

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

(Mark One)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1994

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-168

AMETEK, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

13-4923320

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

Station Square, Paoli, Pennsylvania 19301

(Address of principal executive offices)  
(Zip Code)

Registrant's telephone number, including area code 610-647-2121

Indicate by check mark whether the registrant (1) has filed all reports  
required to be filed by Section 13 or 15 (d) of the Securities Exchange Act  
of 1934 during the preceding 12 months (or for such shorter period that the  
registrant was required to file such reports), and (2) has been subject to  
such filing requirements for the past 90 days.

Yes X No  
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The number of shares of the issuer's common stock outstanding as of the  
latest practicable date was:

Common Stock, \$.01 Par Value, outstanding at July 31, 1994. . .  
35,083,042 Shares

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

AMETEK, INC.

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 CONSOLIDATED STATEMENT OF INCOME  
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(Unaudited)  
 (Dollars in thousands except per-share amounts)

	Three months ended June 30,		Six months ended June 30,	
	1994	1993	1994	1993
Net sales	\$209,726	\$186,820	\$408,999	\$373,934
Expenses:				
Cost of sales (excluding depreciation)	160,563	146,068	315,282	290,696
Selling, general and administrative	20,747	20,401	41,010	40,212
Depreciation	6,998	7,022	13,815	14,278
Resizing charges	-	700 (a)	-	3,605 (a)
	188,308	174,191	370,107	348,791
Operating income	21,418	12,629	38,892	25,143
Other income (expenses):				
Interest expense	(5,165)	(4,505)	(10,197)	(9,093)
Other, net	(123)	1,876	1,652	3,598
Income before income taxes	16,130	10,000	30,347	19,648
Provision for income taxes	6,461	3,778	11,871	7,330
Income before extraordinary item and cumulative effect of accounting change	9,669	6,222	18,476	12,318
Extraordinary loss on early extinguishment of debt, net of taxes (Note 5)	-	-	(11,810)	-
Cumulative effect of accounting change, net of taxes (Note 4)	-	-	3,819	-
Net income	\$9,669	\$6,222	\$10,485	\$12,318
Earnings (loss) per share (Note 2):				
Income before extraordinary item and cumulative effect of accounting change	\$0.27	\$0.14	\$0.47	\$0.28
Extraordinary loss on early extinguishment of debt (Note 5)	-	-	(0.30)	-
Cumulative effect of accounting change (Note 4)	-	-	0.10	-
Net income	\$0.27	\$0.14	\$0.27	\$0.28
Cash dividends paid per share	\$0.06	\$0.17	\$0.12	\$0.34
Average common shares outstanding	36,358,827	44,082,412	39,501,478	44,164,791

(a) Reclassified to conform to 1993 year-end presentation.

See accompanying notes.

(Dollars in thousands)

	June 30, 1994	December 31, 1993
	-----	-----
	(Unaudited)	
ASSETS		
- - - - -		
Current assets:		
Cash and cash equivalents	\$67,005	\$40,468
Marketable securities (Note 4)	9,066	44,191
Receivables, net	129,924	108,068
Inventories (Note 3)	93,810	91,894
Deferred income taxes	13,578	13,346
Other current assets	7,508	4,100
	-----	-----
Total current assets	320,891	302,067
	-----	-----
Property, plant and equipment	392,318	384,435
Less accumulated depreciation	(211,237)	(199,626)
	-----	-----
	181,081	184,809
	-----	-----
Intangibles, investments and other assets (Note 4)	79,356	75,787
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Total assets	\$581,328	\$562,663
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
- - - - -		
Current liabilities:		
Accounts payable	\$71,932	\$54,374
Accruals	113,510	98,987
Short-term borrowings and current portion of long-term debt (Note 5)	20,199	14,543
	-----	-----
Total current liabilities	205,641	167,904
Long-term debt (Note 5)	254,589	172,429
Deferred income taxes	29,113	27,948
Other long-term liabilities	28,103	29,056
Stockholders' equity (Note 6)	63,882	165,326
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Total liabilities and stockholders' equity	\$581,328	\$562,663
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See accompanying notes.

3

AMETEK, INC.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

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(Unaudited)  
(Dollars in thousands)

## Six months ended June 30,

	1994	1993
Cash provided by (used for):		
Operating activities:		
Net income	\$10,485	\$12,318
Adjustments to reconcile net income to net cash provided by operating activities:		
Extraordinary loss on early extinguishment of debt	11,810	-
Cumulative effect of accounting change	(3,819)	-
Depreciation and amortization	17,466	18,030
Deferred income taxes	1,935	547
Net change in operating working capital	42,418	(871)
Other	(973)	(69)
Total operating activities	79,322	29,955
Investing activities:		
Additions to property, plant and equipment	(11,362)	(18,781)
Proceeds from sale of investments and other assets	7,249	4,165
Purchase of businesses and investments	(953)	(9,085)
Decrease (increase) in marketable securities	6,940	(9,095)
Total investing activities	1,874	(32,796)
Financing activities:		
Proceeds from issuance of long-term debt	306,000	-
Repayments of long-term debt	(220,126)	(1,627)
Debt prepayment premiums and debt issuance costs	(29,368)	-
Repurchases of common stock	(110,217)	(8,878)
Cash dividends paid	(4,751)	(15,059)
Other	3,803	982
Total financing activities	(54,659)	(24,582)
Increase (decrease) in cash and cash equivalents	26,537	(27,423)
Cash and cash equivalents:		
As of January 1	40,468	59,138
As of June 30	\$67,005	\$31,715

See accompanying notes.

4

AMETEK, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 1994

(Unaudited)

## Note 1 - Financial Statement Presentation

The accompanying consolidated financial statements are unaudited, but the Company believes that all adjustments (which consist of normal recurring accruals) necessary for fair presentation of the consolidated financial position of the Company at June 30, 1994 and the consolidated results of its operations and cash flows for the three and six-month periods ended June 30, 1994 and 1993

have been included. Quarterly results of operations are not necessarily indicative of results for the full year. Quarterly financial statements should be read in conjunction with the financial statements and related notes in the Company's 1993 Annual Report.

Note 2 - Earnings Per Share  
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Earnings per share is based on the average number of common shares outstanding each period. No material dilution of earnings per share would result for the second quarter or the first six months of 1994 or 1993 if it were assumed that all outstanding stock options were exercised. The sum of quarterly earnings per share does not equal year-to-date earnings per share for 1994 due to the effects of common stock repurchases (See Note 6).

Note 3 - Inventories  
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The estimated components of inventory stated at lower of LIFO cost or market are:

	In thousands	
	June 30, 1994	December 31, 1993
	----- (Unaudited)	-----
Finished goods and parts	\$ 31,406	\$ 32,410
Work in process	26,163	23,683
Raw materials and purchased parts	36,241	35,801
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	\$ 93,810	\$ 91,894
	=====	=====

Note 4 - Accounting Change  
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Effective January 1, 1994, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities." The cumulative effect on net income as of January 1, 1994, of adopting this Statement for trading securities was to increase net income by \$3.8 million, or \$.10 per share, net of income taxes. The impact on stockholders' equity for all securities was not significant.

AMETEK, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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June 30, 1994  
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 (Unaudited)

Note 4 - Accounting Change (cont'd)  
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As required by SFAS No. 115, management is to reevaluate the appropriate classification of securities at each balance sheet date, based on its intent to trade or hold the securities. Accordingly, all securities classified as trading securities on March 31, 1994 (primarily those of a captive insurance subsidiary) having an aggregate fair value of \$16.7 million were transferred to available-for-sale securities effective April 1, 1994, in line with the Company's current investment objectives. This transfer had no effect on income or stockholders' equity. At June 30, 1994, debt and equity securities classified as available-

for-sale had an aggregate fair value of \$19.3 million (\$20.1 million cost).

Note 5 - Long-Term Debt

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Long-term debt consists of the following:

	In thousands	
	June 30, 1994	December 31, 1993
	-----	-----
	(Unaudited)	
8.95% notes payable	\$ -	\$ 93,500
9.35% notes payable	-	75,000
9.75% senior notes due 2004	150,000	-
Secured bank term notes at various rates from 6.88% to 8.04% due 1995 to 2001	104,175	-
Other	414	3,929
	-----	-----
	\$254,589	\$172,429
	=====	=====

On March 21, 1994, the Company completed an offering of \$150 million in principal amount of 9 3/4% senior notes due March 15, 2004. Also during the first six months of 1994, the Company borrowed \$156 million under a \$250 million floating-rate senior secured bank credit agreement, consisting of \$125 million of term loans payable from 1994 to 2001 based on current interest rates ranging from 6.88% to 8.04%, and \$31 million, which was borrowed in March and repaid in May, 1994, under a revolving credit facility having an average interest rate of 6 5/8%. The net proceeds from these issuances, together with available cash, were used to: (a) finance the Company's early retirement of existing debt aggregating \$185.4 million, (b) fund prepayment premiums and other expenses related to the sale of the senior notes and the bank credit agreement totalling \$29.4 million, and (c) repurchase outstanding shares of the Company's common stock (See Note 6).

AMETEK, INC.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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June 30, 1994

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(Unaudited)

Note 5 - Long-Term Debt (cont'd)

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In connection with the early retirement of debt referred to above, in March 1994 the Company recorded an extraordinary loss of \$11.8 million (net of tax benefits of \$7.6 million) or \$.30 per share, for the prepayment premiums paid and the write-off of related deferred debt issuance costs.

Note 6 - Stockholders' Equity

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Stockholders' equity consists of the following:

	In thousands	
	June 30,	December 31,
	-----	-----

	1994	1993
	-----	-----
	(Unaudited)	
Preferred stock, \$1.00 par value, authorized: 5,000,000 shares; none issued	\$ -	\$ -
Common stock, \$.01 par value, authorized: 100,000,000 shares; issued: 1994 - 37,742,017 shares and 1993 - 46,414,317 shares	377	46,414
Capital in excess of par value	15,398	6,389
Retained earnings	94,794	161,297
	-----	-----
	110,569	214,100
Net unrealized losses	(20,678)	(21,632)
Less: Cost of shares held in treasury; 1994 - 2,652,975 shares and 1993 - 2,774,672 shares	(26,009)	(27,142)
	-----	-----
	\$ 63,882	\$165,326
	=====	=====

During the first six months of 1994, the Company repurchased 8,672,300 shares of its common stock upon the exercise of an option and in a combination of privately negotiated and open market transactions for an aggregate price of \$110.2 million, financed by a portion of the proceeds from the debt issuances described in Note 5. The stock repurchases are ongoing, and were made under a previously announced plan intended to enhance shareholder value. The plan permits the Company to purchase outstanding shares of its common stock for an aggregate purchase price of up to \$150 million. As of June 30, 1994, all of the repurchased shares have been retired as required by the Company's recent loan agreements, and such shares have been returned to the status of authorized but unissued shares. At June 30, 1994, shares outstanding totalled 35,089,042, compared to 43,639,645 shares outstanding at December 31, 1993.

7

AMETEK, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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June 30, 1994  
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(Unaudited)

Note 6 - Stockholders' Equity (cont'd)  
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At the Annual Meeting of Stockholders on April 26, 1994, the Company's shareholders approved a reduction in the par value of the Company's common stock from \$1.00 per share to \$.01 per share. This change resulted in a transfer of an equal amount from the common stock account to the capital in excess of par value account.

8

AMETEK, INC.  
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Item 2. Management's Discussion and Analysis of Financial Condition  
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and Results of Operations  
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Financial Condition

Liquidity and Capital Resources

Working capital at June 30, 1994 amounted to \$115.3 million, a decrease of \$18.9 million from December 31, 1993, due primarily to the increase in accounts payable and accruals caused by the higher level of business activity, and a higher current portion of borrowings. The ratio of current assets to current liabilities at June 30, 1994 was 1.56 to 1, compared to 1.80 to 1 at December 31, 1993.

Cash generated by the Company's operating activities for the first six months of 1994 totalled \$79.3 million, compared to \$30.0 million in the first six months of 1993, an increase of \$49.3 million. Of the increase, \$42.4 million was provided by operating working capital, primarily due to net cash inflows of \$31.6 million from the sale of trading securities in the first quarter of this year (See Note 4).

Investing activities provided cash of \$1.9 million in the first six months of 1994, compared to cash used of \$32.8 million in the same period last year. Cash generated from investing activities since the beginning of 1994 was primarily from net proceeds from the sale of investments, an idle facility and other assets totalling \$13.3 million, reduced by capital expenditures of \$11.4 million. The sale of the noninvestment assets were part of the 1993 restructuring program. Additions to property, plant and equipment in the first six months of the prior year totalled \$18.8 million. The purchase of a business and net investments used cash of \$14.0 million in 1993.

The proceeds received from the sale of \$150 million of 9 3/4% senior notes in the first quarter and first and second quarter borrowings of \$106 million and \$50 million, respectively, under a \$250 million senior secured bank credit agreement, along with available cash, were used (a) to retire \$185.4 million of existing debt, (b) to fund debt prepayment premiums and debt issuance costs totalling \$29.4 million, (c) to repay the entire \$31 million borrowed under a revolving credit facility, (d) to repurchase approximately 8.7 million shares of the Company's common stock at a cost of \$110.2 million, and (e) to fund dividend payments. These transactions resulted in net cash payments for financing activities of \$54.7 million since December 31, 1993. Under the Company's ongoing share repurchase program, which permits the Company to purchase

AMETEK, INC.

Financial Condition (cont'd)

up to \$150 million of its outstanding common stock, a total of 8.7 million shares has been repurchased through a combination of privately negotiated and open market transactions as of June 30, 1994. This represents 19.9% of the shares outstanding at December 31, 1993, at a total cost of \$110.2 million, or an average price of \$12.71 per share.

As a result of the above activities, cash and cash equivalents and short-term marketable securities totalled \$76.0 million at June 30, 1994, a decrease of \$8.6 million since December 31, 1993. Management believes that the Company has sufficient cash flow from operations and borrowing capacity to meet its operating objectives, capital expenditure requirements, and to finance the share repurchase program, and service its debt obligations.

Results of Operations

Operations for the second quarter of 1994  
compared to the second quarter of 1993

Sales for the second quarter of 1994 were \$209.7 million, compared to



sales of \$186.8 million for the second quarter of 1993, an increase of \$22.9 million or 12.3%. All business segments reported a sales increase. The largest portion of the sales improvement came from the Company's Electro-mechanical Group, which increased \$18.3 million or 25.5%. The Precision Instruments Group's sales increased \$1.9 million or 2.7%, while the Industrial Materials Group's sales increased \$2.7 million or 6.1%.

Operating income for the second quarter of 1994 increased \$8.8 million or 69.6% to \$21.4 million from \$12.6 million in the second quarter of 1993. The second quarter of 1993 included a \$.7 million charge for resizing the Company's aerospace operations. This increase in operating income results from the higher sales volume, overall improved operating performance and benefits from the resizing and restructuring programs launched in 1993. Each business segment reported an increase in operating profit.

Interest expense was \$5.2 million in this year's second quarter, an increase of 14.7% from the second quarter of 1993 due to the higher level of total debt outstanding during the current period. However, the effective interest rate on outstanding debt declined compared to the same period last year. Other expenses net in the current second quarter was \$.1 million, compared to other income net of \$1.9 million in the

10

AMETEK, INC.  
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Results of Operations (cont'd)  
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same quarter of 1993. The current quarter reflects lower interest income and other net investment income.

The effective income tax rate was 40.1% during the second quarter of 1994 compared with 37.8% for the same period in 1993. The higher 1994 rate reflects the increase in the U.S. federal statutory income tax rate from 34% to 35%, which became effective in the third quarter of 1993, and a higher effective foreign income tax rate due to a tax adjustment in the current quarter.

Net income for the second quarter of 1994 was \$9.7 million or \$.27 per share, an increase of 55.4% from \$6.2 million or \$.14 per share earned in the second quarter of 1993.

Electro-mechanical Group sales totalled \$89.9 million in the second  
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quarter of 1994, an increase of \$18.3 million or 25.5% from the second quarter of 1993, due to increased worldwide demand for electric motor products manufactured by the Company's domestic and Italian operations.

The Italian operations continue to achieve significant increases in sales. Before currency effects, sales of these businesses increased 41% from the second quarter of 1993.

Operating profit of this group increased \$3.2 million or 35.1% to \$12.3 million in the second quarter of 1994, primarily because of the higher level of sales. Margin improvements by the group were suppressed somewhat by higher costs at two production facilities in North Carolina, stemming from increasing production levels at the new Rock Creek plant, a plant realignment and expansion at the Graham facility, and operating inefficiencies being experienced at both plants.

In the Precision Instruments Group, sales increased \$1.9 million or  
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2.7% to \$72.5 million in the second quarter of 1994. Higher sales of heavy truck instruments were largely offset by lower sales of aerospace instruments.

Group operating profit for the second quarter of 1994 increased \$4.7 million to \$7.7 million, from \$3.0 million in the same quarter of 1993. Operating profit for the 1993 quarter reflected a \$.7 million resizing charge for aerospace operations. Although business conditions in the aerospace and process control markets remain soft, increases in operating margins reflect initial benefits

11

AMETEK, INC.  
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Results of Operations (cont'd)  
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from the resizing and restructuring actions initiated in 1993, as well as improved labor efficiencies.

The Industrial Materials Group's second quarter 1994 sales increased  
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\$2.7 million or 6.1% to \$47.3 million. Group operating profit for the second quarter of 1994 increased \$1.3 million, or 20.9%, to \$7.4 million. The increases in group sales and operating profit were due to improved general business conditions, as well as performance improvement in the liquid filtration business. All but one business in this group reported increased sales and operating profit, led by the liquid filtration and plastics compounding businesses.

Operations for the first six months of 1994  
compared to the first six months of 1993

Sales for the first six months of 1994 were \$409.0 million, compared to sales of \$373.9 million for the first six months of 1993, an increase of \$35.1 million or 9.4%. All business segments reported improved sales, led by the Company's Electro-mechanical Group, which increased \$28.1 million or 19.4%. The Precision Instruments Group's sales increased \$2.3 million or 1.7%, while the Industrial Materials Group's sales increased \$4.7 million or 5.3%.

Operating income for the first six months of 1994 increased \$10.2 million or 35.5% to \$38.9 million, compared to \$28.7 million in the first six months of 1993 before including a charge of \$3.6 million primarily for resizing the Company's aerospace operations. This increase reflects overall improved operating performance and the benefits from the resizing and restructuring programs launched in 1993. All operating groups contributed to the increase in operating income.

Interest expense of \$10.2 million in this year's first six months increased 12.1% from the prior year because of the higher level of total debt outstanding during the current period. Although, the effective interest rate on debt outstanding during the current period was lower than for the comparable period of 1993. Other income net declined \$1.9 million to \$1.7 million in the first six months of 1994 primarily because of less interest income, due to a lower average level of invested cash at reduced interest rates.

12

AMETEK, INC.  
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Results of Operations (cont'd)  
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The effective income tax rate was 39.1% for the first six months of 1994 compared with 37.3% for the first six months of 1993. The higher 1994

rate reflects the increase in the U.S federal statutory income tax rate from 34% to 35% which became effective in the third quarter of 1993.

Income for the first six months of 1994 before an extraordinary charge and a gain from the cumulative effect of an accounting change was \$18.5 million, or \$.47 per share, compared with the first six months of 1993, when earnings before resizing charges were \$14.5 million or \$.33 per share, an improvement of 27.3%. After an extraordinary loss of \$11.8 million (\$.30 per share) after-tax from the early extinguishment of debt, and a \$3.8 million (\$.10 per share) after-tax gain due to a required change in accounting for certain marketable securities, net income for the first six months of 1994 was \$10.5 million or \$.27 per share. This compares to net income of \$12.3 million or \$.28 per share for the six months of 1993, which included a \$.05 per share charge for business resizing.

Electro-mechanical Group sales totalled \$172.6 million in the first

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six months of 1994, an increase of \$28.1 million or 19.4% from the first half of last year, due to increased worldwide demand for electric motor products manufactured by the Company's domestic and Italian operations. Before currency effects, the Italian operations reported a 34% increase in sales from the first six month period of 1993.

Operating profit of this group increased \$2.7 million or 13.8% to \$22.5 million in the first six months of 1994, primarily because of the higher sales volume. Significant increases in operating margins by the Italian operations were partially offset by operating inefficiencies related to the reconfiguration and expansion of the plant in Graham, N.C., and by higher costs and inefficiencies associated with increasing production levels at the new Rock Creek, N.C. facility, as well as the negative effects of changes in product mix.

In the Precision Instruments Group, sales in the first six months of

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1994 were \$142.9 million, an increase of \$2.3 million or 1.7% from the first half of 1993. Higher sales of heavy truck instruments were substantially offset by lower sales of aerospace and process control instruments.

13

AMETEK, INC.

Results of Operations (cont'd)

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Group operating profit for the first half of 1994 increased \$6.1 million to \$14.1 million, from \$8.0 million, before reflecting a 1993 resizing charge of \$3.6 million. After the 1993 resizing charge, group operating profit was \$4.4 million. Although soft business conditions continued in aerospace and process control markets served by this group, improvements in operating margins were realized due to initial benefits from the restructuring actions initiated in 1993, as well as from improved labor efficiencies.

The Industrial Materials Group's sales for the first six months of

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1994 increased \$4.7 million or 5.3% to \$93.5 million. Group operating profit for the first half of 1994 increased \$1.9 million, or 16.0%, to \$13.8 million. The group benefitted from increases in both sales and operating profit due to improvement in the general economy, as well as better performance by the liquid filtration business. All but one business in this group reported increased sales and operating profit, which was led by the specialty metals, liquid filtration and plastics compounding businesses.

AMETEK, INC.  
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PART II. OTHER INFORMATION  
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Item 6. Exhibits and Reports on Form 8-K  
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a) Exhibits:

Exhibit Number -----	Description -----
3	Composite Certificate of Incorporation of AMETEK, Inc., as amended to and including April 26, 1994

b) Reports on Form 8-K: The Company did not file any reports on Form 8-K during the quarter ended June 30, 1994.

AMETEK, INC.  
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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.

AMETEK, INC.  
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(Registrant)

By /s/ Otto W. Richards  
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Otto W. Richards  
Vice President and Comptroller  
(Principal Accounting Officer)

August 12, 1994

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COMPOSITE  
CERTIFICATE OF INCORPORATION

OF

[LOGO of AMETEK, INC. APPEARS HERE]

(As amended to and including April 26, 1994)

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COMPOSITE  
CERTIFICATE OF INCORPORATION

OF

AMETEK, INC.

I.

The name of the Corporation is AMETEK, INC.

II.

The principal office or place of business of the Corporation in the State of Delaware is to be located at No. 1209 Orange Street in the City of Wilmington, County of New Castle, and the name of its resident agent is Corporation Trust Company of America, whose address is No. 1209 Orange Street, Wilmington, Delaware.

III.

The nature of the business, or objects or purposes to be transacted, promoted and carried on by the Corporation are as follows:

(1) To acquire by purchase, subscription, contract or otherwise, and to hold, sell, exchange, mortgage, pledge or otherwise dispose of, or turn to account or realize upon, and generally to deal in and with, all forms of securities, including, but not by way of limitation, shares, stocks, bonds, debentures, coupons, notes, scrip, mortgages, evidences of indebtedness, commercial paper, certificates of indebtedness and certificates of interest issued or created by corporations, associations, partnerships, trustees, syndicates, individuals, governments, states, municipalities and other political and governmental divisions and subdivisions, or by any combinations, organizations or entities whatsoever, and to issue in exchange therefor or in payment thereof, in any manner permitted by law, its own stock, bonds, debentures or its other obligations or securities, subject to the provisions of this Certificate of Incorporation or any amendment thereof or to make payment therefor by any other lawful means of payment whatsoever; to exercise any and all rights, powers and privileges of individual ownership or interest in respect of any and all such securi-

ties or evidences of interest therein, including the right to vote thereon and to consent and otherwise act with respect thereto; to do any and all acts and things for the preservation, protection, improvement and enhancement in value of any and all such securities or evidences of interest therein, and to aid by loan, subsidy, guaranty or otherwise those issuing, creating or responsible for any such securities or evidences of interest therein; to acquire or become interested in any such securities or evidences of interest therein, as aforesaid, by original subscription, underwriting, loan, participation in syndicates or otherwise and irrespective of whether or not such securities or evidences of interest therein be fully paid or subject to further payments; to make payments thereon as called for or in advance of calls or otherwise, and to underwrite or subscribe for the same conditionally or otherwise and either with a view to investment or for resale or for any other lawful purpose.

(2) To endorse or guarantee the payment of principal of, and/or interest or dividends upon, any stocks, bonds, obligations or other securities or evidences of indebtedness, and to guarantee the performance of any of the contracts or other undertakings, of any corporation, association, syndicate, individual or others.

(3) To cause to be formed, merged or reorganized or liquidated, and to promote, take charge of and aid in any way permitted by law, the formation, merger, liquidation or reorganization of any corporation, combination, organization, entity or association of the United States or of any of the states, districts, territories, dependencies, colonies or insular possessions of the United States, or of any foreign country.

(4) To operate, manage, supervise, direct and control all or any part of the business and property of any corporation, association, partnership, combination, organization, entity or individual, domestic or foreign, through stock ownership, by contract or otherwise and to receive fixed or contingent compensation for such service or to receive compensation therefor by commissions, management fees, shares in gross or net receipts or profits, or in any other manner or upon any other terms whatsoever,

3

or so to act without direct compensation; and to promote, participate or assist in any way in the business of any such corporation, association, partnership, combination, organization, entity or individual.

(5) To manufacture, produce, purchase or otherwise acquire, sell or otherwise dispose of, import, export, distribute, deal in and with, whether as principal or agent, goods, wares, merchandise, and materials of every kind and description; to engage in any and all kinds of manufacturing and/or mercantile business, including (but not by way of limitation) the manufacturing, purchasing, selling and dealing in machines, machinery, appliances, equipment, devices and supplies of all kinds, whether electrical or not.

(6) To purchase, take on lease or in exchange, hire, or otherwise acquire, hold, own, possess, equip, improve, develop, deal in, sell, convey, assign, mortgage, pledge or otherwise encumber and dispose of any and all real and personal property of every kind and description and property partaking of the nature of either real or personal property and rights, estates, interests, franchises, licenses and privileges in such property, real, personal or mixed, wheresoever situated or located within any State, territory, district or dependency of the United States, or in any foreign country; to construct, equip and improve and contract for the construction, equipment and improvement of any and all kinds of buildings and structures.

(7) To undertake, conduct, assist, promote and participate in every kind of commercial, industrial, mercantile or mining enterprise, business, undertaking, venture or operation in the United States or any State, territory, district or dependency thereof or in any foreign country.

(8) To enter into any legal arrangement for sharing profits, union of interest, reciprocal concession, or cooperation with any person, partnership, association, combination, organization, entity or corporation

in the carrying on of any business which the Corporation is authorized to carry on, or any business or transaction deemed necessary, convenient, or incidental to carry out any of the objects of the Corporation.

4

(9) To acquire in whole or in part the business, goodwill, rights, property and assets of all kinds of any corporation, association, partnership, combination, organization, entity or individual, domestic or foreign; and to pay for the same in money, stocks, bonds, debentures or other securities or property or obligations of the Corporation or otherwise, in any matter permitted by law; and to hold, possess and improve such properties and to conduct in any legal manner the whole or any part of the business so acquired; and to pledge, mortgage, sell or otherwise encumber or dispose of the same or any part thereof.

(10) To borrow money, to issue bonds, debentures, or obligations secured or unsecured, of the Corporation from time to time, for moneys borrowed or in payment for property purchased or otherwise in connection with any purposes or operations of the Corporation; to secure any of the same by mortgage or mortgages upon, or by deed or deeds of trust of, or by pledge of, any or all of the property, real and personal, of the Corporation wheresoever situated, acquired or to be acquired; and to sell or otherwise dispose of any or all such bonds, debentures or obligations in such manner and upon such terms as may be deemed judicious.

(11) To purchase, lease or otherwise acquire, hold, own, develop, improve, maintain, explore, operate and manage, and to sell, lease, or otherwise dispose of mining concessions, mining claims, and any lands containing manganese, silver, gold, copper, iron, coal, gas, oil or other minerals, substances, materials or ores, stone, sand or clay, or bearing timber, together with all mining or lumber rights, powers, interests and privileges whatsoever therein or appertaining thereto; to mine, quarry, cut or otherwise extract or remove manganese, silver, gold, copper, iron, coal, gas, oil, stone, sand or clay, timber or other materials, minerals, substances or ores from any such lands, or in the exercise of any such rights or interests, to prepare the same for market by any mining, metallurgical, refining, milling or other process desired, and to store, supply, deal in or otherwise dispose of the same and all by-products thereof.

5

(12) To apply for, obtain, register, purchase, lease or otherwise acquire and to hold, own, use, exercise, develop, operate and introduce, and to sell, assign, grant licenses in respect of, or otherwise dispose of, any patents and inventions, improvements and processes used in connection with or secured under Letters Patent of the United States or any dependency, colony or insular possession of the United States or of any foreign government, trade-marks and trade names, and to acquire, use, exercise or otherwise turn to gain licenses in respect of any such patents, inventions, processes and the like, or any such property rights.

(13) To issue, purchase, hold, sell, transfer, reissue or cancel shares of its own capital stock or its own securities or obligations in the manner and to the extent now or hereafter authorized or permitted by the laws of the State of Delaware.

(14) To undertake, contract for or carry on any business incidental to or in aid of, or advantageous in pursuance of, any of the objects or purposes of the Corporation.

(15) To do any of the things hereinbefore enumerated for itself or for account of others and to make and perform contracts for doing any part thereof.

(16) To conduct its business in all or any of its branches so far as permitted by law in all States, territories, dependencies and colonies of the United States and its insular possessions and the District of Columbia and in foreign countries; to have one or more offices and agencies within and/or without the State of Delaware; and as may be requisite in the

convenient transaction of its business or conduct of its operations, to purchase or otherwise acquire, hold, own, mortgage, pledge, sell, convey or otherwise encumber or dispose of real and personal property of every class and description in any of the States, districts, territories, dependencies, colonies or insular possessions of the United States, and in any and all foreign countries, subject always to the laws of such State, district, territory, dependency, colony, insular possession or foreign country.

6

(17) In general, to do any or all of the things hereinbefore set forth, and such other things as are incidental or conducive to the attainment of the objects and purposes of the Corporation, as principal, factor, agent, contractor or otherwise, either alone or in conjunction with any person, firm, association or corporation; and in carrying on its business and for the purpose of attaining or furthering any of its objects, to enter into, make, perform and carry out contracts with any person, partnership, association, combination, organization, entity, corporation, government, governmental subdivision, or other body whatsoever; and to do such acts and things, and to exercise any and all such powers to the same extent as a natural person might or could lawfully do to the full extent authorized or permitted to a corporation under any laws that may be now or hereafter applicable or available to the Corporation.

The foregoing clauses shall each be construed as purposes, objects and powers, and the matters expressed in each clause shall, except as otherwise expressly provided, be in nowise limited by reference to, or inference from, the terms of any other clause, but shall be regarded as independent purposes, objects and powers and the enumeration of specific purposes, objects and powers shall not be construed to limit or restrict in any manner the meaning of the general terms or the general powers of the Corporation, nor shall the expression of one thing be deemed to exclude another, although it be of like nature, not expressed.

The purposes for which the Corporation is formed and the business or objects to be transacted, promoted and carried on by it are any one or more of the acts and things herein set forth, and for the accomplishment of these purposes and the transaction, promotion and carrying on of said business and objects, the Corporation shall have and may exercise all powers conferred upon it by the laws of the State of Delaware now or hereafter in effect; but the Corporation shall not engage in the business of banking.

Nothing herein contained shall be construed as giving the Corporation any rights, powers or privileges not permitted to it by the laws of the State of Delaware.

7.

IV

The total number of shares which the Corporation shall have authority to issue is 105,000,000 of which 100,000,000 shares, of the par value of \$.01 each, shall be Common Stock, and 5,000,000 shares, of the par value of \$1 each, shall be Preferred Stock.

(1) The minimum amount of capital with which the Corporation will commence business is One Thousand Dollars (\$1,000).

#### PREFERRED STOCK

(2) The Preferred Stock may be issued from time to time in one or more series, each of such series to have voting powers (full or limited or without voting powers), designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions thereof as are stated and expressed herein, or in a resolution or resolutions providing for the issue of such series adopted by the Board of Directors as hereinafter provided.

(3) Authority is hereby granted to the Board of Directors to create one or more series of Preferred Stock and, with respect to each series, to fix by resolution or resolutions providing for the issue of such series:



(a) The number of shares to constitute such series and the distinctive designation thereof;

(b) The dividend rate on the shares of such series, the dividend payment dates, the periods in respect of which dividends are payable ("Dividend Periods"), whether such dividends shall be cumulative, and, if cumulative, the date or dates from which dividends shall accumulate;

(c) Whether or not the shares of such series shall be redeemable, and, if redeemable, on what terms, including the redemption prices which the shares of such series shall be entitled to receive upon the redemption thereof;

(d) Whether or not the shares of such series shall be subject to the operation of retirement or sinking funds to be applied to the purchase or redemption of such

8

shares for retirement and, if such retirement or sinking funds be established, the annual amount thereof and the terms and provisions relative to the operation thereof;

(e) Whether or not the shares of such series shall be 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 of the Corporation and the conversion price or prices or rate or rates, or the rate or rates at which exchange shall be made, with such adjustments, if any, as shall be stated and expressed or provided in such resolution or resolutions;

(f) The preferences, if any, and the amounts thereof which the shares of such series shall be entitled to receive upon the voluntary and involuntary dissolution of the Corporation;

(g) The voting power, if any, of the shares of such series; and

(h) Such other terms, conditions, specifications, special rates and protective provisions as the Board of Directors may deem advisable.

Notwithstanding the fixing of the number of shares constituting a particular series upon the issuance thereof, the Board of Directors may at any time thereafter authorize the issuance of additional shares of the same series, unless the resolution of the Board of Directors providing for such series shall expressly prohibit the issuance of additional shares of such series.

(4) No dividend shall be declared and set apart for payment on any series of Preferred Stock in respect of any Dividend Period unless there shall likewise be or have been paid, or declared and set apart for payment, on all shares of Preferred Stock of each other series entitled to cumulative dividends at the time outstanding which rank equally or prior as to dividends with the series in question, dividends ratably in accordance with the sums which would be payable on the said shares through the end of the last preceding Dividend Period if all dividends were declared and paid in full.

(5) If upon any dissolution of the Corporation, the assets of the Corporation distributable among the holders of any one or more series of Preferred Stock which (i) are entitled to

9

a preference over the holders of the Common Stock upon such dissolution, and (ii) rank equally in connection with any such distribution, shall be insufficient to pay in full the preferential amount to which the holders of such shares shall be entitled, then such assets, or the proceeds thereof, shall be distributed among the holders of each such series of the Preferred Stock ratably in accordance with the sums which would be payable on such distribution if all sums payable were discharged in full.

(6) In the event that the Preferred Stock of any series shall be

redeemable, then, at the option of the Board of Directors, the Corporation may at such time or times as may be specified by the Board of Directors as provided in subparagraph (c) of paragraph 3 of this Article IV redeem all, or any number less than all, of the outstanding shares of such series at the redemption price thereof and on the other terms fixed by the Board of Directors as provided in said subparagraph (c).

#### COMMON STOCK

(7) Subject to all of the rights of the Preferred Stock, dividends may be paid upon the Common Stock as and when declared by the Board of Directors, out of any funds legally available therefor.

(8) Upon any liquidation, dissolution or winding up of the Corporation, and after the holders of the Preferred Stock of each series shall have been paid in full the amounts to which they respectively shall be entitled, as provided in the resolution of the Board of Directors creating such series, or an amount sufficient to pay the aggregate amount to which the holders of the Preferred Stock of each series shall be entitled, as provided in the resolution of the Board of Directors creating such series, shall have been deposited with a bank or trust company designated by the Board of Directors having a capital, surplus and undivided profits of at least Five Million Dollars (\$5,000,000) as a trust fund for the benefit of the holders of such Preferred Stock, the remaining net assets of the Corporation shall be distributed pro rata to the holders of the Common Stock.

(9) The holders of Common Stock shall be entitled to one vote for each share of such stock held by them. If the By-

10

Laws so provide, the election of directors need not be by ballot. Subject to voting rights, if any, provided to the holders of any series of Preferred Stock in the resolution of the Board of Directors providing for the issue of such series of Preferred Stock, the holders of Common Stock shall have the exclusive power to vote on all matters coming before the stockholders of the Corporation.

#### GENERAL

(10) If it seems desirable so to do, the Board of Directors may from time to time issue scrip for fractional shares of stock. Such scrip shall not confer upon the holder any voting or other rights of a stockholder of the Corporation, but the Corporation shall from time to time, within such time as the Board of Directors may determine, issue one whole share of stock upon the surrender of scrip for fractional shares aggregating one whole share, properly endorsed if in registered form.

(11) No holder of stock of the Corporation shall be entitled as such, as a matter of right, to subscribe for or purchase any part of any new or additional issue of stock of any class whatsoever, or of securities convertible into stock of any class whatsoever, whether now or hereafter authorized or whether issued for cash, for a consideration other than cash or by way of dividend.

(12) The Corporation shall be entitled to treat the person in whose name any share is registered as the owner thereof, for all purposes, and shall not be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether or not the Corporation shall have notice thereof, save as expressly provided by the laws of the State of Delaware.

11

V.

The names and places of residence of each of the incorporators are as follows:

Names	Places of Residence
W. J. GILLERAN	Carthage Road and The Crossway, Scarsdale, New York.
R. E. COOK	50-01 88th Street, Elmhurst,

P. B. HUNTINGTON

New York.  
150 East 91st Street, New York,  
New York.

VI.

The Corporation is to have perpetual existence.

VII.

The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever.

VIII.

All corporate powers of the Corporation shall be exercised by the Board of Directors except as otherwise provided by law.

The number of the directors of the Corporation which shall constitute the whole Board shall be fixed from time to time by, or in the manner provided in, the by-laws, but in no case shall the number be less than three. In case of any increase in the number of directors, the additional directors shall be elected as may be provided in the by-laws.

The stockholders and directors may hold their meetings and have an office or offices outside the State of Delaware if the by-laws so provide.

None of the directors need be a stockholder of the Corporation or a resident of the State of Delaware.

No contract or other transaction entered into by the Corporation shall be affected by the fact that any director or officer of the Corporation in any way is interested in, or con-

12

nected with any party to, such contract or transaction, or himself is a party to such contract or transaction, provided that such contract or transaction shall be approved by a majority of the directors present at the meeting of the Board or of the Committee authorizing or confirming such contract or transaction, which majority shall consist of directors not so interested or connected. Any contract, transaction or act of the Corporation or of the Board of Directors or any Committee, which shall be ratified by a majority in interest of a quorum of the stockholders having voting power at any annual meeting, or at any special meeting called for such purpose, shall be as valid and as binding as though ratified by every stockholder of the Corporation, but the foregoing shall not limit or prejudice the validity or binding force of any contract, transaction or act not so approved. Any director of the Corporation may vote upon any contract or other transaction between the Corporation and any subsidiary or affiliated corporation without regard to the fact that he is also a director or officer of such subsidiary or affiliated corporation.

No director of this Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except that this paragraph shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to this Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law or (iv) for any transaction from which the director derived an improper personal benefit.

IX.

Whenever a compromise or arrangement is proposed between this Corporation and its creditors or any class of them and/or between this Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this Corporation or of any creditor or stockholder thereof, or on the application of any receiver or receivers appointed for this Corporation under the provisions of Section 3883 of

the Revised Code of 1915 of said State, or on the application of trustees in dissolution or of any receiver or receivers appointed for this Corporation under the provisions of Section 43 of the General Corporation Law of the State of Delaware, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, to be summoned in such manner as the said Court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this Corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the Court to which the said application has been made, be binding on all the creditors or class of creditors and/or on all the stockholders or class of stockholders of this Corporation, as the case may be, and also on this Corporation.

## X.

In furtherance and not in limitation of the powers conferred by Statute and of the other provisions of this Certificate of Incorporation, the Board of Directors is expressly authorized:

a. From time to time to authorize and cause to be executed mortgages and liens without limit as to amount on the real and personal property of the Corporation, without the assent of the stockholders in writing or otherwise.

b. From time to time to sell, exchange, assign, convey or otherwise dispose of a part of the properties, assets and effects of the Corporation, less than the whole or less than substantially the whole thereof, on such terms and conditions as they shall deem advisable, without the assent of the stockholders in writing or otherwise.

c. From time to time, with the consent in writing of, or pursuant to the affirmative vote of, the holders of a majority of the total number of shares of stock of the

Corporation issued and outstanding having voting power (such vote to be given at a stockholders' meeting duly called for that purpose), to sell, exchange, assign, transfer and convey or otherwise dispose of the whole or substantially the whole of the property, assets, effects, business and good-will of the Corporation (including its corporate franchise and other intangible property) upon such terms and conditions as the Board of Directors shall deem expedient and for the best interests of the Corporation.

d. From time to time to designate, by resolution or resolutions passed by a majority of the whole Board, one or more committees, each committee to consist of two or more of the directors of the Corporation, which, to the extent provided in said resolution or resolutions or in the by-laws of the Corporation, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation, and may have power to authorize the seal of the Corporation to be affixed to all papers which may require it; such committee or committees to have such name or names as may be stated in the by-laws of the Corporation or as may be determined from time to time by resolution adopted by the Board of Directors.

e. From time to time to make by-laws and to alter, amend or repeal any by-laws, but any by-laws made by the Board of Directors may be altered, amended or repealed by the stockholders at any annual meeting or at any special meeting, provided that notice of such proposed alteration, amendment or repeal is included in the notice of any special meeting.

f. From time to time to fix the amount to be reserved by the Corporation over and above its capital and to fix and determine and to vary

the amount of the working capital of the Corporation, and to direct and determine the use and disposition of the working capital and of any net profits and surplus over and above the capital.

g. To keep the books, documents and papers of the Corporation, except the original or duplicate stock ledger, outside of the State of Delaware.

15

h. From time to time to determine whether and to what extent and at what times and places and under what conditions and regulations the accounts and books of the Corporation, or any of them, shall be opened to the inspection of the stockholders, and no stockholder shall have any right to inspect any account, book, document or paper of the Corporation, except as conferred by statute or as authorized by resolution of the Board of Directors.

XI.

The Corporation reserves the right from time to time to amend, alter, change or repeal any provision or provisions contained in this Certificate of Incorporation, or any amendment thereof, and to add or substitute in this Certificate of Incorporation, or in any amendment thereof, any provision or provisions in the manner now or hereafter authorized or permitted by statute, irrespective of the effect of any such action upon the then existing stock or securities of the Corporation of any kind or class, and all rights of the stockholders of the Corporation are granted subject to these reservations.

Without in any way limiting the foregoing provisions of this Certificate of Incorporation, it is expressly provided that the amount of the authorized stock of the Corporation, of any class or classes, now or hereafter authorized, may be increased or decreased by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote; and any new or additional stock, of any class or classes, with or without preferences or priorities, may be authorized or created and any such stock and/or any authorized stock, whether issued or unissued, may be increased, decreased, changed or reclassified, or may be given or deprived of preferences, priorities or privileges in the manner provided by the General Corporation Law of the State of Delaware as from time to time amended or changed, irrespective of the effect of any such action upon the then existing stock or securities of the Corporation of any kind or class, and all rights of the stockholders of the Corporation are granted subject to these provisions.

16

We, the undersigned, being all of the incorporators, for the purpose of forming a corporation in pursuance of an Act of the Legislature of the State of Delaware entitled "An Act Providing a General Corporation Law, Approved March 10, 1899" and the acts amendatory thereof and supplemental thereto, do make and file this Certificate of Incorporation, hereby declaring and certifying that the facts herein stated are true, and accordingly hereunto have set our hands and seals this 26th day of March, A. D. 1930.

W.J. GILLERAN (L.S.)  
R.E. COOK (L.S.)  
P.B. HUNTINGTON (L.S.)

In the presence of:

AUGUSTE M. THIERY

17

STATE OF NEW YORK, )  
 ) ss.:  
COUNTY OF NEW YORK. )

Be it remembered that on this 26th of March, 1930, personally came before me AUGUSTE M. THIERY, a Notary Public in and for the County and State aforesaid, W. J. GILLERAN, R. E. COOK and P. B. HUNTINGTON, parties to the foregoing

Certificate of Incorporation, known to me personally to be such and severally acknowledged the said Certificate to be the act and deed of the signers respectively and that the facts therein stated are truly set forth.

Given under my hand and seal of office the day and year aforesaid.

AUGUSTE M. THIERY

Notary Public.

AUGUSTE M. THIERY

Notary Public, New York County

Clerk's No. 34; Register's No. 0-10

Commission Expires March 30, 1930