have a material adverse effect on the business, financial condition or results of operations of Parent and each of its Subsidiaries, taken as a whole, or on the ability of Parent and Sub to perform their respective obligations under this Agreement (any such effect, a "Parent MAE"). Parent has delivered to the Company prior to the execution of this Agreement complete and correct copies of its articles of incorporation and bylaws, in each case as amended to date and as proposed to be amended and restated at the Parent Shareholders Meeting (as so amended and restated, the "Amended Parent Constituent Documents") and has made available to the Company the articles of incorporation and bylaws (or comparable organizational documents) of each of its Subsidiaries, in each case as amended to date.

(b) Subsidiaries. Exhibit 21 to Parent's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 includes all of the Subsidiaries of Parent. All the outstanding shares of capital stock of, or other equity interests in, each such Subsidiary have been validly issued and are fully paid and nonassessable and are owned directly or indirectly by Parent, free and clear of all Liens.

(c) Capital Structure. The authorized capital stock of Parent consists of 8,000,000 shares of Parent Common Stock. The authorized capital stock of Sub consists of 1,000 shares of common stock, without par value, 100 of which are issued and outstanding and are held beneficially and of record by Parent. At the close of business on the Measurement Date, (i) 5,228,896 shares of Parent Common Stock were issued and outstanding, (ii) 578,135 shares of Parent Common Stock were held by Parent in its treasury, and (iii) 589,575 shares of Parent

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Common Stock were reserved for issuance pursuant to the 1986 Stock Option Plan, the 1996 Stock Option Plan, the 1988 Restricted Stock and Cash Bonus Plan and the Stock Retirement Plan for Nonemployee Directors (such plans, collectively, the "Parent Stock Plans"). Except as set forth above, at the close of business on the Measurement Date, no shares of capital stock or other voting securities of Parent were issued, reserved for issuance or outstanding. At the close of business on the Measurement Date, there were no outstanding stock options, stock appreciation rights or rights (other than employee stock options or other rights ("Parent Employee Stock Options") to purchase or receive Parent Common Stock granted under the Parent Stock Plans) to receive shares of Parent Common Stock on a deferred basis granted under the Parent Stock Plans or otherwise. The Parent Disclosure Schedule sets forth a complete and correct list, as of the Measurement Date, of the number of shares of Parent Common Stock subject to Parent Employee Stock Options. All outstanding shares of capital stock of Parent are, and all shares which may be issued, including shares to be issued pursuant to this Agreement, will be, when issued, duly authorized, validly issued, fully paid and nonassessable and not subject to preemptive rights. As of the close of business on the Measurement Date, there were no bonds, debentures, notes or other indebtedness or securities of Parent having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which shareholders of Parent may vote. Except as set forth above or as contemplated by Schedule 6.05(b), as of the close of business on the Measurement Date, there were no outstanding securities, options, warrants, calls, rights, commitments, agreements, arrangements or undertakings of any kind to which Parent or any of its Subsidiaries is a party or by which any of them is bound obligating Parent or any of its Subsidiaries to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock or other voting securities of Parent or of any of its Subsidiaries or obligating Parent or any of its Subsidiaries to issue, grant, extend or enter into any such security, option, warrant, call, right, commitment, agreement, arrangement or undertaking. Except for agreements entered into with respect to the Parent Stock Plans, as of the close of business on the Measurement Date, there were no outstanding contractual obligations of Parent or any of its Subsidiaries to issue, repurchase, redeem or otherwise acquire any shares of capital stock of Parent or any of its Subsidiaries. As of the close of business on the Measurement Date, there were no outstanding contractual obligations of Parent to vote or to dispose of any shares of the capital stock of any of its Subsidiaries.

(d) Authority; Noncontravention. Parent and Sub have all requisite corporate power and authority to enter into this Agreement and, subject to the Parent Shareholder Approval, to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement by Parent and Sub and the consummation by Parent and Sub of the transactions

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contemplated by this Agreement have been duly authorized by all necessary corporate action on the part of Parent and Sub subject, in the case of the adoption of this Agreement and the Amended Parent Constituent Documents, to Parent Shareholder Approval. This Agreement has been duly executed and delivered by Parent and Sub and constitutes valid and binding obligations of Parent and Sub, enforceable against each of them in accordance with its terms. The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated thereby and compliance with the provisions thereof will not, conflict with, breach, or result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or loss of a material benefit under, or result in the creation of any Lien upon any of the properties or assets of Parent or any of its Significant Subsidiaries under, (i) the articles of incorporation or bylaws of Parent or the comparable organizational documents of any of its Subsidiaries, (ii) any loan or credit

agreement, note, bond, mortgage, indenture, lease or other agreement, instrument, permit, concession, franchise or license applicable to Parent or any of its Significant Subsidiaries or their respective properties or assets, or (iii) subject to the governmental filings and other matters referred to in the following sentence, any Order or Law applicable to Parent or any of its Subsidiaries or their respective properties or assets, other than, in the case of clauses (ii) and (iii), any such conflicts, breaches, violations, defaults, rights, losses or Liens that individually or in the aggregate could not be reasonably expected to have a Parent MAE. No consent, approval, Order or authorization of, or registration, declaration or filing with, any Governmental Entity is required by or with respect to Parent or any of its Subsidiaries in connection with the execution and delivery of this Agreement by Parent and Sub or the consummation by Parent and Sub of the transactions contemplated hereby, except for (1) the filing of a premerger notification and report form by Parent under the HSR Act; (2) the filing with the SEC of (A) the Joint Proxy Statement relating to the Parent Shareholders Meeting, (B) the Schedule 14D-1, (C) the Form S-4, and (D) such reports under the Exchange Act as may be required in connection with this Agreement and the transactions contemplated hereby; (3) the filing of the Certificate of Merger with the New York Secretary of State and appropriate documents with the relevant authorities of other states in which Parent is qualified to do business and such filings with Governmental Entities to satisfy the applicable requirements of state securities or "blue sky" laws; (4) such filings with and approvals of the NYSE to permit the shares of Parent Common Stock that are to be issued in the Merger to be listed for trading on the NYSE; (5) such other filings and consents as may be required under any Environmental Law pertaining to any notification, disclosure or required approval necessitated by the Merger or the transactions contemplated by this Agreement; and (6) such consents, approvals, Orders or authorizations the failure of which to be made or obtained could

not reasonably be expected, individually or in the aggregate, to have a Parent MAE.

(e) SEC Documents; Undisclosed Liabilities. Parent has filed all required reports, schedules, forms, statements and other documents with the SEC since January 1, 1995 (the "Parent SEC Documents"). As of their respective dates, the Parent SEC Documents complied in all material respects with the requirements of the Securities Act or the Exchange Act, as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such Parent SEC Documents, and none of the Parent SEC Documents when filed contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Except to the extent that information contained in any Parent SEC Document has been revised or superseded by a later Parent Filed SEC Document, none of the Parent SEC Documents contains any untrue statement of a material fact or omits 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 were made, not misleading. The financial statements of Parent included in the Parent SEC Documents comply as to form, as of their respective dates of filing with the SEC, in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with generally accepted accounting principles (except, in the case of unaudited statements, as permitted by Form 10-Q of the SEC) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly present in all material respects the consolidated financial position of Parent and its consolidated Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal recurring year-end audit adjustments). Except (i) as reflected in such financial statements or in the notes thereto, (ii) as contemplated hereunder, (iii) for liabilities incurred in connection with this Agreement or the transactions contemplated hereby (including without limitation financing relating to the transactions contemplated hereby), and (iv) for liabilities and obligations incurred since March 31, 1997 in the ordinary

course of business consistent with past practice, neither Parent nor any of its Subsidiaries has any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise), including liabilities arising under any Environmental Laws, required by generally accepted accounting principles to be reflected in a consolidated balance sheet of Parent and its consolidated Subsidiaries and which, individually or in the aggregate, could reasonably be expected to have a Parent MAE.

(f) Information Supplied. None of the information supplied or to be supplied by Parent specifically for inclusion

or incorporation by reference in (i) the Offer Documents, at the time the Offer Documents are first published, sent or given to holders of Company Common Stock, and any time they are amended or supplemented, (ii) the Form S-4, at the time the Form S-4 is filed with the SEC or at the time it becomes effective under the Securities Act, or (iii) the Joint Proxy Statement, at the date it is first mailed to Parent's shareholders or at the time of the Parent Shareholders Meeting will 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. The Offer Documents, the Joint Proxy Statement and the Form S-4 will comply as to form in all material respects with the requirements of the Exchange Act and the Securities Act, respectively, and the rules and regulations thereunder, including Rule 13e-3 under the Exchange Act, if applicable, except that no representation or warranty is made by Parent or Sub with respect to statements made or incorporated by reference therein based on information supplied by the Company specifically for inclusion or incorporation by reference in the Offer Documents, the Joint Proxy Statement or the Form S-4 or contained in any Company Filed SEC Documents incorporated by reference in the Offer Documents, the Joint Proxy Statement or the Form S-4.

(g) Absence of Certain Events. Except (i) as disclosed in the Parent SEC Documents filed and publicly available prior to the date of this Agreement (as amended to the date of this Agreement, the "Parent Filed SEC Documents"), (ii) for the transactions provided for herein or permitted by Section 5.01(b), and (iii) for liabilities incurred in connection with or as a result of this Agreement, since March 31, 1997, Parent has conducted its business only in the ordinary course, and there has not been (1) any Parent MAE, (2) any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with respect to any of Parent's capital stock, other than regular quarterly cash dividends at the rate in effect for the first quarter of 1997 ("Regular Parent Quarterly Dividends"), (3) any split, combination or reclassification of any of Parent's capital stock or any issuance or the authorization of any issuance of any other securities in respect of, in lieu of or in substitution for shares of Parent's capital stock other than the Stock Split, or (4) except insofar as may be required by a change in generally accepted accounting principles, any change in accounting methods, principles or practices by the Parent. Section 4.02(g) of the Parent Disclosure Schedule contains a true and complete list of all agreements or plans providing for termination or severance pay to any employee of Parent.

(h) Litigation. There are no suits, actions or proceedings pending or, to the Knowledge of Parent, threatened against or affecting Parent or any of its Subsidiaries that individually or in the aggregate could reasonably be expected to have a Parent MAE, nor are there any Orders of any Governmental

Entity or arbitrator outstanding against Parent or any of its Subsidiaries having, or which could reasonably be expected to have, individually or in the aggregate, a Parent MAE.

(i) Voting Requirements. The consent actions executed by Parent as

sole shareholder of Sub on the date hereof (copies of which have been previously furnished to the Company) and the affirmative vote of the holders of a majority of the voting power of all outstanding shares of Parent Common Stock, voting as a single class, at the Parent Shareholders Meeting (the "Parent Shareholder Approval") to approve the Amended Charter Documents and the issuance of Parent Common Stock in connection with the Merger are the only votes of the holders of any class or series of Parent's or Sub's capital stock necessary to approve and adopt this Agreement and the transactions contemplated hereby.

(j) Brokers. No broker, investment banker, financial advisor or other Person, other than J.P. Morgan & Co., the fees and expenses of which will be paid by Parent or, if the Merger occurs, the Surviving Corporation, is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Parent. Parent has furnished to the Company true and complete copies of all agreements under which any such fees or expenses are payable and all indemnification and other agreements related to the engagement of the Persons to whom such fees are payable.

(k) Opinion of Financial Advisor. Parent has received the opinion of J.P. Morgan & Co. (the "Fairness Opinion") to the effect that, as of the date hereof, terms of this Agreement are fair to Parent from a financial point of view.

(l) Ownership of Company Common Stock. Except for Shares owned by Benefit Plans maintained or contributed to by Parent to any of its Subsidiaries (the "Parent Benefit Plans") or as set forth in the Parent Disclosure Schedule, neither Parent nor, to its Knowledge, any of its Affiliates (excluding for purposes hereof any director of Parent other than the Unaffiliated Directors), (i) beneficially owns (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, or (ii) is party to any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of, in each case, shares of capital stock of Company.

(m) Tax Matters. Parent has no plan or intention to (a) liquidate the Surviving Corporation, (b) merge the Surviving Corporation with and into another corporation, (c) sell or otherwise dispose of the stock of the Surviving Corporation, (d) cause the Surviving Corporation to (i) violate the "continuity of business" requirements of Treasury Regulation ss. 1.368-1(d) by selling or otherwise disposing of assets of the Company acquired in the Merger, or (ii) sell or dispose of any shares of capital stock of Parent owned by the Company, or (e) take any action that

would reasonably be expected to cause the Merger not to qualify as a reorganization under Section 368(a) of the Code.

V. COVENANTS RELATING TO CONDUCT OF BUSINESS

5.01. Conduct of Business. (a) Conduct of Business by the Company. Except as set forth in Section 5.01(a) of the Company Disclosure Schedule, during the period from the date of this Agreement to the Effective Time, the Company will, and will cause its Subsidiaries to, carry on their respective businesses in the usual, regular and ordinary course in substantially the same manner as heretofore conducted and in compliance in all material respects with all applicable Laws and, to the extent consistent therewith, use all reasonable efforts to preserve intact their current business organizations, use reasonable efforts to keep available the services of their current officers and other key employees and preserve their relationships with those Persons having business dealings with them to the end that their goodwill and ongoing businesses will be unimpaired at the Effective Time. Except as set forth in Section 5.01(a) of the Company Disclosure Schedule, without limiting the generality or effect of the foregoing, during the period from the date of this Agreement to the Effective Time, the Company will not, and will not permit any of its Subsidiaries to:

(i) other than dividends and distributions (including liquidating

distributions) by a direct or indirect wholly owned Subsidiary of the Company to its parent, or by a Subsidiary that is partially owned by the Company or any of its Subsidiaries, provided that the Company or any such Subsidiary receives or is to receive its proportionate share thereof and Regular Company Semiannual Dividends, (A) declare, set aside or pay any dividends on, or make any other distributions in respect of, any of its capital stock, (B) split, combine or reclassify any of its capital stock or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock, or (C) purchase, redeem or otherwise acquire any shares of capital stock of the Company or any of its Subsidiaries or any other securities thereof or any rights, warrants or options to acquire any such shares or other securities;

(ii) issue, deliver, sell, pledge or otherwise encumber any shares of its capital stock, any other voting securities or any securities convertible into, or any rights, warrants or options to acquire, any such shares, voting securities or convertible securities;

(iii) amend its certificate of incorporation, by-laws or other comparable organizational documents;

(iv) acquire by merging or consolidating with, or by purchasing a substantial portion of the assets of, or by any other manner, any business or any corporation, limited liability company, partnership, joint venture, association or other business organization or division thereof;

(v) sell, lease, license, mortgage or otherwise encumber or subject to any Lien or otherwise dispose of any of its properties or assets, other than (x) in the ordinary course of business consistent with past practice and (y) sales of assets which do not individually or in the aggregate exceed $1.0 million;

(vi) (A) incur any indebtedness for borrowed money or guarantee any such indebtedness of another Person, issue or sell any debt securities or warrants or other rights to acquire any debt securities of the Company or any of its Subsidiaries, guarantee any debt securities of another Person, enter into any "keep well" or other agreement to maintain any financial statement condition of another Person or enter into any arrangement having the economic effect of any of the foregoing, except for short-term borrowings incurred in the ordinary course of business consistent with past practice, or (B) make any loans, advances or capital contributions to, or investments in, any other Person, other than to the Company or any Subsidiary of the Company or to officers and employees of the Company or any of its Subsidiaries for travel, business or relocation expenses in the ordinary course of business;

(vii) make or agree to make any capital expenditure or capital expenditures other than capital expenditures set forth in the operating budget of the Company previously furnished to Parent, the relevant portions of which are set forth in Section 5.01(a)(vii) of the Company Disclosure Schedule;

(viii) make any change to its accounting methods, principles or practices, except as may be required by generally accepted accounting principles;

(ix) except as required by Law or contemplated hereby, enter into, adopt or amend in any material respect or terminate any Company Benefit Plan or any other agreement, plan or policy involving the Company or any of its Subsidiaries and one or more of their directors, officers or employees including without limitation the Company Employment Agreements, or materially change any actuarial or other assumption used to calculate funding obligations with respect to any Company pension plans, or change

the manner in which contributions to any Company pension plans are made or the basis on which such contributions are determined;

(x) increase the compensation of any director, executive officer or other key employee of the Company or pay any benefit or amount not required by a plan or arrangement as in effect on the date of this Agreement to any such Person;

(xi) enter into any contract or agreement, written or oral, with any affiliate, associate or relative of Parent, or make any payment to or for the benefit of, directly or indirectly, any of the foregoing;

(xii) make any amendment to, or waive or enter into or give any binding interpretation of, any term of the Agreement, dated October 9, 1990, among the Company and certain shareholders of the Company; or

(xiii) authorize, or commit or agree to take, any of the foregoing actions.

(b) Conduct of Business by Parent. Except as set forth in Section 5.01(b) of the Parent Disclosure Schedule, during the period from the date of this Agreement to the Effective Time, the Parent will, and will cause its Subsidiaries to, carry on their respective businesses in the usual, regular and ordinary course in substantially the same manner as heretofore conducted and in compliance in all material respects with all applicable Laws and, to the extent consistent therewith, use all reasonable efforts to preserve intact their current business organizations, use reasonable efforts to keep available the services of their current officers and other key employees and preserve their relationships with those Persons having business dealings with them to the end that their goodwill and ongoing businesses will be unimpaired at the Effective Time. Except as set forth in Section 5.01(b) of the Parent Disclosure Schedule, without limiting the generality or effect of the foregoing, during the period from the date of this Agreement to the Effective Time, Parent will not, and will not permit any of its Subsidiaries to:

(i) other than (A)(1) dividends and distributions (including liquidating distributions) by a direct or indirect wholly owned Subsidiary of Parent to its parent, or by a Subsidiary that is partially owned by Parent or any of its Subsidiaries, provided that Parent or any such Subsidiary receives or is to receive its proportionate share thereof, and (2) Regular Parent Quarterly Dividends, (B) the Stock Split, and (C) in connection with rights that are authorized by action of a majority of the Unaffiliated Directors which, by the terms thereof, become exercisable only after the Effective Time or, if earlier, the termination of this Agreement ("Rights"), (1) declare, set aside or pay any dividends on, or make any other distributions in respect of, any of its capital stock, (2) split, combine or reclassify any of its capital stock or

issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock, or (3) purchase, redeem or otherwise acquire any shares of capital stock of Parent or any of its Subsidiaries or any other securities thereof or any rights, warrants or options to acquire any such shares or other securities;

(ii) other than in connection with the Stock Split or Rights or the issuance of Parent Common Stock upon the exercise of Parent Employee Stock Options, issue, deliver, sell, pledge or otherwise encumber any shares of its capital stock, any other voting securities or any securities convertible into, or any rights, warrants or options to acquire, any such shares, voting securities or convertible securities;

(iii) amend its articles of incorporation, bylaws or other comparable organizational documents;

(iv) make any change to its accounting methods, principles or practices, except as may be required by generally accepted accounting principles; or

(v) authorize, or commit or agree to take, any of the foregoing actions.

(c) Other Actions. Except as required by Law, neither the Company, on the one hand, nor Sub or Parent, on the other hand, will, and will not permit any of their respective Subsidiaries to, voluntarily take any action that would, or that could reasonably be expected to, result in (i) any of the representations and warranties of such party set forth in this Agreement that are qualified as to materiality becoming untrue, (ii) any of such representations and warranties that are not so qualified becoming untrue in any material respect, or (iii) any of the conditions to the Merger set forth in Article VIII not being satisfied.

(d) Advice of Changes. The Company and Parent will promptly advise the other party orally and in writing of (i) any representation or warranty made by it or, in the case of Parent, Sub contained in this Agreement that is qualified as to materiality becoming untrue or inaccurate in any respect or any such representation or warranty that is not so qualified becoming untrue or inaccurate in any material respect, (ii) the failure by it or, in the case of Parent, Sub to comply in any material respect with or satisfy in any material respect any covenant, condition or agreement to be complied with or satisfied by it under this Agreement, or (iii) any change or event having, or which, insofar as can reasonably be foreseen, could reasonably be expected to have, a material adverse effect on such party or on the truth of their respective representations and warranties or the ability of the conditions set forth in Article VIII to be

satisfied; provided, however, that no such notification will affect the representations, warranties, covenants or agreements of the parties or the conditions to the obligations of the parties under this Agreement.

(e) Coordination of Dividends. Each of Parent and the Company will coordinate with the other regarding the declaration and payment of dividends in respect of the Parent Common Stock and the Shares and the record dates and payment dates relating thereto, it being the intention of Parent and the Company that any holder of Shares will not receive two dividends, or fail to receive one dividend, for any single calendar quarter with respect to its Shares and/or any Parent Common Stock any such holder receives in exchange therefor pursuant to the Merger.

(f) As used herein, "Parent's 1997 Annual Meeting" shall mean Parent's 1997 annual meeting of shareholders.

5.02. No Solicitation by the Company. (a) The Company will not, nor will it permit any of its Subsidiaries to, nor will it authorize or permit any of its officers, directors or employees or any investment banker, financial advisor, attorney, accountant or other representative retained by it or any of its Subsidiaries to, directly or indirectly through another Person, (i) solicit, initiate or encourage (including by way of furnishing information), or take any other action designed to facilitate, any inquiries or the making of any proposal which constitutes any Company Takeover Proposal or (ii) participate in any discussions or negotiations regarding any Company Takeover Proposal; provided, however, that if, at any time prior to the Offer Completion Date, the Company Board determines in good faith, after consultation with its financial advisor and outside counsel, that failure to do so would create a reasonable possibility of a breach of its fiduciary duties to the Company's shareholders under applicable Law, the Company may, in response to a Company Takeover Proposal which was not solicited by it or which did not otherwise result from a breach of

this Section 5.02(a), (A) furnish information with respect to the Company and each of its Subsidiaries to any Person pursuant to a customary confidentiality agreement (as determined by the Company after consultation with its outside counsel) and (B) participate in negotiations regarding such Company Takeover Proposal. For purposes of this Agreement, "Company Takeover Proposal" means any inquiry, proposal or offer from any Person relating to any direct or indirect acquisition or purchase of 20% or more of the assets of the Company and its Subsidiaries or 20% or more of any class of equity securities of the Company or any of its Subsidiaries, any tender offer or exchange offer that if consummated would result in any Person beneficially owning 20% or more of any class of equity securities of the Company or any of its Subsidiaries, or any merger, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving the Company or any of its Subsidiaries, other than the transactions contemplated by this Agreement.

(b) Except as expressly permitted by this Section 5.02(b), neither the Company Board nor any committee thereof may (i) withdraw or modify, or propose publicly to withdraw or modify, in a manner adverse to Parent or Sub, the approval or recommendation by the Company Board or such committee of the Offer, the Merger or this Agreement, (ii) approve or recommend, or propose publicly to approve or recommend, any Company Takeover Proposal, or (iii) cause the Company to enter into any letter of intent, agreement in principle, acquisition agreement or other similar agreement related to any Company Takeover Proposal (each, a "Company Acquisition Agreement"). Notwithstanding the foregoing, in the event that prior to the Offer Completion Date, the Company Board determines in good faith, after the Company has received a Company Takeover Proposal and after consultation with its financial adviser and outside counsel, that failure to do so would create a reasonable possibility of a breach of its fiduciary duties to the Company's shareholders under applicable Law, the Company Board may withdraw or modify its approval or recommendation of the Offer, the Merger or this Agreement, approve or recommend a Company Takeover Proposal or terminate this Agreement pursuant to Section 8.01(i) but only if (A) prior to any such approval, recommendation or termination, the Company shall, simultaneously with giving such notice, pay the Company Termination Fee, and (B) prior to any such termination which is to be effective within two business days of the date of the Parent's 1997 Annual Meeting and any adjournment or rescheduling thereof, the Company shall have given Parent at least two business days notice of the effectiveness of such termination.

(c) In addition to the obligations of the Company set forth in paragraphs (a) and (b) of this Section 5.02, the Company will (i) immediately advise Parent orally and in writing of any request for information or of any Company Takeover Proposal, the material terms and conditions of such request or Company Takeover Proposal and the identity of the Person making such request or Company Takeover Proposal and (ii) keep Parent reasonably informed of the status and details (including amendments or proposed amendments) of any such request or Company Takeover Proposal, provided, however, that the Company will not be required to provide to Parent any information if and to the extent that the Company Board determines, following consultation with outside counsel, that so doing would create a reasonable possibility of a breach of its fiduciary duties to the Company's shareholders under applicable Law.

(d) Nothing contained in this Section 5.02 will prohibit the Company from taking and disclosing to its shareholders a position contemplated by Rule 14e-2(a) promulgated under the Exchange Act or from making any disclosure to the Company's shareholders if, in the good faith judgment of the Company Board, after consultation with outside counsel, the failure so to disclose would be inconsistent with its fiduciary duties to the Company's shareholders under applicable Law;

provided, however, that neither the Company nor the Company Board nor any committee thereof may, except as expressly permitted by Section 5.02(b), withdraw or modify, or propose publicly to withdraw or modify, its position with respect to the Offer, this Agreement or the Merger or approve or recommend, or propose publicly to approve or recommend, a Company Takeover Proposal.

5.03. No Solicitation by Parent. (a) Parent will not, nor will it permit any of its Subsidiaries to, nor will it authorize or permit any of its officers, directors or employees or any investment banker, financial advisor, attorney, accountant or other representative retained by it or any of its Subsidiaries to, directly or indirectly through another Person, (i) solicit, initiate or encourage (including by way of furnishing information), or take any other action designed to facilitate, any inquiries or the making of any proposal which constitutes any Parent Takeover Proposal or (ii) participate in any discussions or negotiations regarding any Parent Takeover Proposal; provided, however, that if, at any time prior to the Effective Time, the Unaffiliated Directors determine in good faith, after consultation with outside counsel, that failure to do so would create a reasonable possibility of a breach of their fiduciary duties to the Parent's shareholders under applicable Law, Parent may, in response to a Parent Takeover Proposal which was not solicited by it or which did not otherwise result from a breach of this Section 5.03(a), (A) furnish information with respect to Parent and each of its Subsidiaries to any Person pursuant to a customary confidentiality agreement (as determined by Parent after consultation with its outside counsel) and (B) participate in negotiations regarding such Parent Takeover Proposal. For purposes of this Agreement, "Parent Takeover Proposal" means any inquiry, proposal or offer from any Person relating to any direct or indirect acquisition or purchase of 20% or more of the assets of Parent and its Subsidiaries or 20% or more of any class of equity securities of Parent or any of its Subsidiaries, any tender offer or exchange offer that if consummated would result in any Person beneficially owning 20% or more of any class of equity securities of the Parent or any of its Subsidiaries, or any merger, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving Parent or any of its Subsidiaries, other than the transactions contemplated by this Agreement.

(b) Except as expressly permitted by this Section 5.03(b), neither the Parent Board nor any committee thereof may (i) withdraw or modify, or propose publicly to withdraw or modify, in a manner adverse to the Company, the approval or recommendation by the Parent Board or such committee of the Merger or this Agreement, (ii) approve or recommend, or propose publicly to approve or recommend, any Parent Takeover Proposal, or (iii) cause Parent to enter into any letter of intent, agreement in principle, acquisition agreement or other similar agreement related to any Parent Takeover Proposal (each, a "Parent Acquisition Agreement"). Notwithstanding the

foregoing, in the event that prior to the Offer Completion Date, the Unaffiliated Directors determine in good faith, after Parent has received a Parent Takeover Proposal and after consultation with its financial adviser and outside counsel, that failure to do so would create a reasonable possibility of a breach of their fiduciary duties to Parent's shareholders under applicable Law, the Parent Board, by action of the Unaffiliated Directors, may withdraw or modify its approval or recommendation of the Merger or this Agreement, approve or recommend a Parent Takeover Proposal or terminate this Agreement pursuant to Section 8.01(f) but only if, prior to any such approval, recommendation or termination in respect of a Parent Takeover Proposal, Parent shall have paid the Parent Termination Fee.

(c) In addition to the obligations of Parent set forth in paragraphs (a) and (b) of this Section 5.03, Parent will (i) immediately advise the Company orally and in writing of any request for information or of any Parent Takeover Proposal, the material terms and conditions of such request or Parent Takeover Proposal and the identity of the Person making such request or Parent Takeover Proposal and (ii) keep the Company reasonably informed of the status and details (including amendments or proposed amendments) of any such request or Parent Takeover Proposal, provided, however, that the Parent will not be required to

provide to the Company any information if and to the extent that the Unaffiliated Directors determine, following consultation with outside counsel, that so doing would create a reasonable possibility of a breach of their fiduciary duties to the Parent's shareholders under applicable Law.

(d) Nothing contained in this Section 5.03 will prohibit Parent from taking and disclosing to its shareholders a position contemplated by Rule 14e-2(a) promulgated under the Exchange Act or from making any disclosure to Parent's shareholders if, in the good faith judgment of the Unaffiliated Directors, after consultation with outside counsel, the failure so to disclose would be inconsistent with their fiduciary duties to Parent's shareholders under applicable Law; provided, however, that neither Parent nor the Parent Board nor any committee thereof may, except as expressly permitted by Section 5.03(b), withdraw or modify, or propose publicly to withdraw or modify, its position with respect to this Agreement or the Merger or approve or recommend, or propose publicly to approve or recommend, a Parent Takeover Proposal.

5.04. Proposed Parent Charter and Bylaws Amendments. Without further approval or consent of the Company, Parent may take all such actions as are necessary or appropriate to make amendments to its articles of incorporation or bylaws having the terms and conditions described in Annex B (respectively, the "Proposed Parent Charter Amendments" and the "Proposed Parent Bylaw Amendments"), provided however, that such amendments shall not be effective until the Effective Date. The Company will vote all shares of Parent Common Stock beneficially owned by it or any

of its Subsidiaries in favor of the adoption of the Proposed Parent Charter Amendments.

VI. ADDITIONAL COVENANTS

6.01. Preparation of the Form S-4 and the Joint Proxy Statement; Shareholders Meetings. (a) As soon as practicable following the date of this Agreement, the Company, Parent and Sub will prepare and file with the SEC the Joint Proxy Statement and Parent will prepare and file with the SEC the Form S-4, in which the Joint Proxy Statement will be included as a prospectus. Each of the Company and Parent will use all reasonable efforts to have the Form S-4 declared effective under the Securities Act as promptly as practicable after such filing. The Company will use all reasonable efforts to cause the Joint Proxy Statement to be mailed to the Company's shareholders, and Parent will use all reasonable efforts to cause the Joint Proxy Statement to be mailed to Parent's shareholders, in each case as promptly as practicable after the Form S-4 is declared effective under the Securities Act. Parent will also take any action (other than qualifying to do business in any jurisdiction in which it is not now so qualified or to file a general consent to service of process) required to be taken under any applicable state securities Laws in connection with the issuance of Parent Common Stock in the Merger and under the Company Stock Plans and Parent Stock Plans and the Company will furnish all information concerning the Company and the holders of Company Common Stock as may be reasonably requested in connection with any such action.

(b) Subject to its rights to terminate this Agreement pursuant to the applicable provisions of Section 8.01, the Company will as soon as practicable following the date of this Agreement, duly call, give notice of, convene and hold a meeting of its shareholders (the "Company Shareholders Meeting") for the purpose of obtaining the Company Shareholder Approval and, through the Company Board, subject to the provisions of Section 5.02(b), recommend to Shareholders the approval and adoption of this Agreement, the Merger and the other transactions contemplated hereby. Without limiting the generality or effect of the foregoing but subject to its rights to terminate this Agreement as aforesaid, the Company's obligations pursuant to the first sentence of this Section 6.01(b) will not be affected by the commencement, public proposal, public disclosure or communication to the Company of any Company Takeover Proposal.

(c) Subject to its rights to terminate this Agreement under the applicable provision of Section 8.01, Parent will, as soon as practicable following the date of this Agreement, duly call, give notice of, convene and hold a meeting of its shareholders (the "Parent Shareholders Meeting") for the purpose of obtaining the Parent Shareholder Approval and, through the Parent's Board of Directors, subject to the provisions of Section 5.03(b), recommend that its shareholders approve the issuance of

Parent Common Stock pursuant to the Merger. Without limiting the generality or effect of the foregoing but subject to its rights to terminate this Agreement as aforesaid, Parent's obligations pursuant to the first sentence of this Section 6.01(c) will not be affected by the commencement, public proposal, public disclosure or communication to Parent of any Parent Takeover Proposal. Notwithstanding any other provision hereof, (i) subject to future action by the Unaffiliated Directors, the Proposed Parent Charter Amendments will be considered at the Parent Shareholders Meeting, (ii) the Company will vote or cause to be voted all Parent Common Stock having voting rights in respect thereof in favor of adoption of the Proposed Parent Charter Amendments, and (iii) neither the Offer or the Merger will be subject to a condition that the Proposed Parent Charter Amendments be approved or become effective, provided, however, that the authorization of an increase in capitalization sufficient to permit the Merger Consideration to be paid will be a condition to the Merger as herein provided.

(d) Parent and the Company will use reasonable efforts to hold the Parent Shareholders Meeting and the Company Shareholders Meeting on the same date and as soon as practicable after the date hereof.

6.02. Access to Information; Confidentiality. Each of the Company and Parent will, and will cause each of its respective Subsidiaries to, afford to the other party and to the officers, employees, accountants, counsel, financial advisors and other representatives of such other party, reasonable access during normal business hours during the period prior to the Effective Time to all their respective properties, books, contracts, commitments, personnel and records and, during such period, each of the Company and Parent will, and will cause each of its respective Subsidiaries to, furnish promptly to the other party (a) a copy of each report, schedule, registration statement and other document filed by it during such period pursuant to the requirements of federal or state securities Laws and (b) all other information concerning its business, financial condition, results of operations, properties and personnel as such other party may reasonably request. Subject to the requirements of applicable Law, and except for such actions as are necessary to disseminate the Offer Documents and any other documents necessary to consummate the Offer and the Merger, the parties will, and will instruct each of their respective Affiliates, associates, partners, employees, agents and advisors to, hold in confidence all such information as is confidential or proprietary, will use such information only in connection with the Offer and the Merger and, if this Agreement is terminated in accordance with its terms, will deliver promptly to the other (or destroy and certify to the other the destruction of) all copies of such information (and any copies, compilations or extracts thereof or based thereon) then in their possession or under their control.

6.03. Reasonable Efforts. (a) Upon the terms and subject to the conditions set forth in this Agreement, each of the parties will use all reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the Merger and the other transactions contemplated by this Agreement, including without limitation, (i) obtaining of all necessary actions or nonactions, waivers, consents and approvals from Governmental Entities and making of all necessary registrations and filings

(including filings with Governmental Entities) and taking of all reasonable steps as may be necessary to obtain an approval or waiver from, or to avoid an action or proceeding by, any Governmental Entity, (ii) obtaining of all necessary consents, approvals or waivers from third parties, (iii) defending of any lawsuits or other legal proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the transactions contemplated hereby, including seeking to have any adverse Order entered by any court or other Governmental Entity vacated or reversed, and (iv) execution and delivery of any additional instruments necessary to consummate the transactions contemplated by, and to fully carry out the purposes of, this Agreement. Nothing set forth in this Section 6.03(a) will limit or affect actions permitted to be taken pursuant to Section 5.02 or 5.03.

(b) In connection with and without limiting the foregoing, the Company and Parent will, and Parent will cause Sub to, (i) take all action necessary to ensure that no state takeover statute or similar statute or regulation is or becomes applicable to the Offer, the Merger or any of the other transactions contemplated hereby, and (ii) if any state takeover statute or similar statute or regulation becomes applicable thereto, take all action necessary to ensure that the Offer and the Merger and such other transactions may be consummated as promptly as practicable on the terms contemplated hereby and otherwise to minimize the effect of such statute or regulation thereon.

(c) Notwithstanding any other provision hereof, in no event will Parent be required to agree to any divestiture, hold-separate or other requirement in connection with this Agreement or any of the transactions contemplated thereby.

6.04. Employee Benefit Matters. (a) With respect to each Parent "employee benefit plan," as defined in Section 3(3) of ERISA, including plans or policies providing severance benefits and vacation entitlement ("Parent Plans"), if the Effective Time occurs, service with the Company will be treated as service with the Parent for purposes of determining eligibility to participate, vesting and entitlement to benefits (other than the accrual of benefits under any defined benefit pension plan); provided, however, that such service will not be

recognized to the extent that such recognition would result in a duplication of benefits. Such service also will apply for purposes of satisfying any waiting periods, evidence of insurability requirements or the application of any preexisting condition limitations under any Parent Plan. Employees of the Company will be given credit under any Parent Plan in which they are eligible to participate for amounts paid under a corresponding Company benefit plan during the same period for purposes of applying deductibles, copayments and out-of-pocket maximums as though such amounts had been paid in accordance with the terms and conditions of the Parent Plans.

(b) Following the Effective Time, Parent will cause the Surviving Corporation to honor in accordance with their terms all employment, severance and other compensation agreements and arrangements, including but not limited to severance benefit plans, the existence or terms of which do not involve any material breach of any representation, warranty or covenant of the Company hereunder.

6.05. Certain Employee Matters; Parent Board Composition; Etc. (a) The Company will take the actions specified in Section 6.05(a) of the Company Disclosure Schedules.

(b) Parent will take the actions specified in Section 6.05(b) of the Parent Disclosure Schedule.

6.06. Fees and Expenses. (a) Except as set forth in this Section 6.06, all fees and expenses incurred in connection with the Offer, the Merger, this Agreement and the transactions contemplated thereby will be paid by the party incurring such fees or expenses, whether or not the Merger is consummated,

except that each of Parent and the Company will bear and pay one-half of the costs and expenses incurred in connection with (i) the filing, printing and mailing of the Joint Proxy Statement (including SEC filing fees) and (ii) the filings of the premerger notification and report forms under the HSR Act (including filing fees).

(b) In the event that (i) a Company Takeover Proposal (excluding for purposes of this Section 6.06(b)(i) only the $45.00 per share cash tender offer made by WHX Corporation prior to the date hereof (the "WHX $45.00 Bid")) is made known to the Company or any of its Subsidiaries or has been made directly to shareholders generally or any Person publicly announces an intention (whether or not conditional) to make a Company Takeover Proposal (excluding the WHX $45.00 Bid) and thereafter this Agreement is terminated by either Parent or the Company pursuant to Section 8.01(d)(i) or 8.01(d)(ii), or (ii) this Agreement is terminated (x) by the Company pursuant to Section 8.01(i) or (y) by Parent pursuant to Section 8.01(e), then the Company will promptly, but in no event later than two days after the date of such termination, pay Parent a fee equal to $3 million (the "Company Termination Fee"), payable by wire transfer of same-day funds. The Company acknowledges that the agreements contained in

this Section 6.06(b) are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, Parent and Sub would not enter into this Agreement; accordingly, if the Company fails promptly to pay the amount due pursuant to this Section 6.06(b), and, in order to obtain such payment, Parent or Sub commences a suit which results in a judgment against the Company for the fee set forth in this Section 6.06(b), the Company will pay to Parent and Sub their costs and expenses (including attorneys' fees and expenses) in connection with such suit, together with interest on the amount of the fee at the prime rate of Citibank N.A. in effect on the date such payment was required to be made.

(c) In the event that (i) a Parent Takeover Proposal is made known to Parent or any of its Subsidiaries or has been made directly to shareholders generally or any Person publicly announces an intention (whether or not conditional) to make a Parent Takeover Proposal and thereafter this Agreement is terminated by either Parent or the Company pursuant to Section 8.01(d)(i) or 8.01(d)(iii), or (ii) this Agreement is terminated (x) by Parent pursuant to Section 8.01(f) or (y) by the Company pursuant to Section 8.01(g), then Parent shall promptly, but in no event later than two days after the date of such termination, pay the Company a fee equal to $5 million (the "Parent Termination Fee") payable by wire transfer of same-day funds. Parent acknowledges that the agreements contained in this Section 6.06(c) are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, the Company would not enter into this Agreement; accordingly, if Parent fails promptly to pay the amount due pursuant to this Section 6.06(c), and, in order to obtain such payment, the Company commences a suit which results in a judgment against Parent or Sub for the fee set forth in this Section 6.06(c), Parent will pay to the Company its costs and expenses (including attorneys' fees and expenses) in connection with such suit, together with interest on the amount of the fee at the prime rate of Citibank N.A. in effect on the date such payment was required to be made.

(d) Notwithstanding any other provision hereof, as an inducement to Parent and Sub to enter into this Agreement and perform their respective obligations hereunder, the Company has paid Parent a fee equal to $2 million (the "Inducement Fee") simultaneously with the execution and delivery of this Agreement by delivery of a check in such amount, which the Company hereby irrevocably agrees to honor. The Inducement Fee is not subject to refund or return for any reason whatever and may not be used as an offset against or otherwise applied to any obligation of the Company, including without limitation the obligation to pay the Company Termination Fee.

6.07. Public Announcements. Parent and the Company will consult with each other before issuing, and provide each other the opportunity to review, comment upon and concur with,

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any press release or other public statements with respect to the transactions contemplated by this Agreement, and will not issue any such press release or make any such public statement prior to such consultation, except as either party may determine is required by applicable Law, court process or by obligations pursuant to any listing agreement with any national securities exchange. The parties agree that the initial press release to be issued with respect to the transactions contemplated by this Agreement will be in the form heretofore agreed to by the parties.

6.08. Affiliates. Prior to the Closing Date, the Company shall deliver to Parent a letter identifying all Persons who are, at the time this Agreement is submitted for adoption by to the shareholders of the Company, "affiliates" of the Company for purposes of Rule 145 under the Securities Act. The Company will use all reasonable efforts to cause each such Person to deliver to Parent on or prior to the Closing Date a written agreement substantially in the form attached as Schedule 6.09 hereto.

6.09. NYSE Listing. Parent will use reasonable efforts to cause the shares of Parent Common Stock to be issued in the Merger and under the Company Stock Plans to be approved for listing on the NYSE, subject to official notice of issuance, prior to the Effective Time.

6.10. Shareholder Litigation. Each of the Company and Parent will give the other the reasonable opportunity to participate in the defense of any shareholder litigation against the Company, Parent or Sub, as applicable, or their respective directors relating to the transactions contemplated by this Agreement.

6.11. Tax Treatment. Each of Parent and the Company will use reasonable efforts to cause the Merger to qualify as a reorganization under the provisions of Section 368 of the Code.

6.12. The Company Rights Agreement. The Company Board will take all further action (in addition to that referred to in Section 4.01(n)) reasonably requested in writing by Parent (including redeeming the Company Rights immediately prior to the Effective Time or amending the Company Rights Agreement) in order to render the Company Rights inapplicable to the Offer and the Merger and the other transactions contemplated hereby, including without limitation, the Shareholders Agreement, to the extent provided herein and in the Company Rights Plan Amendment. Except as provided above with respect to the Offer, the Merger and the other transactions contemplated hereby or as set forth in the Company Disclosure Schedule, the Company Board will not (a) amend the Company Rights Agreement or (b) take any action with respect to, or make any determination under, the Company Rights Agreement, including a redemption of the Company Rights or any action to facilitate a Company Takeover Proposal.

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6.13. Voting of Common Stock. The Company and the Parent agree that, during the period from the date hereof until the Effective Time or the termination of this Agreement in accordance with its terms (the "Restricted Period"), (i) the Company and the Parent will not, and will cause each of their respective Subsidiaries not to, sell, transfer, or pledge any Securities of the other party or any interest therein directly or indirectly therein beneficially owned (within the meaning of Rule 13d-3 under the Exchange Act) (such ownership, "Beneficially Owned") by it or any of its Subsidiaries to any person, other than a wholly owned Subsidiary of the Company (with respect to sales of Parent Securities by the Company) or the Parent (with respect to sales of Company Securities by Parent), and (ii) at any meeting (whether annual or special and whether or not an adjourned or postponed meeting) of the holders of the other party's Securities, however called, including without limitation Parent's 1997

Annual Meeting, or in connection with any written consent of the holders of the other party's Securities (collectively, a "Meeting"), the Company (with respect to any Parent Meeting) or Parent (with respect to any Company Meeting) will appear at the meeting or otherwise cause the Securities of the other party Beneficially Owned by the Company or Parent, as the case may be, to be counted as present thereat for purposes of establishing a quorum and vote or consent (or cause to be voted or consented) the Securities (A) in favor of the adoption of this Agreement, the Proposed Parent Charter Amendments (with respect to any Parent Meeting) and the approval of other actions contemplated by this Agreement and any actions required in furtherance hereof, (B) against any action or agreement that would result in a breach in any respect of any covenant, representation or warranty or any other obligation or agreement of Parent or the Company under this Agreement, and (C) except as otherwise agreed to in writing in advance by the other party (in its sole discretion) or expressly contemplated herein, against the following actions (other than the Merger and the transactions contemplated by this Agreement): (1) except as provided in Section 1.04, any change in the composition of the board of directors of the issuer of such Securities not approved by (x) a majority of the Company Board, in the case of changes in the Company Board, or (y) the Unaffiliated Directors, in the case of changes in the Parent Board, (2) except with respect to any changes contemplated by this Agreement, any material change in the present capitalization of the other party, including without limitation any proposal to sell a substantial equity interest of the other party or any of their respective Subsidiaries; (3) except with respect to any amendment included in the Joint Proxy Statement or contemplated by this Agreement, any amendments of the other party's articles of incorporation or bylaws; (4) except with respect to any changes contemplated by this Agreement, any other change in the other party's corporate structure or business; or (5) any other action which, in the case of each of the matters referred to in clauses (1), (2), (3) or (4), is intended, or could reasonably be expected, to impede, interfere with, delay, postpone or materially adversely affect

the Merger and the transactions contemplated by this Agreement. Without limiting the generality or effect of the foregoing, (x) during the period from the date hereof to the Offer Completion Date plus two calendar days (unless the second calendar day is not a business day, in which case the period will include the business day following the second calendar day) (the "Open Period"), at the request of Parent, the Company will take all actions necessary, including without limitation voting of Securities of Parent in furtherance of, the adjournment or postponement of the Parent's 1997 Annual Meeting to such date within the Open Period as may be so requested by Parent and (y) the parties will in all events take all such actions as may be required to adjourn Parent's 1997 Annual Meeting to June 24, 1997. The Company and Parent may not enter into any agreement or understanding with any person the effect of which would be inconsistent with or violative of any provision contained in this Section 6.13. For purposes of this Section 6.13, "Securities" mean (I) the shares of Parent Common Stock or the Company Common Stock Beneficially Owned by the other party as of the relevant date, including, without duplicative counting of the same shares of Parent Common Stock or the Company Common Stock, shares of Parent Common Stock or the Company Common Stock Beneficially Owned by all other persons with whom Parent or the Company would constitute a "group" within the meaning of Section 13(d) of the Exchange Act, and (II) any shares of Parent Common Stock, Company Common Stock or other securities of the Parent or the Company acquired by the other party in any capacity after the date hereof and prior to the Effective Time, whether upon the exercise of options, warrants or rights, the conversion or exchange of convertible or exchangeable securities or by means of purchase, dividend, distribution, split-up, recapitalization, combination, exchange of shares or the like, transfer or as a successor in interest in any capacity or otherwise.

6.14. Indemnification, Exculpation and Insurance. (a) All rights to indemnification and exculpation from liabilities for acts or omissions occurring at or prior to the Effective Time existing in favor of the current or former directors or officers of the Company or each of its Subsidiaries as provided in their respective certificates of incorporation or by-laws (or comparable

organizational documents) will be assumed by Parent and Parent will be directly responsible for such indemnification, without further action, as of the Effective Time and will continue in full force and effect in accordance with their respective terms. In addition, from and after the Effective Time, directors and officers of the Company who become or remain directors or officers of Parent or Sub will be entitled to the same indemnity rights and protections (including those provided by directors' and officers' liability insurance) as are afforded to other directors and officers of Parent. Notwithstanding any other provision hereof, the provisions of this Section 6.14 (i) are intended to be for the benefit of, and will be enforceable by, each indemnified party, his or her heirs and his or her representatives and (ii) are in addition to, and

not in substitution for, any other rights to indemnification or contribution that any such person may have by contract or otherwise.

(b) Parent will, and will cause the Surviving Corporation to, maintain in effect for not less than six years after the Effective Time policies of directors' and officers' liability insurance equivalent in all material respects to those maintained by or on behalf of the Company and its Subsidiaries on the date hereof (and having at least the same coverage and containing terms and conditions which are no less advantageous to the persons currently covered by such policies as insured) with respect to matters existing or occurring at or prior to the Effective Time; provided, however, that if the aggregate annual premiums for such insurance at any time during such period exceed 200% of the per annum rate of premium currently paid by the Company and its Subsidiaries for such insurance on the date of this Agreement, then Parent will cause the Surviving Corporation to, and the Surviving Corporation will, provide the maximum coverage that shall then be available at an annual premium equal to 200% of such rate.

6.15. Parent Board. If the Effective Time occurs, from the date thereof until the date immediately following the date of the Parent's 1998 annual shareholders meeting or any adjournment or postponement thereof, the Parent Board will not elect any additional member thereof who is not a member of the Parent Board as of the Effective Time unless such person has been elected or nominated therefor by the unanimous vote of a committee of the Parent Board comprised of two Unaffiliated Directors and one member thereof who is not an Unaffiliated Director (or any successors thereto approved by vote of not less than two thirds of the members of the Parent Board, provided that, if Andrew Lozyniak is unable to serve as a member of the committee, Patrick J. Dorme will be his successor if Mr. Dorme is at that time a member of the Parent Board). The initial members of such committee will be Gerald H. Frieling, Jr., Andrew Lozyniak and Joseph P. Walker.

VII. CONDITIONS PRECEDENT

7.01. Conditions to Each Party's Obligation To Effect the Merger. The respective obligation of each party to effect the Merger is subject to the satisfaction or waiver on or prior to the Closing Date of the following conditions (except to the extent otherwise provided in Section 1.05):

(a) Shareholder Approvals. Each of the Company Shareholder Approval and the Parent Shareholder Approval shall have been obtained;

(b) No Injunctions or Restraints. No Order or Law enacted, entered, promulgated, enforced or issued by any court of

competent jurisdiction or other Governmental Entity or other legal restraint or prohibition (collectively, "Restraints") preventing the consummation of the Merger shall be in effect; and

(c) Form S-4. The Form S-4 shall have become effective under the Securities Act and shall not be the subject of any stop order or proceedings seeking a stop order.

7.02. Conditions to Obligations of Parent and Sub. The obligation of Parent and Sub to effect the Merger is further subject to satisfaction or waiver on or prior to the Closing Date of the following conditions:

(a) Performance of Obligations of the Company. The Company shall have performed in all material respects all obligations required to be performed by it under this Agreement on or before the earlier of (i) such time as Parent's Designees constitute at least a majority of the Company Board pursuant to Section 1.04 of this Agreement and (ii) the Closing Date; and Parent shall have received a certificate signed on behalf of the Company by the chief executive officer and the chief financial officer of the Company to such effect; and

(b) Completion of the Offer. Sub shall have accepted for payment and paid for Shares pursuant to the Offer; provided, however, that Parent may not invoke this condition if Sub shall have failed to purchase Shares so tendered and not withdrawn in violation of the terms of this Agreement.

7.03. Conditions to Obligation of the Company. The obligation of the Company to effect the Merger is further subject to satisfaction or waiver on or prior to the Closing Date of the following conditions:

(a) Performance of Obligations of Parent and Sub. Parent and Sub shall have performed in all material respects all obligations required to be performed by them under this Agreement at or prior to the Closing Date, and the Company shall have received a certificate signed on behalf of Parent by the chief executive officer and the chief financial officer of Parent to such effect; and

(b) Completion of the Offer. Sub shall have accepted for payment and paid for at least 25% of the outstanding Shares pursuant to the Offer.

7.04. Tax Opinions. In the event that Parent and Sub elect to proceed with the Merger under the circumstances described in Section 1.05, the respective obligation of each of Parent, Sub and the Company to effect the Merger will be subject to the satisfaction or waiver on or prior to the Closing Date of the condition that either Jones, Day, Reavis & Pogue or Skadden, Arps, Meagher, Slate and Flom LLP shall have delivered to Parent and the Company an opinion, dated as of the Closing Date, to the

effect that, based upon certain representations, assumptions and conditions, the Merger will be treated for Federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code and that Parent, Sub and the Company will each be a party to such reorganization within the meaning of Section 368(b) of the Code.

7.05. Frustration of Closing Conditions. Neither Parent nor the Company may rely on the failure of any condition set forth in Section 7.01, 7.02, 7.03 or 7.04, as the case may be, to be satisfied if such failure was caused by such party's failure to use reasonable efforts to commence or complete the Offer or consummate the Merger and the other transactions contemplated by this Agreement, as required by and subject to Section 6.03.

VIII. TERMINATION, AMENDMENT AND WAIVER

8.01. Termination. This Agreement may be terminated at any time prior to the Effective Time, whether before or after Company Shareholder Approval or Parent Shareholder Approval:

(a) by mutual written consent of Parent and the Company;

(b) by the Company if Parent shall have failed to commence the Offer

within five business days following the date of the initial public announcement of the Offer;

(c) by Parent, subject to Section 1.05, if the Offer shall have expired or have been withdrawn or terminated in accordance with the terms thereof without any Shares being purchased by Parent thereunder by reason of the failure of any condition set forth in Annex A to be satisfied;

(d) by either Parent or the Company:

(i) if the Merger has not been consummated by October 31, 1997; provided, however, that the right to terminate this Agreement pursuant to this Section 8.01(d)(i) will not be available to any party whose failure to perform any of its obligations under this Agreement results in the failure of the Merger to be consummated by such time;

(ii) if the Company Shareholder Approval shall not have been obtained at a Company Shareholders Meeting duly convened therefor or at any adjournment or postponement thereof;

(iii) if the Parent Shareholder Approval shall not have been obtained at a Parent Shareholders Meeting

duly convened therefor or at any adjournment or postponement thereof; or

(iv) if any Governmental Entity shall have issued a Restraint or taken any other action permanently enjoining, restraining or otherwise prohibiting the consummation of the Offer, the Merger or any of the other transactions contemplated by this Agreement and such Restraint or other action shall have become final and nonappealable;

(e) by Parent, if the Company Board or any committee thereof shall have (i) withdrawn or modified in a manner adverse to Parent its approval or recommendation of the Offer, the Merger or this Agreement or failed to reconfirm its approval or recommendation within five business days after a written request to do so, (ii) approved or recommended, or proposed publicly to approve or recommend, any Company Takeover Proposal, (iii) caused the Company to enter into a Company Acquisition Agreement, or (iv) resolved to take any of the foregoing actions;

(f) by Parent in accordance with Section 5.03(b) at any time prior to the Offer Completion Date; provided that it has complied with all provisions thereof, including the notice provisions therein, and that it complies with applicable requirements of Section 6.06;

(g) by the Company, if the Parent Board or any committee thereof shall have (i) withdrawn or modified in a manner adverse to the Company its approval or recommendation of the Offer, the Merger or this Agreement or failed to reconfirm its approval or recommendation within five business days after a written request to do so, (ii) approved or recommended, or proposed publicly to approve or recommend, any Parent Takeover Proposal, (iii) caused Parent to enter into a Parent Acquisition Agreement, or (iv) resolved to take any of the foregoing actions;

(h) by the Company at or prior to the Offer Completion Date, if Parent or Sub shall have breached or failed to perform in any material respect any of its representations, warranties or covenants required to be performed by them under this Agreement at or prior to the Offer Completion Date, which breach or failure to perform cannot be or has not been cured within 30 days after the giving of written notice to Parent and Sub of such breach (provided that the Company is not then in material breach of any representation, warranty, covenant or other agreement contained in this Agreement that cannot or has not been cured

within 30 days after giving notice to the Company of such breach); and

(i) by the Company in accordance with Section 5.02(b) at any time prior to the Offer Completion Date; provided that it has complied with all provisions thereof, including the notice provisions therein, and that it complies with applicable requirements of Section 6.06.

8.02. Effect of Termination. In the event of termination of this Agreement by either the Company or Parent as provided in Section 8.01, this Agreement, other than the provisions of Section 4.01(k), Section 4.02(j), Section 6.02, Section 6.06, this Section 8.02 and Article IX, will forthwith become void and have no effect, without any liability or obligation on the part of Sub, Parent or the Company, except to the extent that such termination results from the willful and material breach by a party of any of its representations, warranties, covenants or agreements set forth in this Agreement.

8.03. Amendment. Subject to Section 1.04, this Agreement may be amended by the parties at any time before or after the Company Shareholder Approval or the Parent Shareholder Approval; provided, however, that after any such approval, there may not be made any amendment that by Law requires further approval by the shareholders of the Company or Parent without the further approval of such shareholders. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties.

8.04. Extension; Waiver. At any time prior to the Effective Time, a party may (a) extend the time for the performance of any of the obligations or other acts of the other parties, (b) waive any inaccuracies in the representations and warranties of the other parties contained in this Agreements or in any document delivered pursuant to this Agreement, or (c) subject to the proviso of Section 8.03, waive compliance by the other party with any of the agreements or conditions contained in this Agreement. Any agreement on the part of a party to any such extension or waiver will be valid only if set forth in an instrument in writing signed on behalf of such party. The failure of any party to this Agreement to assert any of its rights under this Agreement or otherwise will not constitute a waiver of such rights.

8.05. Procedure for Termination, Amendment, Extension or Waiver. Subject to Section 1.04(b) and 1.04(c), a termination of this Agreement pursuant to Section 8.01, an amendment of this Agreement pursuant to Section 8.03 or an extension or waiver pursuant to Section 8.04 will, in order to be effective, require, in the case of Parent or the Company, action by its Board of Directors or, with respect to any amendment to this Agreement, the duly authorized committee of its Board of Directors.

IX. GENERAL PROVISIONS

9.01. Nonsurvival of Representations and Warranties. None of the representations and warranties in this Agreement or in any instrument delivered pursuant to this Agreement will survive the Effective Time. This Section 9.01 will not limit any covenant or agreement of the parties which by its terms contemplates performance after the Effective Time.

9.02. Notices. All notices, requests, claims, demands and other communications under this Agreement will be in writing and will be deemed given if delivered personally, telecopied (which is confirmed) or sent by overnight courier (providing proof of delivery) to the parties at the following addresses (or at such other address for a party as specified by like notice):

(a) if to Parent or to Sub, to

CTS Corporation
905 West Boulevard North
Elkhart, Indiana 46514
Fax No.: (219) 293-8394
Attention: Jeannine M. Davis, Esq.

with a copy to:

Jones, Day, Reavis & Pogue
599 Lexington Avenue, 30th Floor
New York, New York 10022
Fax No.: (212) 755-7306
Attention: Robert A. Profusek, Esq.

(b) if to the Company, to

Dynamics Corporation of America
475 Steamboat Road
Greenwich, Connecticut 06830-7197
Fax No.: (203) 869-3211
Attention: Mr. Andrew Lozyniak

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP
919 Third Avenue
New York, New York 10022
Fax No.: (212) 735-2019
Attention: Morris J. Kramer, Esq.

9.03. Certain Definitions. For purposes of this Agreement:

(a) An "Affiliate" of any Person means another Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first Person;

(b) a "Subsidiary" of any Person means another Person, an amount of the voting securities, other voting ownership or voting partnership interests of which is sufficient to elect at least a majority of its Board of Directors or other governing body (or, if there are no such voting interests, 50% or more of the equity interests of which) is owned directly or indirectly by

such first Person. A "Significant Subsidiary" means any subsidiary of the Company or Parent, as the case may be, that would constitute a "significant subsidiary" of such party within the meaning of Rule 1-02 of Regulation S-X of the SEC and, in the case of Parent, includes Sub;

(c) "Person" means an individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization or other entity; and

(d) "Knowledge" of any Person which is not an individual means the knowledge of any of such Person's executive officers after reasonable inquiry.

9.04. Interpretation. When a reference is made in this Agreement to an Article, Section, Annex or Exhibit, such reference will be to an Article or Section of, or an Annex or Exhibit to, this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include", "includes" or "including" are used in this Agreement, they will be deemed to be followed by the words "without limitation". The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement will refer to this Agreement as a whole and not to any particular provision of this Agreement. All terms used

herein with initial capital letters have the meanings ascribed to them herein and all terms defined in this Agreement will have such defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein. References to a Person are also to its permitted successors and assigns.

9.05. Counterparts. This Agreement may be executed in one or more counterparts, a
ll of which will be considered one and the same agreement and
will become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

9.06. Entire Agreement; No Third-Party Beneficiaries. This Agreement (including the documents and instruments referred to herein), and the Confidentiality Agreement (a) constitute the entire agreement, and supersede all prior agreements and

understandings, both written and oral, among the parties with respect to the subject matter of this Agreement and (b) except for the provisions of Article III and Section 6.04 are not intended to confer upon any Person other than the parties any rights or remedies.

9.07. Governing Law. This Agreement will be governed by, and construed in accordance with, the Laws of the State of New York, regardless of the Laws that might otherwise govern under applicable principles of conflict of Laws thereof.

9.08. Assignment. Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned, in whole or in part, by operation of Law or otherwise by either of the parties hereto without the prior written consent of the other party. Any assignment in violation of the preceding sentence will be void. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

9.09. Enforcement. The parties agree that irreparable damage would occur and that the parties would not have any adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties will be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement in any federal court located in the State of New York or in New York state court, this being in addition to any other remedy to which they are entitled at law or in equity. In addition, each of the parties hereto (a) consents to submit itself to the personal jurisdiction of any federal court located in the State of New York or any New York state court in the event any dispute arises out of this Agreement or any of the transactions contemplated by this Agreement, (b) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court, and (c) agrees that it will not bring any action relating to this Agreement or any of the transactions contemplated by this Agreement in any court other than a federal court sitting in the State of New York or a New York state court.

IN WITNESS WHEREOF, Parent, Sub and the Company have caused this Agreement to be signed by their respective officers thereunto duly authorized, all as of the date first written above.

CTS CORPORATION

By:

Name: Joseph P. Walker
Title: Chairman of the Board, President and Chief Executive Officer

CTS FIRST ACQUISITION CORP.

By:

Name: Joseph P. Walker
Title: President

DYNAMICS CORPORATION OF AMERICA

By:

Name: Andrew Lozyniak
Title: Chairman of the Board and President

ANNEX A

CONDITIONS TO COMPLETION OF THE OFFER

Notwithstanding any other provision of the Offer, Sub will not be required to accept for payment or, subject to any applicable rules and regulations of the SEC, including Rule 14e- 1(c) under the Exchange Act (relating to Sub's obligation to pay for or return tendered Shares promptly after expiration or termination of the Offer), to pay for any Shares, and may postpone the acceptance for payment or, subject to the restrictions referred to above, payment for any Shares tendered, and, subject to the terms of the Agreement, may amend or terminate the Offer (whether or not any Shares have theretofore been purchased or paid for pursuant to the Offer) unless the following conditions have been satisfied: (a) there have been validly tendered and not withdrawn prior to the Expiration Date a number of Shares which constitutes at least 25% of the Shares outstanding on the date of purchase (the "Minimum Share Condition"); (b) any applicable waiting periods under the HSR Act shall have expired or been terminated prior to the expiration of the Offer; (c) either Jones, Day, Reavis & Pogue or Skadden, Arps, Meagher, Slate and Flom LLP shall have delivered to Parent and the Company an opinion, dated as of the date of purchase, to the effect that, based upon such representations, assumptions and conditions as the firm delivering such opinion deems necessary or appropriate, the Merger will be treated for Federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code, and that Parent, Sub and the Company will each be a party to such reorganization within the meaning of Section 368(b) of the Code and (d) if at any time on or after the date of the Merger Agreement and before acceptance for payment of, or payment for, such Shares, none of the following events shall have occurred and be continuing:

(i) any United States or foreign governmental entity or authority or any United States or foreign court of competent jurisdiction in the United States or any foreign country shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, executive order, decree, injunction or other order which is in effect and which (a) restricts, prevents or prohibits consummation of the transactions contemplated by any of this Agreement, including the Offer or the Merger, (b) prohibits, limits or otherwise adversely affects the ownership or operation by Parent or any of its Subsidiaries of all or any portion of the business or assets of the Company and its Subsidiaries or compels the Company, Parent or any of their Subsidiaries to dispose of or hold separate all or any portion of the business or assets of the Company and its Subsidiaries, or (c) imposes limitations on the ability of Parent, Sub or any other subsidiary of Parent to exercise effectively full rights of ownership of any Shares, including without

limitation the right to vote any Shares acquired by Sub pursuant to the Offer or otherwise on all matters properly presented to the Company's shareholders, including without limitation the approval and adoption of the Agreement and the transactions contemplated thereby;

(ii) there shall be instituted or pending any action or proceeding before any United States or foreign court or governmental entity or authority by any United States or foreign governmental entity or authority seeking any order, decree or injunction having any effect set forth in (i) above;

(iii) the representations and warranties of the Company contained in the Merger Agreement (without giving effect to the materiality, material adverse effect or knowledge limitations contained therein) shall not be true and correct as of the expiration date of the Offer (as the same may be extended from time to time) as though made anew on and as of such date (except for representations and warranties made as of a specified date, which shall not be true and correct as of the specified date), except for any breach or breaches which, in the aggregate, could not be reasonably expected to have a material adverse effect on the business, financial condition or results of operations of the Company and its Subsidiaries, taken as a whole, or on the ability of the Company to perform any of its obligations under this Agreement;

(iv) the Company shall not have performed or complied in all material respects with its covenants under any of this Agreement to which it is a party and such failure continues until the later of (i) 15 calendar days after actual receipt by it of written notice from Parent setting forth in detail the nature of such failure or (ii) the expiration date of the Offer;

(v) there shall have occurred any material adverse change, or any development that is reasonably likely to result in a material adverse change, in the business, financial condition or results of operations of the Company and its Subsidiaries, taken as a whole;

(vi) the Merger Agreement shall have been terminated in accordance with its terms;

(vii) the Company Board shall have withdrawn or materially modified or changed (including by amendment of Schedule 14D-9) in a manner adverse to Sub or Parent its recommendation of the Offer, the Merger or any of this Agreement;

(viii) there shall have occurred (i) any general suspension of, or limitation on prices for, trading in

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securities on the NYSE, (ii) a decline of at least 20% in either the Dow Jones Average of Industrial Stocks or the Standard & Poor's 500 Index from the date of the Agreement, or (iii) the declaration of a banking moratorium or any limitation or suspension of payments in respect of the extension of credit by banks or other lending institutions in the United States; or

(ix) it shall have been publicly disclosed or Parent shall have otherwise learned that (a) any person or "group" (as defined in Section 13(d)(3) of the Exchange Act), other than Parent or its affiliates or any group of which any of them is a member or any affiliate controlled by it or which is referred to in clause (b) below, shall have acquired beneficial ownership (determined pursuant to Rule 13d-3 promulgated under the Exchange Act) of more than 20% of the outstanding Shares, (b) any such person or group which has filed a Schedule 13D prior to the date of the Merger Agreement disclosing beneficial ownership of 20% or more of the outstanding Shares shall have acquired beneficial ownership of 25% or more of the outstanding Shares, or (c) any person or group shall have entered into a definitive agreement or agreement in principle with the Company with respect to a merger, consolidation or other business combination with the Company.

The foregoing conditions are for the sole benefit of Sub and its affiliates and may be asserted by Sub, or Parent on behalf of Sub, regardless of the circumstances (including without limitation any action or inaction by the Sub or any of its affiliates other than a material breach by the Sub or Parent of the Agreement) giving rise to any such condition or may be waived by the Sub, in whole or in part, from time to time in its sole discretion, except as otherwise provided in the Agreement. The failure by the Sub at any time to exercise any of the foregoing rights will not be deemed a waiver of any such right and each such right will be deemed an ongoing right and may be asserted at any time and from time to time. Any good faith determination by the Sub concerning any of the events described herein will be final and binding.

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ANNEX B

Amended and Restated

ARTICLES OF INCORPORATION

OF

CTS CORPORATION

ARTICLE I.

Name

The name of the corporation is CTS Corporation (the "Corporation").

ARTICLE II.

Purposes

The purpose for which the Corporation is formed is to engage in any lawful business or activity for which corporations may be organized under the Indiana Business Corporation Law, as amended (the "IBCL").

ARTICLE III.

Term of Existence

The period during which the Corporation shall continue is perpetually.

ARTICLE IV.

Principal Office and Resident Agent

The post-office address of the principal office of the Corporation is 905 West Blvd. North, Elkhart, Indiana; and the name and post-office address of its Resident Agent in charge of such office is Jeannine M. Davis, 3819 Augusta Lane, Elkhart, Indiana.

ARTICLE V.

Amount of Capital Stock

The Corporation is authorized to issue two classes of capital stock, designated Common Stock and Preferred Stock. The total number of shares of capital stock that the Corporation is authorized to issue is 100,000,000 shares, consisting of 75,000,000 shares of Common Stock, without par value, and 25,000,000 shares of Preferred Stock, without par value.

ARTICLE VI.

Terms of Capital Stock

(a) Preferred Stock. The Preferred Stock may be issued in one or more series. The Board of Directors of the Corporation is authorized to fix the designations, powers, preferences, rights, qualifications, limitations or restrictions of each such series by the adoption and filing in accordance with the Indiana Business Corporation Law, before the issuance of any Preferred Shares of such series, of an amendment or amendments to these Articles of Incorporation determining the terms of such series (an "Article IV Amendment"). The authority of the Board of Directors with respect to each such series will include, without limiting the generality of the foregoing, the determination of any or all of the following:

(i) the number of shares of any series and the designation to distinguish the shares of such series from the shares of all other series;

(ii) the voting powers, if any, and whether such voting powers are full or limited in such series;

(iii) the redemption provisions, if any, applicable to such series, including the redemption price or prices to be paid;

(iv) whether dividends, if any, will be cumulative or noncumulative, the dividend rate of such series and the dates and preferences of dividends on such series;

(v) the rights of such series upon the voluntary or involuntary dissolution of, or upon any distribution of the assets of, the Corporation;

(vi) the provisions, if any, pursuant to which the shares of such series are convertible into, or exchangeable for, shares of any other class or classes or of any other series of the same or any other class or classes of stock, or any other security, of the Corporation or any other corporation or other entity and the rates or other determinants of conversion or exchange applicable thereto;

(vii) the right, if any, to subscribe for or to purchase any

securities of the Corporation or any other corporation or other entity;

(viii) the provisions, if any, of a sinking fund for such series; and

(vix) any other relative, participating, optional or other special powers, preferences or rights and qualifications, limitations or restrictions thereof;

all as may be determined from time to time by the Board of Directors and stated or expressed in the Article IV Amendment for such shares of Preferred Stock (collectively, a "Preferred Stock Designation").

(b) Preemptive Rights. Except as may be specified in a Preferred Stock Designation, no holder of any share or shares of any class of stock of the Corporation shall have any preemptive right to subscribe for any shares of stock of any class of the Corporation now or hereafter authorized or for any securities, warrants or options convertible into or carrying any rights to purchase any shares of stock of any class of the Corporation now or hereafter authorized, provided, however, that no provision of these Articles of Incorporation shall be deemed to deny to the Board of Directors the right, in its discretion, to grant to the holders of shares of any class of stock at the time outstanding the right to purchase or subscribe for shares of stock of any class or any other securities of the Corporation now or hereafter authorized, at such prices and upon such other terms and conditions as the Board of Directors, in its discretion, may fix.

ARTICLE VII.

Voting Rights of Capital Stock

Subject to the rights, if any, of the holders of any series of Preferred Stock to vote under circumstances specified in a Preferred Stock designation, the holders of the Common Stock, without par value, shall be entitled to vote at all meetings of the shareholders and shall be entitled to cast one vote for each share of stock held by them respectively and standing in their respective names on the books of the Corporation.

ARTICLE VIII.

Data Respecting Directors

Section 1. Number. Subject to the rights, if any, of the holders of any series of Preferred Stock to elect additional

directors of the Board of Directors under circumstances specified in a Preferred Stock Designation, the number of the directors of the Corporation will not be less than three nor more than fifteen and will be fixed from time to time in the manner provided in the Bylaws of the Corporation.

Section 2. Qualifications. Directors need not be shareholders of the Corporation. A majority of the Directors at any time shall be citizens of the United States.

ARTICLE IX.

Provisions for Regulation of Business
and Conduct of Affairs of Corporation

(a) Issuance of Shares. The Board of Directors is hereby authorized to direct the issuance by the Corporation of shares of Common Stock and Preferred Stock at such times, in such amounts, to such persons, for such consideration and upon such terms and conditions as it may, from time to time, determine,

subject only to the restrictions, limitations, conditions and requirements imposed by the Indiana Business Corporation Law, other applicable laws and these Articles of Incorporation.

(b) The Corporation shall have power to carry on and conduct its said business, or any part thereof, and to have one or more officers in the State of Indiana, and in the various other states, territories, colonies and dependencies of the United States, in the District of Columbia, and in all or any foreign countries;

(c) The Corporation reserves the right to take advantage of the provisions of any amendment to The Indiana Business Corporation Law, or of any new law applicable or relating to corporations formed, organized under, or which have accepted the provisions of, the law now in force, which may hereafter be enacted, and all rights granted to, and conferred on, the shareholders of the Corporation, are granted and conferred, subject to this reservation;

(d) Annual or special meetings of the shareholders of the Corporation may be held at the place, either within or without the State of Indiana, which may be stated in the notice of said meeting;

(e) These Amended and Restated Articles of Incorporation shall amend and supersede and take the place of all heretofore existing Articles of Incorporation or Articles of Acceptance (and amendments thereto) of the Corporation.

ARTICLE X.

Liability

To the fullest extent permitted by applicable law as then in effect, no director or officer shall be personally liable to the Corporation or any of its shareholders for damages for breach of fiduciary duty as a director or officer, except for liability (a) for breach of duty if such breach constitutes wilful misconduct or recklessness or (b) for the payment of distributions to shareholders in violation of Section 23-1-28-3 of the Indiana Business Corporation Law. Any amendment or repeal of, or adoption of any provision inconsistent with, this Article X will not adversely affect any right or protection existing hereunder, or arising out of facts occurring, prior to such amendment, repeal or adoption and no such amendment, repeal or adoption will affect the legality, validity or enforceability of any contract entered into or right granted prior to the effective date of such amendment, repeal or adoption.

ARTICLE XI.

Indemnification

Each person who was or is involved in any manner (including without limitation as a party or a witness), or is threatened to be made so involved, in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal, by reason of the fact that such person is or was a director or officer of the Corporation, or who is or was serving at the request of the Board of Directors as a director, officer, partner, trustee, employee or agent of another corporation or a partnership, joint venture, trust, employee benefit plan or other entity, whether for profit or not for profit, whether or not the basis of such proceeding is alleged action in an official capacity while serving as a director, officer, employee or agent, will be indemnified by the Corporation to the fullest extent to which it is empowered to do so by the Indiana Business Corporation Law, or any other applicable laws, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment) against all expense, liability and loss (including attorneys' fees and expenses, judgments, settlements, penalties, fines, and excise taxes

assessed with respect to employee benefit plans) actually and reasonably incurred or suffered by such person in connection therewith. The right of indemnification provided in this Article XI (a) will not be exclusive of any other rights to which any person seeking indemnification may otherwise be entitled, including without limitation pursuant to any contract approved by a majority of the Board of Directors (whether or not the directors approving such contract are or are to be parties to such contract or similar contracts), and (b) will be applicable

to matters otherwise within its scope (with each reference in the first sentence of this Article XI to "the Corporation" being deemed for purposes of this sentence to include any domestic or foreign predecessor entity of the Corporation in a merger or other transaction in which the predecessor's existence ceased upon consummation of the transaction) whether or not such matters arose or arise before or after the adoption of this Article XI. Without limiting the generality or the effect of the foregoing, the Corporation may adopt Bylaws, or enter into one or more agreements with any person, which provide for indemnification greater or different than that provided in this Article XI or the Indiana Business Corporation Law. Any amendment or repeal of, or adoption of any provision inconsistent with, this Article XI will not adversely affect any right or protection existing hereunder, or arising out of facts occurring, prior to such amendment, repeal or adoption and no such amendment, repeal or adoption will affect the legality, validity or enforceability of any contract entered into or right granted prior to the effective date of such amendment, repeal or adoption.

ANNEX B
(cont.)

CTS CORPORATION

BY LAWS

(As Amended and in Effect on _____, 1997)

ARTICLE I.

Officers

The officers of CTS Corporation (the "Corporation") shall be a President, one or more Vice Presidents, a Secretary, a Treasurer and a Controller. The Board of Directors may also elect one or more Assistant Secretaries, Assistant Treasurers and Assistant Controllers, and such other officers as may be determined, from time to time, by the Board of Directors.

The President shall be a director of the Corporation. Any offices, other than those of President and Secretary, may be held by the same person.

The officers of the Corporation shall be elected by the Board of Directors at the annual meeting of the Board of Directors for the term of one year and until their successors have been elected and qualified. Any vacancy occurring among the above offices may be filled for the remainder of the term by the Board of Directors at any regular or special meeting, and officers so elected shall hold office until the next annual meeting of the Board of Directors and until their successors have been elected and qualified.

ARTICLE II.

Board of Directors Organization

Section 1. The Board of Directors shall elect, from the members of the

Board of Directors who are not officers of the Corporation, an Audit Committee consisting of not less than three members. The members of the Audit Committee shall be elected at each annual meeting of the Board of Directors to serve, while qualified, at the pleasure of the Board of Directors, or if longer, for one year and until their successors have been elected and qualified.

The Audit Committee shall be responsible directly to the Board of Directors and, in addition to such authority and duties specifically delegated by the Board of Directors, shall have the authority to review the conduct and the report of the independent financial audit of the Corporation and shall report to the Board of Directors the findings, conclusions and recommendations of the Audit Committee regarding the conduct and report of the independent financial audit.

Unless the Board of Directors designates a Chairman, a majority of the members of the Audit Committee may designate one member of the Audit Committee as Chairman of the Audit Committee to preside at all meetings of the Audit Committee.

Section 2. The Board of Directors shall elect from members of the Board of Directors, who are not officers of the Corporation, a Compensation Committee consisting of not less than three members. The members of the Compensation Committee shall be elected at each annual meeting of the Board of Directors to serve, while qualified, at the pleasure of the Board of Directors, or if longer, for one year and until their successors have been elected and qualified.

The Compensation Committee shall be responsible directly to the Board of Directors and, in addition to such authority and duties specifically delegated by the Board of Directors, shall have authority to review, and make recommendations to the Board of Directors regarding the compensation, including fringe benefits and stock options, for the officers of the Corporation.

Unless the Board of Directors designates a Chairman, a majority of the members of the Compensation Committee may designate one member of the Compensation Committee as Chairman of the Compensation Committee to preside at all meetings of the Compensation Committee.

Section 3. The Board of Directors shall designate from members of the Board of Directors, a Chairman of the Board, who shall preside at meetings of shareholders and of the Board of Directors unless the Chairman shall designate an officer or other director of the Corporation to do so. The Chairman of the Board shall have such additional authority as granted by the Board of Directors and shall perform such other duties as are assigned from time to time by the Board of Directors.

ARTICLE III.

Corporate Officers

Section 1. The President shall exercise specific authority and supervision over, and shall be responsible for the direction of, the business and affairs of the Corporation, subject to the direction of the Board of Directors. In addition, the President

may be designated the Chief Executive Officer and, if so, shall have the additional authority and duties and responsibilities specified in these Bylaws. The President shall also perform such other duties as may be assigned from time to time, by the Board of Directors. The President shall perform all the duties of the Chairman of the Board in the absence or during any disability of the Chairman.

Section 2. The Board of Directors shall designate the Chairman of the Board or the President as the Chief Executive Officer of the Corporation. In addition to other duties as an officer, the Chief Executive Officer shall exercise general authority and supervision over, and shall be responsible for, management of the business and affairs of the Corporation, subject to the direction of the Board of Directors.

The Chief Executive Officer shall determine the organization of the officers of the Corporation, shall designate to whom such officers shall report and be responsible, and subject to the direction of the Board of Directors shall determine their respective duties and responsibilities.

Section 3. Each Vice President shall perform such duties as may be assigned from time to time by the President and shall report to and be responsible to such officer as the President shall designate. Each Vice President shall also have such additional authority and shall perform such other duties assigned from time to time, by the Board of Directors.

The Board of Directors may designate a word or words to be placed before or after the title of Vice President to indicate organizational or functional authority or duty.

Section 4. The Secretary shall attend all meetings of the shareholders and Board of Directors and all committees, and shall keep minutes of each meeting. The Secretary shall give proper notice of all meetings of shareholders, directors and committees, required in these Bylaws. The Secretary shall maintain proper records of ownership and transfer of the stock of the Corporation. The Secretary shall have the custody of, and affix, the seal of the Corporation and perform such other duties as may be assigned from time to time by the Board of Directors.

Section 5. The Vice President Finance/Chief Financial Officer, shall be responsible for the financial affairs of the Corporation, shall submit to the annual meeting of shareholders a statement of the financial condition of the Corporation, and whenever required by the Board of Directors, shall give account of all transactions and of the financial condition of the Corporation. The Treasurer shall report to the Vice President Finance/Chief Financial Officer. The Treasurer shall establish and maintain appropriate banking relations and arrangements on behalf of the Corporation. The Treasurer shall receive and have custody of, and shall disburse, all moneys of the Corporation,

and in the name of the Corporation, shall deposit all moneys in, and disburse all moneys from, such bank, or banks, as the Board of Directors shall designate, from time to time, as the depositories of the Corporation. The Treasurer shall perform such other duties and render such services for, and on behalf of, the Corporation as may be assigned from time to time by the Vice President Finance, Chief Financial Officer.

Section 6. The Controller shall be the accounting officer of the Corporation and shall formulate accounting procedures to record expenses, losses, gains, assets and liabilities of the Corporation, to report and interpret results of operations of the Corporation and to assure protection of the assets of the Corporation. The Controller shall prepare and submit to the Board of Directors and the Chief Executive Officer such periodic balance sheets, profit and loss statements and other financial statements as may be required to keep such persons currently informed of the operations and the financial condition of the Corporation. The Controller shall perform such other duties assigned from time to time by the Chief Executive Officer.

Section 7. The Assistant Secretary or Secretaries, Assistant Treasurer or Treasurer or Treasurers, and the Assistant Controller or Controllers shall perform the duties of the Secretary, of the Treasurer, and of the Controller, respectively, in the absence of those officers and shall have such further authority and perform such other duties as may be assigned.

ARTICLE IV.

Duties of Officers Delegated

In the absence or disability of any officer of the Corporation, the Board of Directors may delegate the powers and duties of any such officer to any other officer or director of the Corporation for such period of time as said Board of Directors may determine.

ARTICLE V.

Bonds

The Board of Directors or the Chief Executive Officer may require any officer, agent, or employee of the Corporation to furnish the Corporation a bond for the faithful performance of duties and for the accounting of all moneys, securities, records, or other property of the Corporation coming into the hands of such agent or employee.

ARTICLE VI.

Meetings of Shareholders

Section 1. Meetings of the shareholders of the Corporation shall be held at the place, either within or without the State of Indiana, stated in the notice of said meeting.

Section 2. The annual meeting of shareholders of the Corporation shall be held on the last Friday in April of each year or at such other time established for such meeting by 80% of the directors.

Section 3. A complete list of the shareholders entitled to vote at any shareholders' meeting, arranged in alphabetical order and containing the address and number of shares of stock so held by each shareholder who is entitled to vote at said meeting, shall be prepared by the Secretary and shall be subject to the inspection by any shareholder at the time and place of an annual meeting and at the principal office of the Corporation for five (5) days prior thereto.

Section 4. At all shareholders' meetings a quorum shall consist of a majority of all of the shares of stock outstanding and entitled by the Articles of Incorporation to vote on the business to be transacted at said meeting, but a meeting composed of less than a quorum may adjourn the meeting from day to day thereafter or until some future time.

Section 5. At the annual meeting of the shareholders, there shall be elected, by plurality vote, a Board of Directors, who shall hold office until the next annual meeting of shareholders and until their successors have been elected and qualified.

Section 6. At all shareholders' meetings, each shareholder shall be entitled to one (1) vote in person or by proxy for each share of common stock registered in the shareholder's name on the books of the Corporation as of the record date which shall be as fixed by the Board of Directors and entitled, by the Articles of Incorporation, to vote on the business to be transacted at said meeting.

Section 7. The shareholders may be represented at any meeting thereof by their duly appointed Attorney-in-Fact provided the proxy so appointing said Attorney-in-Fact shall be filed with the Secretary prior to the meeting.

Section 8. Special meetings of the shareholders of the Corporation may be called by the Chairman of the Board, by the President, by the Board of Directors, or by the shareholders holding not less than one-fourth of all of the shares of stock outstanding and entitled, by the Articles of Incorporation, to vote on the business to be transacted at said special meeting

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whenever in the opinion of such person or body such meeting is necessary.

Whenever a special meeting of the shareholders shall be called by the shareholders, the call shall be delivered to the Secretary who shall issue the notice of said special meeting which is required to be given.

Section 9. Written notice of each meeting of the shareholders shall be given by the Secretary to each shareholder of record at least ten (10) days prior to the time fixed for the holding of such meeting; said notice shall state the place, day and hour and the purpose for which said meeting is called, and said notice shall be addressed to the last known place of residence of each shareholder as shown by the stock books of the Corporation. The ten (10) days shall be computed from the date upon which said notice is deposited in the mails.

Section 10. Notice of any shareholders' meeting may be waived in writing by any shareholder if the waiver sets forth in reasonable detail the purpose or purposes for which the meeting is called and the time and place thereof.

Section 11. No shares of stock shall be voted at any annual or special meeting of shareholders upon which any installment is due and unpaid, which are owned by the Corporation.

ARTICLE VII.

Directors

Section 1. The property and business affairs of the Corporation shall be managed under the direction of the Board of Directors. Directors shall be elected by a plurality vote at the annual meeting or a special meeting of the shareholders and shall hold office for a term of one year or until their successors are elected and qualified. In case of the failure to hold the annual meeting on the date fixed herein for the same to be held, the directors shall hold over until the next annual meeting, unless prior to said meeting a special meeting of the shareholders for the purpose of electing directors has been held. Subject to the rights, if any, of any series of Preferred Stock to elect additional directors under circumstances specified in the Articles of Incorporation and to the minimum and maximum number of authorized directors provided in the Articles of Incorporation, the authorized number of directors will be as determined from time to time by the Board of Directors. If no determination of the number of directors has been made by the Board of Directors, the number of directors shall be [seven].

Section 2. Any vacancy occurring in the Board of Directors caused by resignation, death or other incapacity, shall be filled by majority vote of the remaining members of the Board until the

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next annual meeting of shareholders; provided, however, that if the vote of the remaining members of the Board of Directors shall result in a tie, such vacancy shall be filled by the shareholders at the next annual meeting of the shareholders or at a special meeting of the shareholders called for that purpose.

Section 3. Any vacancy occurring in the Board of Directors, caused by an increase in the number of directors, shall be filled by a majority vote of the members of the Board until the next annual meeting of shareholders; provided, however, that if the vote of the members of the Board of Directors shall result in a tie, such vacancy shall be filled by the shareholders at the next annual meeting of the shareholders or at a special meeting of the shareholders called for that purpose.

Section 4. A person shall not be nominated, stand for election or be elected as a director of the Corporation who (I) at the time of his election shall be seventy (70) years of age or older, (ii) has retired from employment by the Corporation and is sixty-five (65) years of age or older or (iii) has retired from active business and professional vocations.

Article VIII.

Meetings of Directors

Section 1. Following the annual meeting of shareholders, the annual meeting of the Board of Directors shall be held without notice, each and every year hereafter, at the time and place determined by the directors.

Section 2. Regular meetings of the Board of Directors shall be held without notice at 9:00 A.M. on the last Friday of February, June, August, October and December at the offices of the Corporation, unless another time and place is designated.

Section 3. Special meetings of the Board of Directors may be called by the Chairman of the Board, by the President, or by three (3) members of the Board of Directors on three (3) days' notice by mail, or an twenty-four (24) hours' notice by telegraph, telephone, facsimile or other similar medium of communication to each director, which notice shall be addressed to the last known place of business or residence of each director, and said meetings may be held either at the office of the Corporation or at such other place as may be designated in the notice of said meeting.

Whenever a special meeting of the Board of Directors shall be called, in accordance with the provision of this section, by members of the Board of Directors, the call shall be in writing, signed by said directors and delivered to the secretary who shall thereupon issue the notice calling said meeting.

Section 4. Not less than one-half at the whole Board of Directors, shall constitute a quorum for the transaction of any business except the filling of vacancies, but a smaller number may adjourn, from time to time, until a future date or until a quorum is secured.

For the purpose only of filling a vacancy or vacancies in the Board of Directors, a quorum shall consist of a majority of the whole Board of Directors, less the vacancy or vacancies therein.

The act of a majority at the directors present at a duly called, at which a quorum is present shall be the act of the Board of Directors.

ARTICLE IX.

Compensation of Directors and
Members of Committees

The members of the Board of Directors and members of committees of the Corporation, who are not salaried employees of the Corporation, shall receive such compensation for their services to be rendered as members of the Board of Directors, or of committees, as may, from time to time, be fixed by the Board of Directors and the compensation so fixed shall continue to be payable until the Board of Directors shall have thereafter fixed a different compensation, which it may do at any annual, regular or special meeting.

ARTICLE X.

Certificates of Stock

Section 1. Certificates of stock shall be issued to those legally entitled thereto, as may be shown by the books of the Corporation, and shall be signed by

the President and attested by the Secretary.

Section 2. The Corporation may appoint one or more transfer agents and/or registrars to issue, countersign, register, and transfer certificates representing its capital stock and signatures of the Corporation's officers and of the transfer agents on stock certificates may be facsimiles. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction on its books.

Section 3. The holder of any stock of the Corporation shall immediately notify the Corporation of any loss, theft, destruction or mutilation of the certificate for any such stock. A new certificate or certificates shall be issued upon the surrender of the mutilated certificate or, in case of loss, theft, or destruction, upon (I) delivery of an affidavit or affirmation, and (ii) delivery of a bond in such sum and in such form and with such surety or sureties as the Board of Directors (by general or specific resolutions) or the President may approve, indemnifying the Corporation against any claim with respect to the certificate or certificates alleged to have been lost, stolen or destroyed. However, the Board may, in its discretion, refuse to issue new certificate or certificates, save upon the order of some Court having jurisdiction in such matters.

ARTICLE XI.

Transfer of Stock

Section 1. The stock transfer books of the Corporation may from time to time be closed by order of the Board of Directors for any lawful purpose and for such period consistent with law, but not exceeding thirty (30) days at any one time, as the Board of Directors may deem advisable. In lieu of closing the stock transfer books as aforesaid, the Board of Directors may, in its discretion, fix in advance a date not exceeding fifty (50) days or less than ten (10) days next preceding the date of any meeting of shareholders or the date for the payment of any dividend or the date for the allotment of rights or the date when any change or conversion or exchange of capital stock shall go into effect, as the record date for the determination of the shareholders entitled to notice of and to vote at any such meeting or entitled to receive any such dividend or to any such allotment of rights or to exercise the rights of any such change, conversion or exchange of capital stock; and, in such case, only such shareholders as shall be shareholders of record at the close of business on the date so fixed shall be entitled to notice of and to vote at such meeting or to receive such payment of dividend or to receive such allotment of rights or to exercise such rights as the case may be, notwithstanding any transfer of stock on the books of the Corporation after such record date fixed as aforesaid. In the event the Board of Directors fails to fix in advance the record date for the determination of the shareholders entitled to notice of and to vote at any meeting, no share of stock transferred on the books of the corporation within ten (10) days next preceding the date of a meeting shall be voted at such meeting.

Section 2. The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the legal owner thereof and accordingly shall not be bound to recognize any equitable claim to or interest in such share or shares on the part of any other person whether or not it shall have express or

other notice thereof, save as expressly provided in the laws of the State of Indiana.

Section 3. The assignment of any certificate of stock shall constitute an

assignment to the assignee of the shares so assigned and of all dividends on the shares assigned which are declared payable as of a record date subsequent to the date the assignment is recorded on the stock record books of the Corporation.

ARTICLE XII.

Fiscal Year

The fiscal year of the Corporation shall correspond to the calendar year.

ARTICLE XIII.

Checks for Money

All checks, drafts or other orders for the payment of funds of the Corporation shall be signed by either the Chairman of the Board, the President, or the Treasurer, or by such other individual or individuals as may hereafter, from time to time, be designated by the Board of Directors. No check, draft or other order for the payment of funds of the Corporation shall be signed in blank, either as to the amount of the check, draft or other order, or as to the name of the payee.

ARTICLE XIV.

Dividends

The Board of Directors may declare and pay dividends out of the unreserved and unrestricted earned surplus of the Corporation. Dividends may be declared at any annual, regular or special meeting of the Board of Directors. Dividends may be paid in cash, in property or in the shares of the capital stock of the Corporation, as provided by the Articles of Incorporation and the laws of the State of Indiana.

ARTICLE XV.

Notices

Section 1. A notice required to be given under the provisions of these Bylaws to any shareholder, director, officer and member of any committee shall not be construed to mean personal notice but may be given in writing by depositing the

same in a post office or letter box in a postpaid sealed wrapper addressed to such shareholder, director, officer and member of any committee at such address as appears upon the books of the Corporation, and such notice shall be deemed to be given at the time when the same shall be thus mailed.

Section 2. Any shareholder, director, officer and member of any committee may waive, in writing, any notice required to be given by these Bylaws, either before or after the time said notice should have been issued.

ARTICLE XVI.

Compensation of Officers

The officers of the Corporation shall receive such compensation for their services as may, from time to time, be fixed by the Board of Directors, and the compensation so fixed shall continue to be payable until the Board of Directors shall have fixed a different compensation, which it may do at any annual, regular, or special meeting.

ARTICLE XVII.

Corporate Seal

The seal of the Corporation shall be a plain circular disk having engraved thereon, near the outer edge thereof, at least the words, "CTS Corporation" and in the center thereof the word, "Seal".

ARTICLE XVIII.

Indemnification

Section 1. General. Without limiting the generality or effect of Article XI of the Articles of Incorporation, the Corporation shall, to the fullest extent to which it is empowered to do so by the Indiana Business Corporation Law (hereinafter the "IBCL"), or any other applicable laws, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), indemnify and hold harmless any person who was or is involved in any manner (including without limitation as a party or a witness), or is threatened to be made so involved, in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal (hereinafter a "proceeding"), by reason of the fact that such person is or was a director or officer of the Corporation, or who is or was serving at

the request of the Board of Directors as a director, officer, partner or trustee of another corporation or a partnership, joint venture, trust, employee benefit plan or other entity, whether for profit or not for profit, (any such person hereinafter an "indemnitee"), whether or not the basis of such proceeding is alleged action in an official capacity while serving as a director, or officer, against all expense, liability and loss (including attorneys' fees and expenses, judgments, settlements, penalties, fines, and excise taxes assessed with respect to employee benefit plans) actually and reasonably incurred or suffered by such person in connection therewith; provided, however, that, except as provided in Section 3 of this Article XVIII with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

Section 2. Right to Advancement of Expenses. The right to indemnification conferred in Article XVIII shall include the right to be paid by the Corporation the expenses (including, without limitation, attorneys' fees and expenses) incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the IBCL so requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Section 2 or otherwise.

The rights to indemnification and to the advancement of expenses conferred in Article XVIII shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director or officer and shall inure to the benefit of the indemnitee's heirs, executors and administrators. For purposes of Article XVIII, references to "the Corporation" shall include any domestic or foreign predecessor entity of the Corporation in a merger or other transaction in which the predecessor's existence ceased upon consummation of the transaction.

Section 3. Right of Indemnitee to Bring Suit. If a claim under Section 1 or Section 2 of this Article XVIII is not paid in full by the

Corporation within 60 calendar days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be 20 calendar days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part

in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the IBCL. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel or shareholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the IBCL, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel or shareholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article XVIII or otherwise shall be on the Corporation.

Section 4. Non-Exclusivity of Rights. The rights to indemnification and to the advancement of expenses conferred in this Article XVIII shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation's Articles of Incorporation, Bylaws, agreement, vote of shareholders or disinterested directors or otherwise.

Section 5. Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the IBCL.

Section 6. Vested Right to Indemnification. The right of any individual to indemnification under this Article XVIII shall vest at the time of occurrence or performance of any event, act or omission giving rise to any Proceeding and once vested, shall not later be impaired as a result of any amendment, repeal, alteration or other modification of any or all of these Bylaws. Notwithstanding the foregoing, the indemnification afforded under this Article XVIII shall be applicable to all alleged prior acts or

omissions of any individual seeking indemnification hereunder, regardless of the fact that such alleged acts or omissions may have occurred prior to the adoption of these Bylaws, and to the extent such prior acts or omissions cannot be deemed to be covered by these Bylaws, the right of any individual to indemnification shall be governed by the indemnification provisions in effect at the time of such prior acts or omissions.

Section 7. Indemnification of Employees and Agents of the

Corporation. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of this corporation, or to any individual who is or was serving at the request of the Board of Directors as an employee or agent of another corporation or a partnership, joint venture, trust, employee benefit plan or other entity, whether for profit or not for profit, to the fullest extent of the provisions of these Bylaws with respect to the indemnification and advancement of expenses of directors and officers of this corporation.

Section 8. Business Expense. Any payments made to any indemnified party under these Bylaws or under any other right to indemnification shall be deemed to be an ordinary and necessary business expense of the Corporation, and payment thereof shall not subject any person responsible for the payment, or the Board, to any action for corporate waste or to any similar action.

Section 9. Severability. If any provision or provisions of Article XVIII is or are held to be invalid, illegal, or unenforceable for any reason whatsoever: (i) the validity, legality, and enforceability of the remaining provisions of such Article (including without limitation all portions of any paragraph of such Article containing any such provision held to be invalid, illegal, or unenforceable, that are not themselves invalid, illegal, or unenforceable) will not in any way be affected or impaired thereby and (ii) to the fullest extent possible, the provisions of such Article (including without limitation all portions of any paragraph of such Article containing any such provision held to be invalid, illegal, or unenforceable, that are not themselves invalid, illegal, or unenforceable) will be construed so as to give effect to the intent manifested by the provision held invalid, illegal, or illegal, or unenforceable.

ARTICLE XIX.

Amendments

Section 1. These Bylaws may be amended, altered, repealed, or added to at any annual or regular meeting of the directors, or at any special meeting thereof.

Section 2. No amendment, alteration or addition to these Bylaws shall become effective unless the same is adopted by the

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affirmative vote of a majority of the members of the Board of Directors.

ARTICLE XX.

Control Share Acquisitions

As provided for in Section 5 thereof, Chapter 42 of the Indiana Business Corporation Law, relating to control share acquisitions, shall not apply to control share acquisitions of shares of the corporation made after March 3, 1987.

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SHAREHOLDERS AGREEMENT

SHAREHOLDERS AGREEMENT, dated as of July 17, 1997 (this "Agreement"), by and among CTS Corporation, an Indiana corporation ("Parent"), and CTS First Acquisition Corp., a wholly owned subsidiary of Parent and a New York corporation ("Sub"), WHX Corporation, a Delaware corporation ("Shareholder No. 1"), SB Acquisition Corp., a New York corporation and a wholly owned subsidiary of Shareholder No. 1 ("Shareholder No. 2" and, together with Shareholder No. 1, "Shareholder").

RECITALS

A. Simultaneously with the execution of this Agreement, Parent, Sub and Dynamics Corporation of America, a New York corporation (the "Company"), are entering into an Amended and Restated Agreement and Plan of Merger, dated as of May 9, 1997, as amended (as such agreement may hereafter be amended from time to time, the "Merger Agreement"); and

B. As an inducement to the parties' entry into the Merger Agreement, as so amended and restated, Parent and Sub have requested that Shareholder agree, and Shareholder has agreed, to enter into this Agreement;

NOW, THEREFORE, the parties hereto agree as follows:

1. Certain Definitions. In addition to the terms defined elsewhere herein, capitalized terms used and not defined herein have the respective meanings ascribed to them in the Merger Agreement. In addition, for purposes of this Agreement, the following terms have the following meanings when used herein with initial capital letters:

(a) "Company Securities" means the Existing Shares together with any Shares or other securities of the Company as to which Beneficial Ownership is acquired by Shareholder in any capacity after the date hereof, whether upon the exercise of options, warrants or rights, the conversion or exchange of convertible or exchangeable securities, by means of purchase, dividend, distribution, split-up, recapitalization, combination, exchange of shares or the like or as a successor in interest in any capacity or otherwise.

(b) "Existing Shares" means Shares Beneficially Owned by Shareholder as of the date hereof.

2. Voting of Shares. (a) During the period commencing on the date hereof and continuing until the earlier to occur of (i) the Effective Time or (ii) termination of the Merger Agreement but in no event later than October 31, 1997 (the

"Restriction Period"), at any meeting (whether annual or special and whether or not an adjourned or postponed meeting) of the holders of Shares, however called, Shareholder will appear at the meeting or otherwise cause the Company Securities to be counted as present thereat for purposes of establishing a quorum and vote or, in connection with any written consent of the holders of Shares, consent (or cause to be voted or consented) the Company Securities (A) in favor of the transactions contemplated by the Merger Agreement and this Agreement and any actions required in furtherance thereof and hereof; (B) against any action or agreement that would result in a breach in any respect of any covenant, representation or warranty or any other obligation or agreement of the Company under the Merger Agreement or this Agreement; and (C) except as otherwise agreed to in writing in advance by Parent in its sole discretion, against the following actions (other than the Merger and the other transactions expressly contemplated by the Merger Agreement): (1) any Company Takeover Proposal or Company Acquisition Agreement and (2)(v) any change in a majority of the persons who constitute the Company Board; (w) any material change in the present capitalization of the Company, including without limitation any proposal to sell a substantial equity interest in the Company or any of its Subsidiaries; (x) any amendment of the Company's Certificate of Incorporation or By-laws; (y) any other change in the Company's corporate structure or business; or (z) any other action which, in the case of each of the matters referred to in clauses (2)(v),

(w), (x) or (y), is intended, or could reasonably be expected, to impede, interfere with, delay, postpone or materially adversely affect the Merger and the transactions contemplated by this Agreement and the Merger Agreement.

(b) In furtherance of and not in limitation of the foregoing, Shareholder irrevocably hereby appoints Sub as Shareholder's proxy and attorney in fact, with full power of substitution and resubstitution, to the full extent of Shareholder's rights with respect to the Company Securities to vote or cause to be voted all Company Securities as provided in Section 2(a). Such proxy is considered coupled with an interest in the Company Securities and is irrevocable.

3. Restriction on Transfer; Proxies. During the Restriction Period, Shareholder will not, directly or indirectly, (a) offer for sale, sell, transfer, tender, pledge, encumber, assign or otherwise dispose of, or enter into any contract, option or other arrangement or understanding with respect to or consent to the offer for sale, sale, transfer, tender, pledge, encumbrance, assignment or other disposition of, any or all of the Company Securities or any interest therein; (b) grant any proxies or powers of attorney, deposit the Company Securities into a voting trust or enter into a voting agreement with respect to the Company Securities; or (c) take any action that would make any representation or warranty of Shareholder contained herein untrue or incorrect or would result in a breach by Shareholder of its obligations under this Agreement.

4. Covenants, Representations and Warranties of Shareholder. Shareholder hereby represents and warrants to, and agrees with, Parent as follows:

(a) Ownership of Shares. Shareholder is the sole record and Beneficial Owner of Existing Shares consisting of 516,440 Shares. On the date hereof, the Existing Shares constitute all of the Shares owned of record or Beneficially Owned by Shareholder. Shareholder has sole voting power and sole power to issue instructions with respect to the matters set forth in Sections 2 and 3 hereof, sole power of disposition, sole power of conversion, sole power to demand appraisal rights and sole power to agree to all of the matters set forth in this Agreement, in each case with respect to all of the Existing Shares with no limitations, qualifications or restrictions on such rights, subject to applicable securities laws, and the terms of this Agreement. Shareholder does not Beneficially Own and is not the record holder of any shares of Parent Common Stock.

(b) Authorization. This Agreement has been duly and validly executed and delivered by Shareholder and constitutes a valid and binding agreement enforceable against Shareholder in accordance with its terms except (i) as may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors rights and (ii) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

(c) No Conflicts. Except for filings, authorizations, consents and approvals as may be required under the Exchange Act, (i) no filing with, and no permit, authorization, consent or approval of, any state or federal Governmental Authority is necessary for the execution of this Agreement by Shareholder and the compliance by Shareholder with any of the provisions hereof, and (ii) none of the execution and delivery of this Agreement by Shareholder, the consummation by Shareholder of the transactions contemplated hereby or compliance by Shareholder with any of the provisions hereof will (A) result in a violation or breach of, or constitute (with or without notice or lapse of time or both) a default (or give rise to any third party right of termination, cancellation, material modification or acceleration) under any of the terms, conditions or provisions of any note, loan agreement, bond, mortgage, indenture, license, contract, commitment, arrangement, understanding, agreement or other instrument or obligation of any kind to which Shareholder is a party or by which

Shareholder or any of its properties or assets may be bound, or (B) violate any order, writ, injunction, decree, judgment, statute, rule or regulation applicable to Shareholder or any of its properties or assets.

(d) No Encumbrances. The Existing Shares are and at all times during the term hereof will be Beneficially Owned by Shareholder, free and clear of all liens, claims, security interests, proxies, voting trusts or agreements, understandings or arrangements or any other encumbrances whatsoever, except for any such encumbrances or proxies arising hereunder.

(e) No Finder's Fees. No broker, investment banker, financial advisor or other person is entitled to any broker's, finder's, financial adviser's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Shareholder.

(f) Reliance by Parent. Shareholder understands and acknowledges that Parent is entering into the amendment, dated the date hereof, to the Merger Agreement in reliance upon Shareholder's execution and delivery of this Agreement.

(g) No Inconsistent Agreements. Shareholder will not enter into any agreement or understanding with any person the effect of which would be inconsistent with or violative of any provision contained in this Agreement.

5. Stop Transfer, Etc. During the Restriction Period:

(a) Shareholder agrees with, and covenants to, Parent that Shareholder will not request that the Company register the transfer (book-entry or otherwise) of any certificate or uncertificated interest representing any of the Company Securities, unless such transfer is made in compliance with this Agreement.

(b) In the event of a stock dividend or distribution, or any change in the Company Securities by reason of any stock dividend, split-up, recapitalization, combination, exchange of shares or the like other than pursuant to the Merger, the terms Shares, Existing Shares, Parent Common Stock and Company Securities will be deemed to refer to and include the shares of Company Securities as well as all such stock dividends and distributions and any shares into which or for which any or all of the Company Securities or Parent Common Stock may be changed or exchanged and appropriate adjustments shall be made to the terms and provisions of this Agreement.

(c) Shareholder will promptly after the date hereof or the date of acquisition thereof, as applicable, surrender to the Company all certificates representing the Company Securities and the Company will place the following legend on such certificates in addition to any other legend required thereon:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO TRANSFER AND OTHER RESTRICTIONS

PURSUANT TO AND OTHER PROVISIONS OF A SHAREHOLDERS AGREEMENT, DATED AS OF JULY 17, 1997, BY AND AMONG CTS CORPORATION, THE HOLDER HEREOF AND CERTAIN OTHER PERSONS." THIS LEGEND SHALL IMMEDIATELY TERMINATE IN THE EVENT OF THE TERMINATION OF THE MERGER AGREEMENT (AS DEFINED IN THE SHAREHOLDERS AGREEMENT) PRIOR TO THE EFFECTIVE TIME (AS DEFINED IN THE SHAREHOLDERS AGREEMENT).

In the event of the termination of the Merger Agreement prior to the Effective Time, the Company will promptly cause any legends placed on

Certificates representing the Company Securities to be removed.

6. Disclosure. The Company and Parent will have the right to publish and disclose in the Form S-4 (including the prospectus contained therein), the Joint Proxy Statement and all the documents and schedules filed with the SEC, and any press release or other disclosure document which either the Company or Parent, in its respective sole discretion, determines to be necessary or desirable in connection with the transactions contemplated by the Merger Agreement, Shareholder's identity and ownership of Shares and the nature of its commitments, arrangements and understandings set forth in this Agreement. Parent will provide Shareholder with a copy of any proposed disclosure by it and will provide Shareholder with a reasonable opportunity to comment thereon.

7. Termination. This Agreement may be terminated by Shareholder No. 1 by written notice to Parent, or by Parent by written notice to Shareholder No. 1, (a) upon announcement that the Merger Agreement has been amended to (i) reduce the Cash Election Price or the Exchange Ratio, (ii) reduce the amount of cash available for Electing Shares by changing the reference to "49.9%" in Section 3.01(f) to a lower number, or (iii) provide that holders of Shares that are not Electing Shares will receive cash for all or any portion of their Shares (other than in respect of fractional shares) or (b) if the Effective Time has not occurred, at any time on or after October 31, 1997.

8. Miscellaneous. (a) Entire Agreement. This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

(b) Binding Agreement. Shareholder agrees that this Agreement and the obligations hereunder will attach to the Company Securities and will be binding upon any person or entity to which legal or Beneficial Ownership of such securities shall pass, whether by operation of law or otherwise, including without limitation Shareholder's legal representatives or successors or

other transferees (for value or otherwise) and any other successors in interest.

(c) Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder will be assigned or delegated (whether by operation of law or otherwise) without the prior written consent of the other parties, provided that Parent may assign, in its sole discretion, its rights, interests and obligations hereunder to any direct or indirect wholly owned Subsidiary of Parent, but no such assignment will relieve Parent from any of its obligations hereunder if such assignee does not perform such obligations. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

(d) Amendment and Modification. This Agreement may not be amended, changed, supplemented, waived or otherwise modified or terminated, except upon the execution and delivery of a written agreement executed by the parties hereto.

(e) Notices. All notices and other communications hereunder will be in writing and will be deemed given if delivered personally, faxed (which is confirmed) or sent by an overnight courier service, such as FedEx, to the parties at the following addresses (or at such other address for a party as will be specified by like notice):

If to Shareholder No. 1 or Shareholder No. 2, to:

WHX Corporation
110 East 59th Street
New York, New York 10022
Attn: Ronald LaBow
Telecopy: (212) 355-5363

copy to:

Olshan Grundman Frome & Rosenzweig LLP
505 Park Avenue
New York, New York 10022-1170
Attn: Ilan K. Reich, Esq.
Telecopy: (212) 935-1787

if to Parent or Sub, to:

CTS Corporation
905 West Boulevard North
Elkhart, Indiana 46514
Attn: Joseph P. Walker
Telecopy: (219) 293-8394

copy to:

Jones, Day, Reavis & Pogue
599 Lexington Avenue
New York, New York 10022
Attn: Robert A. Profusek, Esq.
Telecopy: (212) 755-7306

(f) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void, unenforceable or against its regulatory policy, the remainder of the terms, provisions, covenants and restrictions of this Agreement will remain in full force and effect and will in no way be affected, impaired or invalidated.

(g) Specific Performance. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that the parties will be entitled to the remedy of specific performance of the terms hereof, in addition to any other remedy at law or equity.

(h) No Waiver. The failure of any party hereto to exercise any right, power or remedy provided under this Agreement or otherwise available in respect hereof at law or in equity, or to insist upon compliance by any other party hereto with its obligations hereunder, and any custom or practice of the parties at variance with the terms hereof, will not constitute a waiver by such party of its right to exercise any such or other right, power or remedy or to demand such compliance.

(i) No Third Party Beneficiaries. This Agreement is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

(j) Governing Law. This Agreement will be governed and construed in accordance with the laws of the State of New York, without giving effect to the principles of conflict of laws thereof.

(k) Jurisdiction. Each party hereby irrevocably submits to the exclusive jurisdiction of the courts of the State of New York in any action, suit or proceeding arising in connection with this Agreement, and agrees that any such action, suit or proceeding will be brought only in such court (and waives any objection based on forum non conveniens or any other objection to venue therein); provided, however, that such consent to jurisdiction is solely for the purpose referred to in this Section 9(k) and will not be deemed to be a general submission to the jurisdiction of said courts or in the State of New York other than for such purposes. Each party hereto hereby waives any right to a trial by jury in connection with any such action, suit or proceeding.

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(l) Descriptive Headings. The descriptive headings used herein are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement.

(m) Counterparts. This Agreement may be executed in counterparts, each of which will be considered one and the same agreement and will become effective when such counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

(n) Further Assurances. From time to time, at the other party's request and without further consideration, each party hereto will execute and deliver such additional documents and take all such further lawful action as may be necessary or desirable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement.

IN WITNESS WHEREOF, Parent, Shareholder No. 1, Shareholder No. 2 and Sub have caused this Agreement to be duly executed as of the day and year first above written.

CTS CORPORATION

By:

Name:_____
Title:_____

CTS FIRST ACQUISITION CORP.

By:

Name:_____
Title:_____

WHX CORPORATION

By:

Name:_____
Title:_____

SB ACQUISITION CORP.

By:

Name:_____
Title:_____

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-----END PRIVACY-ENHANCED MESSAGE-----