SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 10-K

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

For the fiscal year ended	Commission file number
December 31, 1996	0-325

THE DURIRON COMPANY, INC.
(Exact name of registrant as specified in its charter)

New York	31-0267900
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3100 Research Boulevard Dayton, Ohio (Address of Principal Executive Offices)	45420 (Zip Code)

Registrant's telephone number, including area code: (513) 476-6100

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
None	None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, $1.25 par value
(Title of Class)

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 [ ]

(Continued)

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

[X]

At close of business on February 15, 1997:
Number of Shares of Common Stock,

$1.25 par value, outstanding	23,489,819
Aggregate market value of shares of Common Stock, $1.25 par value, held by nonaffiliates of the Company	$539,889,865

DOCUMENTS INCORPORATED BY REFERENCE

1. The Duriron Company, Inc. Proxy Statement for its 1997 Annual Meeting of Shareholders to be held on April 24, 1997 (the "Proxy Statement"). Definitive copies of the Proxy Statement will be filed with the Commission within 120 days of the end of the Company's most recently completed fiscal year. Only such portions of the Proxy Statement as are specifically incorporated by reference under Part III of this Report shall be deemed filed as part of this Report.

PART I

ITEM 1. BUSINESS

The Duriron Company, Inc. was incorporated under the laws of the State of New York on May 1, 1912. All references herein to the "Company" or "Duriron" refer collectively to The Duriron Company, Inc. and its subsidiaries, unless otherwise indicated by the context.

Duriron is principally engaged in the design, manufacture and marketing of fluid handling equipment, primarily pumps and valves and mechanical seals, for industries that utilize difficult to handle and often corrosive fluids in manufacturing processes. The Company specializes in the development of precision-engineered equipment that is capable of withstanding the severely deteriorating effects associated with the flow of acids, chemical solutions, slurries and gases.

Based upon its analysis of trade association data and other market information, the Company considers itself a leading supplier of corrosion resistant fluid movement and control equipment to the basic chemical industry. The Company's materials expertise, design, engineering capabilities and applications know-how have enabled it to develop product lines that are responsive to the chemical process industries' desire to achieve manufacturing efficiencies, avoid premature equipment failure and reduce maintenance cost.

The Company operates primarily in one business segment, fluid movement and control equipment (primarily pumps, valves, mechanical seals and related equipment). Included in Note 19 of the Financial Statements provided as part of Item 8 of this Report and incorporated herein by this reference, is information concerning the Company's revenues, operating profit and identifiable assets by geographic area for each year in the three-year period ended December 31, 1996. With respect to a majority of its products, the Company's domestic operations supply each other and the Company's foreign manufacturing subsidiaries with

components and subassemblies.

PRODUCTS

The Company's principal fluid movement and control equipment products are pumps, valves, mechanical seals and related equipment, marketed primarily under the trademarks "Durco," "Atomac," "Valtek," "Automax," "Accord," "Kammer," "Sereg," "Durametallic," "Dura Seal," "Pac-Seal" and "Metal Fab." In many manufacturing processes, fluids must be moved by pumps, and flow must be controlled by valves. The Company's pumps, valves and mechanical seals are designed to withstand the corrosive nature of the fluids and the varying temperatures and pressures under which manufacturing processes occur.

The Company manufactures, under the Durco trade name, several lines of centrifugal pumps, including metallic and non-metallic pumps, varying in size, capacity, material components and sealant specifications. Durco pumps are used primarily to move liquids during processing activities as well as in auxiliary services such as waste removal, water treatment and pollution control. Critical elements in pump selection include the nature and volume of the fluids to be handled, the height and distance the fluids are to be moved, the temperature and pressure at which they are to flow, the presence of stray elements or particles, and the toxicity of the fluids.

The Company also manufactures several lines of metering pumps under the Durco trade name which are generally used to inject measured quantities of additives or catalysts into a process stream.

The Company's valves are used to control the flow of liquids and gases in industrial processing systems. The Company manufactures product lines of plug and butterfly valves under the Durco trademark which are made of various metals, alloys and plastics. The Company also produces a lined ball valve under the Atomac trade name. Actuators and other control accessories manufactured by the Company under the Automax and Accord trade names are either sold independently or mounted on these valves to move them from open to closed positions and to various specified positions in between.

The Company manufactures, under the Valtek, Kammer and Sereg trade names, automatic control valves, valve actuators and related components. Automatic control valves are important components in the automation of manufacturing and processing systems since they are capable of modulating (that is, automatically adjusting) the rate and amount of fluids moving in a manufacturing production system. The Valtek product line includes high-pressure valves, rotary valves, and anti-noise and anti-cavitation valves. Substantially all of the Valtek valves are sold with an actuator. The Company also developed and manufactures a Valtek automatic control valve (under the "StarPac" trade name) with "on-board" sensor and microprocessor capabilities. The Kammer automated control valves are primarily sold with actuators to chemical process applications requiring alloy steel control valves of a smaller size than most of the Valtek products. The Company sells control valves under the Valtek Sereg trade name primarily in France and other European countries.

The Company's mechanical seals and sealing systems are used to prevent the leakage of process fluids along the rotating shaft of industrial pumps, mixing equipment and miscellaneous other rotating equipment used in moving and otherwise handling process fluids during manufacturing operations. Certain types of these mechanical seals and sealing systems, which are marketed under the "Durametallic" and "Dura Seal" trade names, are used within the centrifugal pumps manufactured by the Company. Durametallic mechanical seals include a spring loaded design and a welded metal bellows design which both offer fluid sealing protection while rotating with the shaft of pumps, mixers and similar

equipment in industrial operations. Mechanical seals sold under the "Pac-Seal" trademark are primarily used in water pumps and other non-corrosive applications.

Finally, the Company also manufactures filtration products under the Durco trade name and specialty welded metal bellows products under the "Metal Fab" trade name.

MARKETING AND DISTRIBUTION

The Company's Durco pump and Durco quarter-turn valve products are primarily marketed to end-users and engineering contractors through the Company's own sales forces, regional service centers, a national parts distribution center and independent distributors and representatives. The Company sales personnel are divided, for the Durco pump and Durco valve products, into separate organizations which specialize in the respective product lines. The specialization of these two sales forces helps enable them to maintain a high level of technical

knowledge about their applicable products, customer applications, in-plant installation and maintenance services. Both the pump and quarter-turn valve sales organizations have field sales offices located in principal industrial markets and resident sales personnel at additional locations.

The Company also maintains regional service centers in the greater Houston, Salt Lake City and metropolitan Philadelphia areas. These centers stock a full array of critical pump parts and have machining and product modification capabilities. A national pump parts distribution and service center, located in Birmingham, Alabama, provides 24-hour assistance to customers and ships critical replacement parts on an immediate need basis. The Company also has licensed certain independent valve distributors located throughout the United States to service and remanufacture its quarter-turn valve products.

Automax and Atomac products are distributed with Durco manual valves by Company sales personnel and through a network of independent stocking distributors. The Company's valve sales force provides training and technical assistance to the Company's independent distributors, who also participate in periodic training programs relating to Company products and customer applications.

Durametallic and Pac-Seal products are sold through a combination of direct sales personnel who specialize only in these products and by independent sales representatives or distributors. The Company maintains branch and service center facilities in the U.S. at the following locations which specialize in Durametallic and Pac-Seal products: Baton Rouge, Louisiana, Carson, California; Posen, Illinois; Bridgeport, New Jersey; Matthews, North Carolina; Cincinnati, Ohio; Houston, Texas; and Vancouver, Washington. Durametallic products are also marketed internationally through sales offices in almost sixty (60) countries. The Company also markets Durametallic products through foreign subsidiaries including operations established in Argentina, Canada, Belgium, Mexico, Brazil, Australia, New Zealand and Singapore. The Company maintains joint ventures in India, Korea, Saudi Arabia and Malaysia to manufacture and sell mechanical seals utilizing Durametallic product technology within those countries.

Valtek products are marketed through specialized sales offices with sales engineers and service centers in Springville (Utah), Houston, Philadelphia, Beaumont (Texas), Corpus Christi and Baton Rouge. In other territories, Valtek products are sold on a commission basis through independent manufacturers' representatives located in principal marketing centers in the

United States. The Company provides extensive training in the sophisticated Valtek products and customer applications for its sales representatives.

Kammer products are primarily marketed through a direct sales force in Germany and through independent distribution in other countries. Kammer products are marketed with Valtek products in certain U.S. locations, with a Kammer product sales office located in Pittsburgh, Pennsylvania, supporting U.S. marketing. Valtek Sereg products are generally sold through employees in France and combined with other Valtek products for sale in the U.S. and elsewhere.

The Company maintains a subsidiary, Davco Equipment Inc., to market its Durco pumps, Durco quarter-turn valves, Automax actuators and Valtek control valves directly and on a consolidated basis through employees of this subsidiary to customers in the Freeport, Texas, area.

Formerly, the Company had marketed these varying product lines through a variety of specialized independent distributors and employees.

The Company's international sales include domestic export sales and sales by the Company's foreign subsidiaries. Duriron Canada Inc., headquartered in Woodbridge, Ontario, manufactures and sells Durco pumps and valves throughout eastern Canada. S.A. Durco Europe N.V. is headquartered in Brussels, Belgium. This subsidiary manufactures pumps, mechanical seals and valves in its Petit Rechain, Belgium, facility and maintains selling organizations in Europe and sales representatives in the Middle East. Atomac, of Ahaus, Germany, and a division of Durco GmbH, engages in the manufacture and sale of lined ball valves and associated equipment. The Company further maintains subsidiaries in the United Kingdom, Italy, Spain, The Netherlands and France to provide sales and service of Durco products in these countries.

A Singapore subsidiary, Durco Valtek (Asia Pacific) Pte. Ltd., services and prepares pumps, quarter-turn valves and control valves for sale in the Asian market in a recently expanded facility.

An Italian subsidiary of the Company manufactures actuators sold in the U.S. under the Automax trade name.

The Company has manufacturing and marketing operations for Valtek products in Australia and Canada. Valtek products are also manufactured and marketed by licensees in the United Kingdom and Brazil under long-term license arrangements. The Company has additionally entered into a joint venture with Yokogawa Electric Corporation and Kitz Corporation, both of which are Japanese companies, to manufacture and sell certain Valtek products within Japan.

The Company has entered into licenses with local manufacturers in Mexico, South Korea and India to permit them to manufacture and market pumps and valves under the Durco trade name and pursuant to Company specifications in those respective countries.

Finally, the Company has formed majority owned joint ventures in India to manufacture Durco pumps, Durco valves and Valtek control valves for export to the American, Asian and European markets.

BACKLOG

The Company's backlog of orders was approximately $111.9 million, $101.4 million and $78.2 million at December 31, 1996, 1995 and 1994, respectively. Nearly all current backlog is expected to be shipped within the next 12 months. Sales of the Company's products are not normally subject to

material seasonal fluctuations. Almost all of the Company's customers are in the private sector, and the Company's backlog is thus not exposed to renegotiation in any significant way at the election of a government customer.

COMPETITION AND CUSTOMERS

Based upon its analysis of trade association data and other marketing data, the Company considers itself a leading supplier of corrosion-resistant pumps, mechanical seals,

valves, valve actuators and control valves to the basic U.S. chemical industry, with generally a lesser market share in other countries. No significant competitor of the Company manufactures pumps, valves and mechanical seals or has as its single primary market the basic chemical industry. However, the Company competes with companies which manufacture either pumps, valves or mechanical seals, portions of whose product lines are sold to the chemical process industries. The Company competes in general on the basis of product design and quality, materials expertise, delivery capability, price, application know-how, parts support and similar factors. The Company believes that it is, in the aggregate, strong in these areas. During 1996, no single customer or group of related customers accounted for more than 10% of sales.

MANUFACTURING AND RAW MATERIALS

The Company is a vertically-integrated manufacturer of certain product lines. Certain of the corrosion-resistant castings for the Company's pumps and quarter turn valves are manufactured at its Dayton, Ohio, foundries, which include a highly automated precision foundry, plus resin shell, no bake and centrifugal foundries. Ductile iron, gray iron, steel and large alloy metal castings are purchased from outside sources. Other Company manufacturing locations machine castings to precise specifications and assemble Company products. The Company's commitment to Total Quality control procedures and cellular manufacturing technologies is key to the efficient and successful manufacture of its products.

The Company also produces most of its highly engineered corrosion resistant plastic parts for its pump and valve product lines. This includes rotomolding as well as injection and compression molding of a variety of fluorocarbon and other plastic materials.

Basic manufacturing raw materials are purchased from various foreign and domestic vendors. These materials include Teflon, nickel, chrome, molybdenum, high silicon pig iron, ferro silicon, fused silica, epoxy resins and fluorocarbon resins, tungsten carbide, silicon carbides and high grade tubing. In addition, bar stock, tubing, motors and other necessary equipment for inclusion in the Company's finished products are purchased from various suppliers. The supply of raw materials and components has been, in general, sufficient and available without significant delivery delays.

RESEARCH AND DEVELOPMENT

The Company's research and development laboratories in Dayton, Ohio, Cookeville, Tennessee, Ahaus, Germany, Springville, Utah, and Kalamazoo, Michigan support the Company's manufacturing efforts by providing hydraulic test facilities for the Company's fluid movement and control products as well as facilities for the development of corrosion-resistant alloys and plastics.

The Company spent approximately $7.9 million, $7.0 million and

$8.6 million on Company sponsored research and development activities in 1996, 1995 and 1994, respectively. The expenditures were primarily for new product development.

PATENTS, TRADEMARKS AND LICENSES

The Company owns a number of trademarks, patents and patent applications relating to the name and design of its products. While the Company considers that, in the aggregate, its trademarks and patents are useful to its operations, the Company believes that the successful manufacture and sale of its products generally depend more upon its specialized materials, designs and manufacturing methods developed over a period of time. The Company, in general, is the owner of the rights to the products which it manufactures and sells, and the Company is not dependent in any material way upon any licenses or franchises in order to so operate.

PERSONNEL

At December 31, 1996, the Company employed approximately 3,900 persons, of whom about 2,680 were employed in the United States. Approximately 375 of the Company's employees, who are primarily located in the Company's pump, foundry and filtration operations, are represented by either the United Steel Workers of America or the International Union of Electronic, Electrical, Technical Salaried & Machine Workers. The Company believes, in general, that it has good relations with these unions and its nonunion employees. The Company entered into a new three year collective bargaining agreement with the United Steel Workers representing production workers at its pump and foundry operations in Dayton, Ohio in October, 1996.

Information with regard to the directors and executive officers of the Company is incorporated herein by reference to Item 10 of this Report and the Proxy Statement.

ENVIRONMENTAL MATTERS

The Company completed projects in prior years relating to compliance with federal, state and local environmental protection regulations. At present, the Company has no plans for material capital expenditures for environmental control facilities. However, the Company has experienced and continues to experience substantial operating costs relating to environmental matters, although certain costs have been offset in part by the Company's successful waste minimization programs.

FOREIGN OPERATIONS

The Company's foreign operations are affected by various factors and subject to risks which may be different from or in addition to those present in domestic operations. These may include currency exchange rate fluctuations, restrictions on the Company's ability to repatriate funds to the United States, and potential political and economic instability. As the Company expands its international business, the factors and risks associated with international operations will likely have a more significant impact on the Company's results. However, the Company believes that, in general, the geographical diversification of its business operations is of benefit in expanding the size of its markets and in helping to partially offset the full

impact of normal business cycles in the U.S. market.

ITEM 2. PROPERTIES

The Company's headquarters and executive offices are located in Dayton, Ohio, at a leased site in the Miami Valley Research Park. This site encompasses approximately 40,000 square feet.

The location, size and products manufactured of the Company's principal manufacturing facilities are as follows:

Location	Square Footage	Products Manufactured
Domestic:		
Dayton, Ohio	600,000	Castings and Durco pumps
Cookeville, Tennessee	190,000	Durco valves
Springville, Utah	140,000	Valtek valves and actuators
Angola, New York	96,000	Durco filters, filtration systems and metering pumps
Springboro, Ohio	50,000	Plastic components for pumps and valves
Cincinnati, Ohio	35,000	Automax actuators
Provo, Utah	30,000	Valtek product components
Kalamazoo, Michigan	137,000	Durametallic mechanical seals
Burr Ridge, Illinois	25,000	Pac-Seal mechanical seals
Ormond Beach, Florida	40,000	Metal Fab specialty welded metal bellows
International:		
Woodbridge, Ontario, Canada	32,000	Durco pumps and valves
Petit Rechain, Belgium	65,000	Durco pumps and valves
St. Thomas, Ontario, Canada	13,000	Durametallic mechanical seals
Edmonton, Alberta, Canada	35,000	Valtek valves and actuators
Melbourne, Australia	32,000	Valtek valves and actuators
Ahaus, Germany	68,000	Atomac valves
Essen, Germany	50,000	Kammer valves and actuators
Cormano, Italy	35,000	Automax actuators
Nova, Italy	44,000	Automax actuators
Thiers, France	33,000	Valtek Sereg valves and actuators
Tlaxcala, Mexico	18,000	Durametallic mechanical seals
Sao Paulo, Brazil	12,000	Durametallic mechanical seals
Auckland, New Zealand	19,000	Durametallic mechanical seals
Singapore	12,000	Durametallic mechanical seals

All manufacturing facilities are owned with the exception of the Cookeville, Tennessee, facility, the Cincinnati, Ohio, facility, the Springboro facility, the Burr Ridge, Illinois facility, the Melbourne,

Australia, facility, the Italian facilities and portions of the Brazilian site

and the Angola, New York, facility. The Company also leases space for district sales offices and service centers throughout the United States, Canada, Europe, and Asia.

On the average, the Company utilizes roughly 85% of its manufacturing capacity, although there is a variation in usage rate among the facilities. The Company could, in general, increase its capacity through the purchase of new or additional manufacturing equipment without obtaining additional facilities.

ITEM 3. LEGAL PROCEEDINGS

Although the Company is involved in litigation arising from its business operations, there are no legal proceedings involving the Company which management believes are likely to have a material adverse impact on the Company. For further information about such litigation, please see Footnote #12, entitled "Contingencies," in the Company's "Financial Statements and Supplementary Data" set forth in Item 8. Such footnote is incorporated herein by reference.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION

The common stock of the Company (DURI) is traded in the Over-the-Counter market and quotations are supplied by the National Association of Securities Dealers through NASDAQ's National Market System.

In January 1997, Transfer Agent records showed 2,259 shareholders of record. Based on these records plus requests from brokers and nominees listed as shareholders of record, the Company estimates there are approximately 7,200 beneficial owners of its common stock. During 1996, the Company paid a dividend of thirteen cents per share each calendar quarter, and in 1995, a dividend of eleven and one-half cents per share was paid each calendar quarter.

On February 18, 1997, a 7.7% dividend increase was declared which raised the quarterly dividend to 14 cents per share.

PRICE RANGE OF DURIRON COMMON STOCK
(HIGH/LOW CLOSING PRICES)

	1996	1995
1st Quarter	$29.00/$20.75	$20.50/$17.25
2nd Quarter	$29.00/$23.00	$23.50/$20.63
3rd Quarter	$27.38/$19.25	$29.88/$22.38
4th Quarter	$28.06/$25.88	$29.25/$22.88

Item 6.

FIVE YEAR SUMMARY OF SELECTED FINANCIAL DATA
(DOLLARS IN THOUSANDS EXCEPT FOR PER SHARE DATA)

RESULTS OF OPERATIONS	1996	1995	1994	1993	1992
Net sales	$ 605,454	$ 532,726	$ 460,507	$ 421,838	$ 403,984
Cost of sales	$ 361,354	$ 317,306	$ 275,077	$ 249,779	$ 240,414
Gross profit margin	$ 244,100	$ 215,420	$ 185,430	$ 172,059	$ 163,570
Selling and administrative expense	$ 147,223	$ 137,346	$ 125,081	$ 114,679	$ 107,611
Research, engineering and development expense	$ 15,482	$ 14,972	$ 14,913	$ 13,872	$ 13,396
Interest expense	$ 4,921	$ 5,179	$ 4,901	$ 4,552	$ 3,981
Other expense, net	$ 6,545	$ 2,759	$ 1,964	$ 2,887	$ 623
Restructuring expense	$ 5,778	--	--	--	$ 5,965
Merger transaction expenses	--	$ 5,042	--	--	--
Earnings before income taxes	$ 64,151	$ 50,122	$ 38,571	$ 36,069	$ 31,994
Provision for income taxes	$ 20,900	$ 19,450	$ 14,175	$ 14,378	$ 12,201
Earnings from continuing operation	$ 43,251	$ 30,672	$ 24,396	$ 21,691	$ 19,793
Loss on discontinued operation	--	--	--	$ (2,938)	$ (259)
Cumulative effect of change in accounting principle	--	--	--	$ (945)	(26,899)
Net earnings (loss)	$ 43,251	$ 30,672	$ 24,396	$ 17,808	$ (7,365)
Average shares outstanding (thousands)	24,448	24,737	24,711	24,709	24,698
Net earnings (loss) per share	$ 1.77	$ 1.24	$ 0.99	$ 0.72	$ (0.30)
Dividends paid (on shares outstanding)	$ 0.52	$ 0.44	$ 0.41	$ 0.38	$ 0.37
Incoming business	$ 616,599	$ 555,241	$ 466,398	$ 420,548	$ 415,164
Ending backlog	$ 111,873	$ 101,407	$ 78,169	$ 69,723	$ 73,612
PERFORMANCE RATIOS (AS A PERCENT OF NET SALES)					
Cost of sales	59.7%	59.6%	59.7%	59.2%	59.5%
Gross profit margin	40.3%	40.4%	40.3%	40.8%	40.5%
Selling and administrative	24.3%	25.8%	27.2%	27.2%	26.6%
Research, engineering and development	2.6%	2.8%	3.2%	3.3%	3.3%
Earnings before income taxes	10.6%	9.4%	8.4%	8.6%	7.9%
Net earnings (loss)	7.1%	5.8%	5.3%	4.2%	-1.8%
FINANCIAL CONDITION					
Cash and cash equivalents	$ 29,474	$ 19,434	$ 19,625	$ 26,253	$ 20,521
Working capital	$ 154,020	$ 135,000	$ 114,417	$ 108,801	$ 97,528
Net property, plant and equipment	$ 99,912	$ 103,723	$ 102,935	$ 93,732	$ 97,667
Intangibles and other assets	$ 73,160	$ 66,928	$ 54,382	$ 46,112	$ 50,877
Total assets	$ 425,490	$ 395,373	$ 344,266	$ 314,508	$ 319,251
Capital expenditures	$ 16,852	$ 13,317	$ 14,363	$ 12,096	$ 18,140
Depreciation and amortization	$ 20,089	$ 19,093	$ 18,313	$ 16,926	$ 15,123

Long-term debt	$ 63,239	$ 51,756	$ 42,998	$ 35,285	$ 42,482
Postretirement benefits and other deferred items	$ 64,074	$ 58,123	$ 54,383	$ 51,508	$ 50,183
Shareholders' equity	$ 199,779	$ 195,772	$ 174,353	$ 161,852	$ 153,407
FINANCIAL RATIOS					
Return on average shareholders' equity	21.7%	16.6%	14.5%	11.3%	-4.5%
Return on average net assets	14.3%	11.5%	10.4%	8.1%	-2.1%
Debt ratio	19.3%	16.9%	15.8%	14.2%	17.3%
Current ratio	2.6	2.5	2.6	2.7	2.3
Interest coverage ratio	14.0	10.7	8.9	8.9	9.0
Cash dividends as a percent of beginning shareholders' equity	6.4%	6.2%	6.1%	6.1%	5.4%
Book value (on shares outstanding)	$ 8.51	$ 8.02	$ 7.16	$ 6.55	$ 6.26

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Net sales were at a record level for the tenth consecutive year. Net sales for 1996 of $605.5 million were up 13.7% over $532.7 million in 1995 and 31.5% over $460.5 million in 1994. The increase in net sales reflects strong global shipments from all business units and across all geographic regions as high levels of capital spending by the Company's major customers continued. In addition, moderate price increases and the acquisition of Pac-Seal in August of 1995 (through the Company's merger with Durametallic) favorably impacted reported sales growth in 1996. The sales growth in 1995 compared with 1994 reflected strong global capital spending, strengthening of the European currencies against the U.S. dollar, moderate price increases and the acquisitions of Pac-Seal and Sereg Vannes.

Incoming business for 1996 of $616.6 million was at a record level, up 11.1% over the previous year's record of $555.2 million in 1995 and up 32.2% over $466.4 million in 1994. The increase in incoming business over the past two years reflected aggressive capital spending by the worldwide process industries and moderate price increases. Incoming business in the international markets was particularly strong during 1996 and 1995. Strong incoming business in 1996 resulted in an ending backlog of $111.9 million at December 31, 1996, an increase of $10.5 million over the 1995 ending backlog of $101.4 million. The Company remains committed to its program of reducing throughput time and meeting customer request dates for deliveries.

International subsidiary contributions to consolidated net sales were a record of 33.7% in 1996, compared to 33.4% and 30.5% in 1995 and 1994, respectively. The majority of international sales are distributed through the Company's international subsidiaries. Export sales from the United States increased significantly in 1996 to $49.8 million, compared with $27.1 million in both 1995 and 1994. Export sales to customers in the Asia-Pacific and Latin American regions were particularly high in 1996. Total net sales to international customers, as a percentage of net sales, were an historic high of 42.0% in 1996, compared to 38.5% in 1995 and 36.4% in 1994. The improvement in international sales over the three years reflects the increase in export sales, strength in the Asia-Pacific and European markets, and the acquisitions of Sereg Vannes and Mecair. The Company expects the percent of international sales contributions to consolidated net sales to increase in future years as management continues its strategic emphasis on international sales and market.

Gross profit margins were 40.3% in 1996, compared with 40.4% and 40.3% in 1995 and 1994, respectively. The gross profit margin in 1996 was negatively impacted by a less favorable product mix in the fourth quarter of 1996. The gross profit margin was favorably impacted in 1996 by moderate price increases,

improvements in burden absorption related to higher levels of plant utilization and the continuing positive effects of cost reduction and productivity improvement programs throughout the Company. Pricing throughout the three year periods has been competitive and is expected to remain competitive. The Company believes its emphasis on becoming the low total cost producer and continued emphasis on improving customer service will have a favorable impact on the gross profit margin in the future.

Selling and administrative expenses as a percent of net sales were 24.3% in 1996, compared to 25.8% and 27.2% in 1995 and 1994, respectively. As planned, the Company continues to leverage selling and administrative expense as a percent of net sales. Selling and administrative expense in dollars during the three year period increased due to continued development and growth of international markets, higher commission payments on large project shipments and general wage increases. The Company continues to invest resources in the development and growth of international operations. While this has increased selling and service costs at the expense of short-term profits, these programs are consistent with the Company's longer-range goals. The Company expects to further leverage selling and administrative expenses as a percent of net sales in 1997 through continued emphasis on cost containment.

Research, engineering and development expenses were $15.5 million in 1996, compared to $15.0 million and $14.9 million in 1995 and 1994, respectively. The spending level during 1996 reflects the Company's continued investment in new products and production processes. The Company believes that continued investment in research, engineering and development will provide important new products and processes that will benefit its customers and shareholders in future years.

Other expense was $6.5 million in 1996 compared to $2.8 million and $2.0 million in 1995 and 1994, respectively. The increase in expense includes a lower level of royalty income in 1996 compared with an unusually high amount of income in 1995. In addition, expense in 1996 reflects higher levels of long and short term incentive compensation as the Company achieved record financial results and exceeded goals.

The Company recognized a restructuring charge of $5.8 million before income taxes, or $.12 per share, during the second quarter of 1996 to restructure its recently acquired Durametallic operations in Europe and Australia. Durametallic operations in Belgium, Germany, Italy, France and Australia were combined with larger and more efficient Duriron facilities during the second half of 1996. The restructuring was a part of the plan to obtain positive synergies between the two companies. The savings associated with the plan will be immediate since the facilities had been unprofitable for many years and fixed operating costs will be permanently reduced. Annual savings associated with the restructuring should amount to approximately $1.5 million. The restructuring plan is expected to result in the termination of 55 employees at a cost of $3.2 million. In addition, exit costs associated with the plant closings are estimated at $2.6 million. The restructuring activities are expected to be funded with operating cash flows. Additional costs to fully implement the reorganization plan in continuing processes were recorded as period costs and categorized into cost of sales and administrative expense in the latter half of 1996. These additional costs related to moving equipment and cross-training employees to support ongoing operations at the Duriron facilities. Through December 31, 1996, termination fees for 42 employees of $2.1 million and exit costs of $1.7 million were paid. The remainder of the termination fees and exit costs accrued in 1996 are expected to be incurred during the first half of 1997 with minimal changes in estimate from the original accrual.

Merger transaction expenses of $5.0 million pretax were recognized in 1995 as a result of the merger with Durametallic. Approximately $3.3 million of the expense was non-tax deductible and related to financial advisory, legal, accounting, printing and other related services associated with the merger. The remaining expense of $1.7 million was tax deductible and included severance fees for certain Durametallic management who elected to retire under Executive

Severance Agreements assumed by the Company which became effective after the change in control.

The effective tax rate was 32.6% in 1996, compared to 38.8% and 36.8% in 1995 and 1994, respectively. The lower 1996 effective tax rate includes benefits associated with restructuring the Company's European entities and significantly higher utilization of tax loss carryforwards in the Company's Asia-Pacific and European operations than in the prior two years. The utilization rate was higher due to improved profitability throughout the year but particularly in the fourth quarter in international operations with tax loss carryforwards and the merger of fiscal entities. The effective tax rate in future years is not expected to include significant benefits associated with utilization of tax loss carryforwards. The 1995 tax rate reflected the unfavorable impact of the non-tax deductible merger transaction expenses which had the effect of increasing the tax rate by 2.3% points. The 1995 rate was favorably impacted by utilization of tax loss carryforwards generated within the certain of the Company's foreign operations. The 1994 rate included the favorable impacts of the fourth quarter liquidation of a wholly owned foreign entity, utilization of foreign tax loss carryforwards and resolution of a multi-year state tax issue.

Record net earnings in 1996 reflect the fourth consecutive year of earnings improvement. Excluding restructuring fees of $3.0 million after tax, net earnings in 1996 improved 50.9% to $46.3 million, or $1.89 per share. This compares with $30.7 million, or $1.24 per share, and $24.4 million, or $.99 per share in 1995 and 1994, respectively. Including restructuring expenses, record net earnings improved 41.0% to $43.3 million, or $1.77 per share. The increase in earnings resulted from strong business conditions which led to improvements in global profits, leveraging of selling and administrative expenses and the lower effective tax rate.

CAPITAL RESOURCES AND LIQUIDITY

The Company's capital structure, consisting of long-term debt, deferred items and shareholders' equity, continues to enable the Company to finance short-and long-range business objectives. At December 31, 1996, long-term debt was 19.3% of the capital structure, compared to 16.9% and 15.8% at December 31, 1995 and 1994, respectively. The increase in long-term debt in 1996 reflected additional borrowings needed to fund the share repurchase program (see next paragraph for further information about the repurchase program). The borrowings were funded from a $100.0 million revolving credit agreement the Company entered into in 1996 to fund the share repurchase program, provide for future major capital needs and to allow for the consolidation of existing credit arrangements. Concurrent with signing the credit agreement, the Company entered into swap agreements to fix $50.0 million of this debt at an interest rate of 7.04% for a period of ten years. The increase in long-term debt in 1995 from 1994 resulted from the acquisition of Pac-Seal which was partially funded through external borrowings. In 1996 and 1995, increases in debt were partially offset by scheduled debt repayments.

In July, 1996, the Company announced that its Board of Directors had authorized the purchase in the open market and through negotiated transactions of up to 2.4 million of its shares of Common Stock at an aggregate purchase price not to exceed $50 million. It is the Company's intent to repurchase shares up to the maximum number of shares covered by the authorization which represents almost 10% of the number of outstanding shares. Under the share repurchase program, the Company repurchased 1.1 million shares at a price of $27.8 million during 1996. The share repurchase program was funded with the aforementioned new long-term debt.

The return on average net assets was 14.3% including restructuring expenses, (or a record 15.2% excluding restructuring expenses). This compares to 11.5% in 1995 and 10.4% in 1994. In 1996, return on average shareholders' equity was a record 21.7% (or 23.0% excluding restructuring expenses), compared to

16.6% in 1995 and 14.5% in 1994. The change in the returns resulted from the improvements in profitability over the three year period resulting from strong business conditions and focus on asset management. Management continues to focus on improving its performance in these areas as many of the Company's incentive compensation plans are linked to return on net assets and economic value added measurements.

Capital expenditures in 1996 were $16.9 million, compared to $13.3 million and $14.4 million in 1995 and 1994, respectively. The 1996 expenditures were invested in new and replacement products, international market development and general manufacturing equipment upgrades. Capital spending in 1997 is expected to be over $20.0 million, largely for low cost manufacturing facilities in India, new product development and machine replacement and upgrades.

Cash and cash equivalents for 1996 were $29.5 million, compared to $19.4 million and $19.6 million at December 31, 1995 and 1994, respectively. Cash flow from operations increased 51.6% in 1996 over 1995 as a result of continued improvement in profitability and emphasis on asset management. Over the past three years, cash flow from operations enabled the Company to fully fund all capital expenditures, debt repayments and dividend payments and to partially fund acquisitions in 1995 and 1994. Cash in excess of current requirements was invested in high-grade, short-term securities. Cash and amounts available under borrowing arrangements will be adequate to fund operating needs and capital expenditures through the coming year.

The Company's liquidity position is reflected in a current ratio of 2.6 to 1 at December 31, 1996. This compares to 2.5 to 1 and 2.6 to 1 at December 31, 1995 and 1994, respectively. Working capital increased to $154.0 million in 1996, compared to $135.0 million and $114.4 million in 1995 and 1994, respectively.

Graph 1

Net Sales

$ Millions

1992	1993	1994	1995	1996
$404.0	$421.8	$460.5	$532.7	$605.5

1996 reflects the tenth consecutive year of record sales.

Graph 2

Incoming Business

$ Millions

1992	1993	1994	1995	1996
$415.2	$420.5	$466.4	$555.2	$616.6

Record levels of incoming business continued in 1996.

Graph 3

Earnings Per Share from Continuing Operations

1992	1993	1994	1995	1996
$0.80	$0.88	$0.99	$1.24	$1.77

Record 1996 earnings reflect the fourth consecutive year of improvements.

Graph 4

Capital Structure

$ Millions

	1992	1993	1994	1995	1996
Capital structure	$246.1	$248.6	$271.7	$305.7	$327.1
Long-term debt	17.3%	14.2%	15.8%	16.9%	19.3%
Shareholders' equity	62.3%	65.1%	64.2%	64.1%	61.1%
Deferrals	20.4%	20.7%	20.0%	19.0%	19.6%

<FN>
Capital structure provides financial flexibility to finance short and long-range business objectives.

Graph 5

Return on Average Net Assets

(based on earnings from continuing operations)

1992	1993	1994	1995	1996
9.4%	9.6%	10.4%	11.5%	14.3%

Return on net assets reflects focus on asset management and a record level of profitability.

Graph 6

Working Capital/Current Ratio

$ Millions

	1992	1993	1994	1995	1996

Working capital	$97.5	$108.8	$114.4	$135.0	$154.0
Current ratio	2.3	2.7	2.6	2.5	2.6

Current ratio remains strong as working capital increases.

Graph 7

Return on Average Shareholders' Equity

(based on earnings from continuing opertions)

1992	1993	1994	1995	1996
12.2%	13.8%	14.5%	16.6%	21.7%

1996 return on average shareholders' equity reflects record earnings.

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CONSOLIDATED STATEMENT OF INCOME
(dollars in thousands except per share data)

Years ended December 31,	1996	1995	1994
Net sales	$ 605,454	$ 532,726	$ 460,507
Costs and expenses:			
Cost of sales	361,354	317,306	275,077
Selling and administrative	147,223	137,346	125,081
Research, engineering and development	15,482	14,972	14,913
Interest	4,921	5,179	4,901
Other, net	6,545	2,759	1,964
Restructuring	5,778	--	--
Merger transaction expenses	--	5,042	--
	541,303	482,604	421,936
Earnings before income taxes	64,151	50,122	38,571
Provision for income taxes	20,900	19,450	14,175
Net earnings	$ 43,251	$ 30,672	$ 24,396
Earnings per share	$ 1.77	$ 1.24	$ 0.99

Average common and common equivalent shares outstanding (in thousands of shares)	24,448	24,737	24,711

(See accompanying notes.)

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(dollars in thousands except share data)

	Common stock	Capital in excess of par value	Retained earnings	Treasury stock	Foreign currency and other equity adjustments	Total share-holders' equity
Balance at December 31, 1993	$23,146	$14,253	$127,481	($161)	($2,867)	$161,852
Net earnings	--	--	24,396	--	--	24,396
Cash dividends ($.41 per share)	--	--	(9,895)	--	--	(9,895)
Stock retired (441,000)	(708)	(1,066)	(3,145)	--	--	(4,919)
Shares issued for three-for-two stock split	7,897	(7,897)	--	--	--	--
Stock issued (67,000) under stock plans	92	287	--	--	149	528
Foreign currency translation adjustment	--	--	--	--	2,026	2,026
Nonqualified pension plan adjustment	--	--	--	--	263	263
Net treasury stock activity (3,600)	--	--	--	102	--	102
Balance at December 31, 1994	30,427	5,577	138,837	(59)	(429)	174,353
Net earnings	--	--	30,672	--	--	30,672
Cash dividends ($.44 per share)	--	--	(10,730)	--	--	(10,730)
Retirement of common stock	(6)	(14)	(21)	--	--	(41)
Stock issued (62,000) under stock plans	85	459	(4)	--	117	657
Foreign currency translation adjustment	--	--	--	--	951	951
Nonqualified pension plan adjustment	--	--	--	--	61	61
Net treasury stock activity (4,700)	--	--	--	(151)	--	(151)
Balance at December 31, 1995	30,506	6,022	158,754	(210)	700	195,772
Net earnings	--	--	43,251	--	--	43,251
Cash dividends ($.52 per share)	--	--	(12,615)	--	--	(12,615)
Stock issued (163,000) under stock plans	204	2,355	--	--	(590)	1,969
Foreign currency translation adjustment	--	--	--	--	(1,124)	(1,124)
Nonqualified pension plan adjustment	--	--	--	--	(229)	(229)
Net treasury stock activity (1,073,000)	--	--	--	(27,245)	--	(27,245)
Balance at December 31, 1996	$30,710	$8,377	$189,390	($27,455)	($1,243)	$199,779

(See accompanying notes.)

CONSOLIDATED BALANCE SHEET
(dollars in thousands)

December 31,	1996	1995
ASSETS		
Current assets:		
Cash and cash equivalents	$ 29,474	$ 19,434
Accounts receivable	112,710	103,963
Inventories	101,070	93,155
Prepaid expenses	9,164	8,170
Total current assets	252,418	224,722
Property, plant and equipment, at cost	257,680	247,975
Less accumulated depreciation and amortization	157,768	144,252
Net property, plant and equipment	99,912	103,723
Intangibles and other assets	73,160	66,928
	$ 425,490	$ 395,373

LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 31,256	$ 31,499
Notes payable	5,784	3,723
Income taxes	3,298	3,448
Accrued liabilities	50,535	44,455
Long-term debt due within one year	7,525	6,597
Total current liabilities	98,398	89,722
Long-term debt due after one year	63,239	51,756
Postretirement benefits and other deferred items	64,074	58,123
Shareholders' equity:		
Serial preferred stock, $1.00 par value, no shares issued	--	
Common stock, $1.25 par value, 24,568,000 shares issued (24,405,000 in 1995)	30,710	30,506
Capital in excess of par value	8,377	6,022
Retained earnings	189,390	158,754
	228,477	195,282
Treasury stock, 1,081,000 shares at cost (8,200 in 1995)	(27,455)	(210)
Foreign currency and other equity adjustments	(1,243)	700
Total shareholders' equity	199,779	195,772
	$ 425,490	$ 395,373

(See accompanying notes.)

CONSOLIDATED STATEMENT OF CASH FLOWS
(dollars in thousands)

Years ended December 31,	1996	1995	1994
Increase (decrease) in cash and cash equivalents			
Operating activities:			
Net earnings	$ 43,251	$ 30,672	$ 24,396
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	20,089	19,093	18,313
Loss (gain) on the sale of fixed assets	551	193	(345)
Change in assets and liabilities net of effects of acquisitions:			
Accounts receivable	(10,794)	(14,123)	(4,841)
Inventories	(8,799)	(15,989)	2,908
Prepaid expenses	(1,014)	(2,184)	1,163
Accounts payable and accrued liabilities	7,112	13,968	(706)
Income taxes	147	2,031	(1,756)
Postretirement benefits and other deferred items	5,855	(200)	(391)
Net deferred taxes	(1,659)	657	(26)
Other	(6,480)	(2,280)	(16)
Net cash flows from operating activities	48,259	31,838	38,699
Investing activities:			

Capital expenditures	(16,852)	(13,317)	(14,363)
Payment for acquisitions, net of cash acquired	0	(12,217)	(14,900)
Net cash flows from investing activities	(16,852)	(25,534)	(29,263)
Financing activities:			
Net withdrawals (repayments) under lines-of-credit	2,280	(2,723)	(4,873)
Payments on long-term debt	(21,738)	(6,188)	(6,774)
Proceeds from long-term debt	36,296	12,061	10,056
Repurchase of common stock	(27,838)	(41)	(4,919)
Proceeds from issuance of common stock	2,333	567	893
Dividends paid	(12,615)	(10,730)	(9,895)
Net cash flows from financing activities	(21,282)	(7,054)	(15,512)
Effect of exchange rate changes	(85)	559	(552)
Net change in cash and cash equivalents	10,040	(191)	(6,628)
Cash and cash equivalents at beginning of year	19,434	19,625	26,253
Cash and cash equivalents at end of year	$ 29,474	$ 19,434	$ 19,625

(See accompanying notes.)

UNAUDITED QUARTERLY FINANCIAL DATA
(dollars in thousands except per share data)

	Net sales	Cost of sales	Net earnings	Earnings per share
Quarter ended:				
March 31, 1996	$ 149,193	$ 89,279	$ 10,114	$ 0.41
June 30, 1996	151,071	88,463	8,915 (a)	0.36 (a)
September 30, 1996	150,170	88,964	11,554	0.47
December 31, 1996	155,020	94,648	12,668	0.53
	$ 605,454	$ 361,354	$ 43,251 (a)	1.77 (a)
Quarter ended:				
March 31, 1995	$ 122,664	$ 72,456	$ 7,658	$ 0.31
June 30, 1995	131,096	78,522	8,022	0.32
September 30, 1995	132,913	80,657	9,046	0.37
December 31, 1995	146,053	85,671	5,946 (b)	0.24 (b)
	$ 532,726	$ 317,306	$ 30,672 (b)	1.24 (b)

<FN>
(a) Net earnings in the second quarter of 1996 include restructuring expenses of $3.0 million, or $.12 per share, related to consolidating operations in Europe and Australia. Excluding restructuring expenses, second quarter net earnings were $11.9 million, or $.48 per share, and net earnings for the year ended December 31, 1996 were $46.3 million, or $1.89 per share.
See Note 4 to Consolidated Financial Statements.

(b) Net earnings in the fourth quarter of 1995 include transaction expenses of $4.4 million after tax, or $.18 per share, related to the merger with Durametallic. Excluding transaction expenses, fourth quarter net earnings were $10.3 million, or $.42 per share, and net earnings for the year ended December 31, 1995 were $35.1 million, or $1.42 per share. See Note 3 to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars presented in tables in thousands except per share data)
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1. ORGANIZATION

The Duriron Company, Inc. (the "Company") was incorporated under the laws of the State of New York on May 1, 1912. The Company, headquartered in Dayton, Ohio, is principally engaged in the design, manufacture and marketing of fluid handling equipment, primarily pumps, valves and mechanical seals, for industries that utilize difficult to handle and often corrosive fluids in manufacturing processes. Based upon its analysis of trade association data and other market information, the Company considers itself a leading supplier of corrosion resistant fluid movement and control equipment to the basic chemical industry. The Company markets its products on a global basis. With respect to a majority of its products, the Company's domestic operations supply each other and the company's foreign manufacturing subsidiaries with components and subassemblies.

2. SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION - The consolidated financial statements include the accounts of the Company and its wholly and majority-owned subsidiaries. All significant intercompany transactions have been eliminated. Investments in unconsolidated affiliated companies, which represent all non-majority ownership interests, are carried on the equity basis, which approximates the Company's equity in their underlying net book value.

BUSINESS COMBINATIONS - Business combinations which have been accounted for under the pooling of interests method of accounting combine the assets, liabilities, and stockholders' equity of the acquired entity with the Company's respective accounts at recorded values. Prior period financial statements have been restated to give effect to the merger.

Business combinations which have been accounted for under the purchase method of accounting include the results of operations of the acquired business from the date of acquisition. Net assets of the companies acquired are recorded at their fair value to the Company at the date of acquisition.

CASH EQUIVALENTS - Cash equivalents represent short-term investments with an original maturity of three months or less when purchased which are highly liquid with principal values that are not subject to significant risk of change due to interest rate fluctuations.

ACCOUNTS RECEIVABLE - Accounts receivable are stated net of the allowance for doubtful accounts of $1,547,000 and $1,408,000 at December 31, 1996 and 1995, respectively.

INVENTORIES - Inventories are stated at the lower-of-cost or market. Cost is determined for all domestic inventories by the last-in, first-out (LIFO) method and for foreign inventories by the first-in, first-out (FIFO) method.

FINANCIAL INSTRUMENTS - Gains and losses on hedges of existing assets or liabilities are included in the carrying amounts of those assets or liabilities and are ultimately recognized in income as part of those carrying amounts. Gains and losses related to hedges of anticipated transactions are recognized in income as the transactions occur.

The carrying amounts of the Company's financial instruments approximate fair value as defined under Statement of Financial Accounting Standards (SFAS) No. 107, "Disclosures About Fair Value of Financial Instruments." Fair value is estimated by reference to quoted prices by financial institutions, as well as through other valuation

techniques.

RETIREMENT BENEFIT COSTS - Defined benefit pension expense and postretirement benefit expense are based on independent actuarial valuations assuming current and prior service costs are recognized over employees' expected service periods.

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION - Property, plant and equipment is stated on the basis of cost. Depreciation is computed by the straight-line method based on the estimated useful lives of the depreciable assets for cost and by accelerated methods for income tax purposes.

INTANGIBLES AND OTHER ASSETS - Excess cost over the fair value of net assets acquired (or goodwill) generally is amortized on a straight-line basis over 15-40 years. The carrying value of goodwill will be reviewed if the facts and circumstances suggest that it may be impaired. If this review indicates that goodwill will not be recoverable, as determined based on the undiscounted cash flows of the entity acquired over the remaining amortization period, the

Company's carrying value of the goodwill will be reduced by the estimated shortfall of cash flows.

FOREIGN CURRENCY TRANSLATION - Assets and liabilities of the Company's foreign affiliates, other than those located in highly inflationary countries, are translated at current exchange rates, while income and expenses are translated at average rates for the period. For entities in highly inflationary countries, a combination of current and historical rates is used to determine currency gains and losses resulting from financial statement translation and those resulting from transactions. Translation gains and losses are reported as a component of stockholders' equity, except for those associated with highly inflationary countries which are reported directly in the consolidated statements of income.

STOCK-BASED COMPENSATION - The Company elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related interpretations in accounting for its employee stock options because the alternative fair value accounting provided for under SFAS No. 123, "Accounting for Stock-Based Compensation," required use of option valuation models that were not developed for use in valuing employee stock options. Under APB No. 25, no compensation expense is recorded because the exercise price of the Company's stock options equals the market price of the underlying stock on the date of grant.

USE OF ESTIMATES - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

BASIS OF COMPARISON - Certain amounts in 1995 and 1994 financial statements and footnotes have been reclassified to permit comparison with the 1996 presentation.

3. MERGERS AND ACQUISITIONS

POOLING TRANSACTION - On November 30, 1995, Durametallic Corporation was merged with and into a subsidiary of the Company. Durametallic, a privately held corporation headquartered in Kalamazo, Michigan prior to the merger, is a leading manufacturer of mechanical seals and sealing systems. The Company exchanged 5,344,868 shares of common stock for all outstanding shares of Durametallic. Additionally, 125,283 shares of the Company's common stock were reserved for outstanding stock options issued by Durametallic and assumed by the Company. The merger was accounted for under the pooling of interests method of accounting, and accordingly, the accompanying consolidated financial statements

have been restated for all periods prior to the acquisition to include the financial position, results of operations and cash flows of Durametallic. Net sales and net earnings for the individual entities are as follows:

	Years ended December 31,	
	1995	1994
Total sales		
Duriron	$ 398,994	$ 345,388
Durametallic	135,999	116,557
Less intercompany sales	(2,267)	(1,438)
	$ 532,726	$ 460,507
Net earnings		
Duriron	$ 26,410	$ 17,158
Durametallic	8,661	7,238
Merger expenses	(4,399)	--
	$ 30,672	$ 24,396

In connection with the merger of the Company and Durametallic, merger transaction expenses of $4,399,000 after tax, or $.18 per share, were recognized in 1995.

PURCHASE TRANSACTIONS - On August 31, 1995, Durametallic purchased Pac-Seal and two affiliated companies. Pac-Seal, located in Burr Ridge, Illinois, is a manufacturer of mechanical seals used primarily in water pump applications. The acquisition was funded through the combination of internal cash and long-term borrowings.

On April 28, 1994, the Company purchased Sereg Vannes S.A., an automatic control valve company headquartered in Thiers, France. The acquisition was funded with the combination of internal cash and long-term borrowings.

On January 5, 1994, the Company purchased the valve actuator business of Mecair SpA in Milan, Italy, and its associated companies in Limburg, Germany; Alton Hampshire, England; and Gennevilliers, France. The acquisition was funded through the utilization of internal cash.

The aforementioned 1995 and 1994 purchase transactions were not material, either individually or in the aggregate by year, therefore, no pro forma information is presented for these acquisitions.

4. RESTRUCTURING

The Company recognized a restructuring charge of $5,778,000 before income taxes, or $.12 per share after tax, during the second quarter of 1996 to restructure its recently acquired Durametallic operations in Europe and

Australia. Durametallic operations in Belgium, Germany, Italy, France and Australia were combined with larger and more efficient Duriron facilities during the second half of 1996. The restructuring was a part of the plan to obtain positive synergies between the two companies. The savings associated with the plan will be immediate since the facilities had been unprofitable for many years and fixed operating costs will be permanently reduced. Annual savings associated with the restructuring will amount to approximately $1.5 million. The restructuring plan is expected to result in the termination of 55 employees at a cost of $3.2 million. In addition, exit costs associated with the plant closings are estimated at $2.6 million. The restructuring activities are expected to be funded with operating cash flows. Additional costs to fully implement the reorganization plan in continuing processes were recorded as period costs and categorized into cost of sales and administrative expense in the latter half of 1996. These additional costs related to moving equipment and cross-training employees to support ongoing operations at the Duriron facilities. Through December 31, 1996, termination fees for 42 employees of $2.1 million and exit costs of $1.7 million were paid. The remainder of the termination fees and exit costs accrued in 1996 are expected to be incurred during the first half of 1997 with minimal changes in estimate from the original accrual.

5 INVENTORIES

Inventories at December 31, 1996 and 1995 and the method of determining cost were as follows:

	Domestic inventories (LIFO)	Foreign inventories (FIFO)	Total inventories
December 31, 1996:			
Raw materials	$ 2,285	$ 3,339	$ 5,624
Work in process and finished goods	52,613	42,833	95,446
	$ 54,898	$ 46,172	$ 101,070
December 31, 1995:			
Raw materials	$ 2,642	$ 2,476	$ 5,118
Work in process and finished goods	48,857	39,180	88,037
	$ 51,499	$ 41,656	$ 93,155

LIFO inventories at current cost were $38,039,000 and $36,127,000 higher than reported at December 31, 1996 and 1995, respectively.

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at December 31, 1996 and 1995 were as follows:

	1996	1995
Land	$ 4,457	$ 4,559
Buildings	57,127	56,945
Machinery and equipment	152,782	148,795
Furniture and fixtures	43,314	37,676
	$ 257,680	$ 247,975

7. INTANGIBLES AND OTHER ASSETS

Intangibles and other assets at December 31, 1996 and 1995 were as follows:

	1996	1995
Cost in excess of fair value of tangible net assets acquired	$ 37,440	$ 38,810
Amortization of intangibles	(5,079)	(4,253)
Pension assets	7,832	7,885
Deferred tax assets	9,408	5,969
Deferred compensation funding	6,999	4,634
Investments in unconsolidated affiliates	5,100	4,582
Patents	4,623	4,704
Other	6,837	4,597
	$ 73,160	$ 66,928

8. ACCRUED LIABILITIES

Accrued liabilities at December 31, 1996 and 1995 were as follows:

	1996	1995
Wages and other compensation	$ 28,393	$ 26,397
Other	22,142	18,058
	$ 50,535	$ 44,455

9. Debt and dividend restrictions

Long-term debt, including capital lease obligations, at December 31, 1996 and 1995 were as follows:

	1996	1995
7.04% loan due 2006	$36,000	$ -
8.94% loan due annually through 2001	19,836	24,529
Floating rate revolving notes	5,900	20,820
7.45% loan due quarterly through 1999	5,722	6,743
Capital lease obligations	1,236	1,941
Other, various maturities and rates	2,070	4,320
	70,764	58,353
Less amounts due within one year	7,525	6,597
	$63,239	$51,756

Interest paid amounted to $4,840,000, $4,957,000 and $4,418,000 in 1996, 1995 and 1994, respectively.

Maturities of long-term debt, including capital lease obligations for each of the four years subsequent to 1997, are as follows:

1998	$6,781
1999	$7,968
2000	$4,739
2001	$3,022

In 1996, the Company entered into a $100,000,000 revolving credit agreement. This facility will be used to fund the stock repurchase program, to provide for future capital needs and to allow for the consolidation of existing bilateral credit arrangements. Concurrent with the signing of the credit agreement, the Company entered into swap agreements totaling $50,000,000 to fix an interest rate of 7.04% for a period of 10 years.

The 8.94% loan is a U.S. dollar private placement which was effectively converted to a deutsche mark obligation through a currency swap agreement. The currency swap is a hedge of the net investment in a German subsidiary. Unrealized gains and losses on the hedge are not recognized in income, but are shown in the cumulative translation adjustment account included in shareholders' equity with the related amounts due to and from the counterparty included in long-term debt. The maturity and repayment terms of the swap match precisely the maturity and repayment term of the underlying debt.

Long-term debt agreements require the company to maintain specified levels of tangible net worth and restrict the payment of cash dividends. Approximately, $30,281,000 and $28,543,000 of consolidated retained earnings were unrestricted for the payment of dividends at December 31, 1996, and 1995, respectively. Under current covenants, dividends are limited to $27,000,000 plus common stock issued and 50% of defined net earnings subsequent to September 30, 1996.

At December 31, 1996 and 1995, the Company had short term credit facilities available from banks under which it could borrow, at local market rates up to $30,941,000 and $32,830,000, respectively. Under these facilities, the Company had $5,784,000 and $3,723,000 in borrowings outstanding at December 31, 1996 and 1995, respectively. The weighted average interest rate on these borrowings at December 31, 1996 and 1995, was 4.3% and 5.3%, respectively. In both years, these borrowings were used primarily to support the operations of foreign subsidiaries. Additionally, at December 31, 1996, the Company had $64,000,000 available under the revolving credit agreement.

10. POSTRETIREMENT BENEFITS AND OTHER DEFERRED ITEMS

Deferred postretirement benefits and other deferred items at December 31, 1996 and 1995 were as follows:

	1996	1995
Postretirement benefits	$ 47,577	$ 47,185
Deferred compensation	6,999	4,634
Other	9,498	6,304
	$ 64,074	$ 58,123

11. LEASES AND RENTALS

Assets subject to capitalized leases and included in property, plant and equipment at cost amounted to $7,056,000 in 1996 and $7,320,000 in 1995. Accumulated amortization for the capitalized leases amounted to $5,915,000 in 1996 and $6,019,000 in 1995.

The minimum rental commitments as of December 31, 1996 for all noncancelable leases were as follows:

	Operating	Capital

	leases	leases
1997	$ 6,894	$ 794
1998	4,441	531
1999	2,950	53
2000	1,303	1
2001	898	--
2002 and subsequent	1,691	--
Total minimum lease payments	$ 18,177	1,379
Less amount representing interest on capital leases		143
Present value of minimum capital lease payments		$ 1,236

Total rental expense amounted to $9,499,000 , $8,490,000 and $8,065,000 in 1996, 1995 and 1994, respectively.

12. CONTINGENCIES

The Company is involved as a "potentially responsible party"at five former public waste disposal sites which may be subject to remediation under pending government procedures. The sites are in various stages of evaluation by federal and state environmental authorities. The projected cost of remediating these sites, as well as the Company's alleged "fair share" allocation, is uncertain and speculative until all studies have been completed and the parties have either negotiated an amicable resolution or the matter has been judicially resolved. At each site, there are many other parties who have similarly been identified, and the identification and location of additional parties is continuing under applicable federal or state law. Many of the other parties identified are financially strong and solvent companies which appear able to pay their share of the remediation costs. Based on the Company's preliminary information about the waste disposal practices at these sites and the environmental regulatory process in general, the Company believes that it is likely that ultimate remediation liability costs for each site will be apportioned among all liable parties, including site owners and waste transporters, according to the volumes and/or toxicity of the wastes shown to have been disposed of at the sites.

The Company is a defendant in numerous pending lawsuits (which include, in many cases, multiple claimants) which seek to recover damages for alleged personal injury allegedly resulting from exposure to asbestos containing products formerly manufactured and distributed by the Company. All such products were used within self-contained process equipment, and management does not believe that there was any emission of ambient asbestos fiber during the use of this equipment. The Company has resolved numerous claims at an average of about $106 per claim, the cost of which was fully paid by insurance. The Company continues to have a substantial amount of available insurance from financially solvent carriers to cover the cost of both defending and resolving the claims.

The Company is also a defendant in several other products liability lawsuits which are insured, subject to the applicable deductibles, and certain other non-insured lawsuits received in the ordinary course of business. The Company has fully accrued the estimated loss reserve for each such lawsuit. No insurance recovery has been projected for any of the insured claims because management currently believes that all will be resolved within applicable deductibles.

Although none of the aforementioned gives rise to any additional liability that can now be reasonably estimated, it is possible that the Company could incur additional costs in the range of $250,000 to $1,000,000 over the upcoming five years to fully resolve these matters. Although the Company has accrued the minimum end of this range as a precaution, management has no current reason to believe that any such additional costs are probable or quantifiable. The Company will continue to evaluate these contingent loss exposures and, if they develop, recognize expense as soon as such losses can be reasonably estimated.

13. SHAREHOLDERS' EQUITY

At December 31, 1996 and 1995, the Company had 60,000,000 shares of common stock, $1.25 par value, and 1,000,000 shares of $1.00 preferred stock authorized.

In July of 1996 the Company updated and extended the expiration of the shareholder rights plan. Each share of the Company's common stock contains a preferred stock purchase right. These rights are not currently exercisable and trade in tandem with the common stock. The rights, in general, become exercisable and trade separately in the event of certain significant changes in common stock ownership or on the commencement of certain tender offers which in either case, may lead to a change of control of the Company. Upon becoming exercisable, the rights provide shareholders the opportunity to acquire a new series of Company preferred stock to be then automatically issued at a pre-established price. In the event of certain forms of acquisition of the Company, the rights also provide Company shareholders the opportunity to purchase shares of the acquiring company's common stock from the acquirer at a 50% discount from the current market value. The rights are redeemable for $.022 per right by the Company at any time prior to becoming exercisable and will expire in August, 2006.

At December 31, 1996, approximately 1,196,000 shares of common stock were reserved for exercise of stock options and for grants of restricted stock.

14. STOCK PLANS

The Company maintains a shareholder approved stock option plan which provided for the grant of 1,125,000 options to purchase shares of the Company's common stock. At December 31, 1996, approximately 88,000 options remain available for grant. Options have been granted to officers and employees to purchase shares of common at a price not less that the fair market value of the date of grant. Generally, these options become exercisable over staggered periods, but may not be exercised after 10 years from the date of the grant. The plan provides that any option may include a stock appreciation right, however, none have been granted since 1989.

The aggregate number of shares exercisable were 547,683, 570,601 and 455,139 at December 31, 1996, 1995 and 1994, respectively.

	Stock options	Average option price per share
Outstanding at December 31, 1993	805,592	$ 11.50

Options granted	172.599	14.81
Options exercised	(83,833)	7.18
Options canceled	(36,071)	12.03
Outstanding at December 31, 1994	858,287	12.57
Options granted	121,364	27.05
Options exercised	(75,976)	8.69
Options canceled	(9,676)	11.77
Outstanding at December 31, 1995	893,999	14.87
Options granted	193,000	26.40
Options exercised	(149,471)	9.37
Outstanding at December 31, 1996	937,528	$ 18.12

The exercise price of options outstanding at December 31, 1996 ranged from $5.95 to $26.75. The weighted average contractual life of options outstanding is 6.7 years.

Pro forma information regarding net income and earnings per share is required by SFAS No. 123, which also requires that the information be determined as if the Company has accounted for its stock options granted subsequent to December 31, 1994 under the fair value method of that Statement. The fair value for these options was estimated at the date of grant using a Binomial option pricing model (a modified Black-Scholes model) with the following weighted-average assumptions for 1995 and 1996. The risk free interest rate was 6.2%, the dividend yield was 2.1%, the expected volatility of the Company's common stock was 36.6% and the weighted average expected life of the option was 6.75 years. During 1995 and 1996, options were granted which had a weighted average fair value on date of grant of $10.68 and $10.42, respectively.

Option valuation models were developed for use in estimating the fair value of traded options which have no vesting restrictions and are freely transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, existing models do not provide a reliable single measure of the fair value of its options.

For purposes of pro forma disclosure, the estimated fair value of the options is amortized to expense over the options vesting periods. The Company's pro forma information follows (in thousands except for per share information):

	1996	1995
Pro forma net income	$42,680	$30,622

Pro forma earnings per share	$1.75	$1.24	

The effects of providing pro forma disclosure are not indicative of future amounts until the new rules are applied to all outstanding nonvested awards.

The restricted stock plan was shareholder approved and authorized the grant of up to 337,500 share of the Company's common stock. In general, the shares cannot be transferred for a period of not less than one nor more than ten years and are subject to forfeiture during the restriction period. The fair value of the shares is amortized to compensation expense over the periods in which the restrictions lapse. Restricted stock grants of 29,900, 4,100 and 2,400 shares were made in 1996, 1995 and 1994, respectively. The weighted average fair value of the restricted stock grants at date of grant were $25.84, $22.28 and $16.38 per share, respectively. Total compensation expense recognized in the income statement for all stock based awards was $584,000 , $193,000 and $177,000 for 1996, 1995 and 1994 respectively.

15. INCOME TAXES

Earnings before income taxes consist of the following components:

	1996	1995	1994
Earnings before income taxes:			
United States	$41,060	$33,394	$31,533
Foreign	23,091	16,728	7,038
	$64,151	$50,122	$38,571

Significant components of the provision for income taxes attributable to continuing operations are as follows:

	1996	1995	1994
Current:			
United States	$13,940	$13,887	$9,900
Foreign	5,396	5,649	2,529
State and local	2,649	1,697	1,041
Total current	21,985	21,233	13,470
Deferred:			
United States	(1,112)	(1,629)	614
Foreign	73	(41)	52
State and local	(46)	(113)	39
Total deferred	(1,085)	(1,783)	705
	$20,900	$19,450	$14,175

Income taxes paid amounted to $21,413,000, $19,508,000 and $13,476,000 during 1996, 1995 and 1994, respectively.

The reasons for the differences between the effective tax rate and the U.S. federal income tax rate were as follows:

	1996	1995	1994
U.S. federal income tax rate	35.0%	35.0%	35.0%
Foreign tax rate differential and utilization of operating loss carryforwards	(4.0)	(.5)	.7
Merger transaction expenses	-	2.3	-
State and local income taxes, net of federal income tax benefit	2.7	2.2	1.8

Other net (none more than 1.75%)	(1.1)	(.2)	(.7)
Effective tax rate	32.6%	38.8%	36.8%

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of December 31, 1996 and 1995 were as follows:

	1996	1995
Deferred tax assets related to:		
Postretirement benefits	$17,603	$17,445
Net operating loss carryforwards	4,398	5,530
Compensation accruals	4,151	3,381
Foreign tax credit carryforwards	949	1,344
Capital loss carryforwards	1,263	1,263
Other	6,070	4,648
Total deferred tax assets	34,434	33,611
Less valuation allowances	6,250	7,990
Net deferred tax assets	28,184	25,621
Deferred tax liabilities related to:		
Depreciation	7,973	8,307
Pension benefits	2,426	2,466
Other	3,904	3,967
Total deferred tax liabilities	14,303	14,740
Deferred tax asset, net of liabilities	$13,881	$10,881

The Company has recorded valuation allowances to reflect the estimated amount of deferred tax assets which may not be realized due to the expiration of net operating loss, foreign tax credit and capital loss carryforwards. The change in the valuation allowances for the year ended December 31, 1996 were as follows:

	Net operating losses	Foreign tax credits	Capital losses
Balance at December 31, 1995	$ 5,383	$ 1,344	$ 1,263
Utilization of carryforwards	(3,014)	-	-
Increase in expected nonutilization	1,969	123	-
Expiration of carryforwards	(300)	(518)	-
Balance at December 31, 1996	$ 4,038	$ 949	$ 1,263

Undistributed earnings of the Company's foreign subsidiaries amounted to approximately $44,000,000 at December 31, 1996. These earnings are considered to be indefinitely reinvested and, accordingly, no additional United States income taxes or foreign withholding taxes have been provided.

16. RESEARCH AND DEVELOPMENT

Research and development expense amounted to $7,912,000, $7,032,000 and $8,642,000 in 1996, 1995 and 1994, respectively.

17. RETIREMENT BENEFITS

The Company sponsors several noncontributory defined benefit pension plans, covering approximately 40% of domestic employees, which provide benefits based on years of service and compensation. Retirement benefits for all other employees are provided through defined contribution pension plans and government sponsored retirement programs. All defined benefit pension plans are funded based on independent actuarial valuations to provide for current service and an amount sufficient to amortize unfunded prior service over periods not to exceed thirty years.

Net defined benefit pension expense (income) for 1996,1995 and 1994 included the following components:

	1996	1995	1994
Service cost - benefits earned during the period	$ 1,727	$ 1,773	$ 1,660
Interest cost on projected benefit obligations	4,245	4,306	4,157
Actual loss (gain) on plan assets	(9,935)	(15,164)	405
Net amortization and deferral	4,167	8,635	(6,297)
Net defined benefit pension expense (income)	$ 204	$ (450)	$ (75)

The following table presents defined benefit pension plan funded status and amounts recognized in the Company's consolidated balance sheet at December 31, 1996 and 1995:

	1996	1995
Actuarial present value of:		
Vested benefits	$45,013	$46,631
Nonvested benefits	6,877	6,509
Accumulated benefit obligations	51,890	53,140
Projected future compensation increases	8,474	7,642
Projected benefit obligations	60,364	60,782
Less plan assets, at fair value	82,620	76,727
Plan assets in excess of projected benefit obligations	22,256	15,945
Unrecognized net transition asset	(2,399)	(2,984)
Unrecognized net gain	(15,674)	(8,553)
Unrecognized prior service cost	2,105	2,198
Net pension asset	$ 6,288	$ 6,606

The average discount rate and the assumed rate of increase in future compensation levels used in determining the actuarial present value of benefit obligations were 7.5% and 5.0%, respectively. The expected long-term rate of return on plan assets was 8.0%. Plan assets include marketable equity securities, corporate and government debt securities, insurance company contracts and real estate.

The Company sponsors several defined contribution pension plans covering substantially all domestic and Canadian employees and certain other foreign employees. Employees may contribute to these plans and these contributions are matched in varying amounts by the Company. The Company may

also make additional contributions to eligible employees. Defined contribution pension expense for the Company was $5,803,000, $5,966,000 and $4,236,000 for 1996, 1995 and 1994, respectively.

The Company also sponsors several defined benefit postretirement health care plans covering approximately 65% of future retirees and most current retirees in the United States. These medical and dental benefits are provided through insurance companies and health maintenance organizations, include participant contributions, deductibles, co-insurance provisions and other limitations, and are integrated with Medicare and other group plans. The plans are funded as insured benefits and health maintenance organization premiums are incurred.

Net postretirement benefit expense for 1996, 1995 and 1994 included the following components:

	1996	1995	1994
Service cost - benefits earned during the period	$ 602	$ 651	$ 666
Interest cost on accumulated postretirement benefit obligations	2,667	2,715	2,625
Net amortization and deferral	(741)	(678)	(679)
Net postretirement benefit expense	$ 2,528	$ 2,688	$ 2,612

The following table presents postretirement benefit amounts recognized in the Company's consolidated balance sheet at December 31, 1996 and 1995:

	1996	1995
Actuarial present value of accumulated postretirement benefit obligations:		
Retirees	$19,955	$19,048
Active employees eligible to retire	5,364	4,169
Active employees not eligible to retire	12,446	15,264
Total	37,765	38,481
Unrecognized prior service cost	5,102	5,773
Unrecognized net gain	4,710	2,931
Deferred postretirement benefits	$47,577	$47,185

The average discount rate used in determining accumulated postretirement benefit obligations was 7.5%. The assumed annual rates of increase in per capita costs were, for periods prior to Medicare, 9% for 1996 and 8.5% for 1997 with a gradual decrease to 6% for 2002 and future years and, for periods after Medicare, 7% for 1996 and 6.5% for 1997 with a gradual decrease to 5% for 2000 and future years. Increasing the assumed rate of increase in postretirement benefit costs by 1% in each year would increase net postretirement benefit expense by approximately $387,000 and accumulated postretirement benefit obligations by $3,810,000.

18. FOREIGN CURRENCY TRANSLATION

The foreign currency translation equity adjustments consist of the following:

	1996	1995	1994

Current year translation adjustment	$ (1,124)	$ 951	$ 2,026
Foreign currency translation equity adjustment:			
Beginning of year	1,283	332	(1,694)
End of year	$ 159	$ 1,283	$ 332

19. OPERATIONS IDENTIFIED BY GEOGRAPHIC AREA

The Company operates in predominately one business segment, fluid movement and control equipment (pumps, valves, seals and related equipment).

Transfers between geographic areas are accounted for primarily at cost plus a profit margin. Operating profit consists of revenues less certain costs and expenses. In determining operating profit none of the following items have been added or deducted: unallocated general corporate expense, interest expense and income taxes. Identifiable assets are those assets of the Company that are identifiable with the operations in each geographic area. Unallocated general corporate assets principally reflect future tax benefits.

No individual country within the below listed geographic segments represents 10% or more of the consolidated Company's revenues from sales to unafilliated customers or its identifiable assets. The Other geographic segment includes Canada, Latin and South America and the Asia Pacific.

Export sales from the United States to foreign unaffiliated customers were $49,842,000, $27,068,000 and $27,143,000 in 1996, 1995 and 1994, respectively.

Financial information by geographic area follows:

Years ended December 31,	1996	1995	1994
Revenues:			
United States	$ 401,309	$ 354,547	$ 320,086
Europe	119,018	106,997	83,654
Other	85,127	71,182	56,767
Consolidated totals	$ 605,454	$ 532,726	$ 460,507
Inter-geographic transfers:			
United States	$ 39,638	$ 36,276	$ 24,369
Europe	16,016	19,516	11,662
Other	1,431	1,458	996
Eliminations & adjustments	(57,085)	(57,250)	(37,027)
Consolidated totals	$ 0	$ 0	$ 0
Total revenues & transfers:			
United States	$ 440,947	$ 390,823	$ 344,455
Europe	135,034	126,513	95,316
Other	86,558	72,640	57,763
Eliminations & adjustments	(57,085)	(57,250)	(37,027)
Consolidated totals	$ 605,454	$ 532,726	$ 460,507
Operating profit:			

United States	$ 54,721	$ 47,859	$ 37,977
Europe	8,535	10,485	4,857
Other	10,824	7,081	2,654
Eliminations & adjustments	(123)	(774)	271
Consolidated totals	73,957	64,651	45,759
Corporate expense	4,885	9,350	2,287
Interest expense	4,921	5,179	4,901
Earnings before income taxes	$ 64,151	$ 50,122	$ 38,571
Identifiable assets:			
United States	$ 259,267	$ 247,125	$ 212,509
Europe	112,613	101,817	88,405
Other	52,118	50,331	44,060
Eliminations & adjustments	(17,080)	(18,039)	(13,250)
Consolidated totals	406,918	381,234	331,724
General corporate assets	18,572	14,139	12,542
Total assets	$ 425,490	$ 395,373	$ 344,266

In 1996, 1995 and 1994 foreign currency transaction gains/(losses) of approximately $624,000, $217,000 and ($1,150,000), respectively, were included in earnings before income taxes.

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Shareholders
The Duriron Company, Inc.

We have audited the accompanying consolidated balance sheet of The Duriron Company, Inc. as of December 31, 1996 and 1995, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1996. Our audits also include the financial statement schedule listed in the Index at Item 14(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Duriron Company, Inc. at December 31, 1996 and 1995, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

Ernst & Young LLP

Dayton, Ohio
February 5, 1997

REPORT OF MANAGEMENT

The Company's management has prepared and is responsible for the consolidated financial statements and information included in this Annual Report. The financial statements were prepared in accordance with generally accepted accounting principles and present fairly the Company's financial position and results of operations. Such statements necessarily include amounts based on judgments and estimates by management.

Internal accounting control systems have been designed and implemented over the years and transactions are executed in accordance with management's authorizations. These internal control systems provide reasonable assurance that the financial statements and information included in this report properly reflect transactions of the Company. The Company also maintains an internal auditing function which evaluates and formally reports on the adequacy and effectiveness of internal accounting controls, policies and procedures.

The Board of Directors has an Audit/Finance Committee composed of five members who are non-employee Directors of the Company. The Audit/Finance Committee met a total of four times during 1996. The Committee regularly meets (jointly and separately) with representatives of the independent auditors, the internal auditors and management.

The Company's consolidated financial statements have been audited by Ernst & Young LLP, who have expressed their opinion with respect to the fairness of these statements. Their audit included a review of internal controls and testing of transactions and records that they consider necessary in the circumstances.

William M. Jordan
Chairman of the Board,
President and
Chief Executive Officer

Bruce E. Hines
Senior Vice President and
Chief Administrative Officer

ITEM 9. NOT APPLICABLE

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT
- ----------

Officers are, in general, appointed annually to their

respective positions at the April meeting of the Board of Directors. The executive officers and other officers of the Company at March 1, 1997 were as follows:

William M. Jordan, Chairman, President and Chief Executive Officer, Director
Bruce E. Hines, Senior Vice President and Chief Administrative Officer
Thomas E. Haan, Group Vice President - Fluid Sealing Group
George A. Shedlarski, Group Vice President - Rotating Equipment Group
Mark E. Vernon, Group Vice President - Industrial Products Group
Reid B. Wayman, Group Vice President - Flow Control Group
Ronald F. Shuff, Vice President - Secretary and General Counsel
Cheryl D. McNeal, Vice President - Human Resources
Gregory L. Smith, Treasurer
Kathleen A. Giddings, Controller

WILLIAM M. JORDAN, 53, was elected President and Chief Executive Officer in 1993 and a Director in 1991. He was additionally elected Chairman of the Board on April 25, 1996. Mr. Jordan became Executive Vice President in 1990 and President in 1991. He was Chief Operating Officer from 1990 to 1993. From 1984 until 1991, Mr. Jordan was the Group Vice President of International Operations, and he was the Assistant Group Vice President International Operations in 1983. From 1979 to 1983, he was Vice President and General Manager of Duriron Canada Inc. Mr. Jordan joined the Company in 1972 as a sales engineer and held various sales positions prior to 1979.

BRUCE E. HINES, 53, who rejoined the Company in 1989, was then elected Senior Vice President and added the position of Chief Administrative Officer in 1990. He previously had served as President of Vernay Labs, a manufacturer of precision rubber components. Prior to joining Vernay Labs, Mr. Hines had served in a variety of financial positions with the Company for nineteen years. He also functions as Chief Financial Officer.

THOMAS E. HAAN, 47, was elected a Group Vice President effective January 1, 1996. He is responsible for the global operations of the Company's mechanical seal and sealing system products which are marketed under the "Durametallic" trade name. In 1970, he joined Durametallic. He was elected to the following Durametallic offices: a Vice President in 1985, Senior Vice President in 1990 and Executive Vice President - Chief Operating Officer in 1993.

GEORGE A. SHEDLARSKI, 53, was elected a Group Vice President in 1987 and is responsible for the Company's worldwide pump operations, its foundry and for certain foreign operations. From 1984 until becoming a Group Vice President, Mr. Shedlarski was President of the Filtration Systems Division. From 1983 to 1984, he served as President and General Manager of Duriron Canada Inc. Mr. Shedlarski joined the Company in 1972 as a filtration product specialist and held various sales and managerial positions prior to 1983.

MARK E. VERNON, 44, was elected a Group Vice President in 1993. He is responsible for the worldwide operations of the Company's quarter turn valve and valve actuator businesses and certain foreign operations. He was President of the Company's Valtek Inc. subsidiary from 1991 to 1993 and Senior Vice President of Valtek from 1988 to 1990. Mr.
Vernon joined Valtek Incorporated in 1978.

REID B. WAYMAN, 44, was elected a Group Vice President effective March 1, 1997. He is responsible for the Company's global control valve operations. He served most recently as Vice President of Sales and European Operations of the Company's Rotating Equipment Group and as Vice President-European Operations of its Flow Control Group. He joined the Company

in 1975.

RONALD F. SHUFF, 44, was elected Vice President - Secretary and General Counsel of the Company in 1990. He joined the Company in 1988 as General Counsel and Assistant Secretary. Mr. Shuff became General Counsel and Secretary in 1989. He also is responsible for corporate development matters.

CHERYL D. MCNEAL, 46, joined the Company in April, 1996 as Vice President Human Resources. She had previously served in a series of progressively more responsible human resources management positions at NCR Corporation for eighteen years.

GREGORY L. SMITH, 43, was elected Treasurer in 1987. He joined the Company in 1975. From 1985 until assuming his present position, he was Assistant Treasurer and, prior to becoming Assistant Treasurer, he was Manager of Corporate Tax.

KATHLEEN A. GIDDINGS, 34, was elected Controller in 1993. She joined the Company in 1985. She has served the Company in a number of financial management positions, including Director of Financial Reporting and Corporate Controller in 1993, Manager Financial Accounting from 1990 to 1992, Supervisor Financial Accounting in 1989 and Financial Accountant from 1985 to 1989.

Additional information required by this Item 10 is incorporated herein by this reference from the Proxy Statement.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item 11 is set forth in the Proxy Statement and is incorporated herein by this reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item 12 is set forth in the Proxy Statement and is incorporated herein by this reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item 13 is set forth to the extent applicable in the Proxy Statement and is incorporated herein by this reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS

(a) (1) FINANCIAL STATEMENTS

The following consolidated financial statements of the Company are incorporated herein by this reference as part of this Report at Item 8 hereof.

Report of Independent Auditors

Consolidated Statement of Income for the years ended December 31, 1996, 1995 and 1994

Consolidated Statement of Shareholders' Equity for the years ended December 31, 1996, 1995 and 1994

Consolidated Balance Sheet at December 31, 1996 and 1995

Consolidated Statement of Cash Flows for the years ended December 31, 1996, 1995 and 1994

Notes to Consolidated Financial Statements

(a) (2) FINANCIAL STATEMENT SCHEDULE

Schedule II - Valuation and Qualifying Accounts

All other schedules are omitted because they are not applicable or not required, or because the required information is included in the consolidated financial statements or notes thereto.

(a) (3) EXHIBITS

See INDEX to EXHIBITS

(b) REPORTS ON FORM 8-K

None

THE DURIRON COMPANY, INC.
Schedule II - Valuation and Qualifying Accounts
(dollars in thousands)

Column A Description	Column B Balance at beginning of year	Column C Additions charged to earnings	Column D Deductions from reserve	Column E Balance at end of year
Year ended December 31, 1996:				
Allowance for doubtful accounts (a):	$1,408	$446	$307	$1,547
Year ended December 31, 1995:				
Allowance for doubtful accounts (a):	$1,470	$577	$639	$1,408
Year ended December 31, 1994:				
Allowance for doubtful accounts (a):	$1,282	$665	$477	$1,470

Restructuring inventory provision (b)	$478	$0	$478	$0
Restructuring fixed asset reserve (c)	$100	$0	$100	$0

(a) Deductions from reserve represent accounts written off, net of recoveries.
(b) Deductions from reserve represent inventory written off.
(c) Deductions from reserve represent fixed assets written off, and amounts reclassified to the general restructuring reserve.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, The Duriron Company, Inc. has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, on this 17th day of February, 1997.

THE DURIRON COMPANY, INC.

BY /s/ WILLIAM M. JORDAN

WILLIAM M. JORDAN
CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of The Duriron Company, Inc. and in the capacities and on the dates indicated:

NAME	TITLE	DATE
/s/ William M. Jordan WILLIAM M. JORDAN	Chairman of the Board President and Chief Executive Officer, Director	February 17, 1996
/s/ Bruce E. Hines BRUCE E. HINES	Senior Vice President - Chief Administrative Officer (Principal Accounting and Financial Officer)	February 17, 1996
/s/ R. Elton White R. ELTON WHITE	Director, Chairman of Audit/Finance Committee	February 17, 1996
/s/ Hugh K. Coble HUGH K. COBLE	Director	February 17, 1996
/s/ John S. Haddick JOHN S. HADDICK	Director	February 17, 1996

/s/ Diane C. Harris - -------------------- DIANE C. HARRIS	Director	February 17, 1996
/s/ James S. Ware - -------------------- JAMES S. WARE	Director	February 17, 1996

INDEX TO EXHIBITS

			FOOTNOTE REFERENCE
(3)	ARTICLES OF INCORPORATION AND BY-LAWS:		
	3.1	1988 Restated Certificate of Incorporation of The Duriron Company, Inc. was filed as Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 1988.....	*
	3.2	1989 Amendment to Certificate of Incorporation was filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 1989.....	*
	3.3	By-Laws of The Duriron Company, Inc. (as restated) were filed with the Commission as Exhibit 3.2 to The Company's Annual Report on Form 10-K for the year ended December 31, 1987.....	*
	3.4	1996 Certificate of Amendment of Certificate of Incorporation was filed as Exhibit 3.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.....	*
	3.5	Amendment No. 1 to Restated Bylaws was filed as Exhibit 3.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.....	*
(4)	INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES:		
	4.1	Lease agreement, indenture of mortgage and deed of trust, and guarantee agreement, all executed on June 1, 1978 in connection with 9-1/8% Industrial Development Revenue Bonds, Series A, City of Cookeville, Tennessee.....	+

		FOOTNOTE REFERENCE
4.2	Lease agreement, indenture of trust, and guaranty agreement, all executed on June 1, 1978 in connection with 7-3/8% Industrial Development Revenue Bonds, Series B, City of Cookeville, Tennessee.....	+
4.3	Form of Rights Agreement dated as of August 1, 1986 was filed as an Exhibit to the Company's Form 8-A dated August 13, 1986.....	*
4.4	Amendment to Rights Agreement dated August 1, 1996 was filed as Exhibit 4.5 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1996.....	*
4.5	Interest Rate and Currency Exchange Agreement between the Company and Barclays Bank dated November 17, 1992 PLC in the amount of $25,000,000 was filed as Exhibit 4.9 to Company's Report of Form 10-K for year ended December 31, 1992.....	*
4.6	Loan Agreement in the amount of $25,000,000 between the Company and Metropolitan Life Insurance Company dated November 12, 1992 was filed as Exhibit 4.10 to the Company's Annual Report on Form 10-K for the year ended December 31, 1992	+
4.7	Revolving Credit Agreement between the Company and First of America Bank - Michigan, N.A. in the amount of $20,000,000 and dated August 22, 1995.....	+
4.8	Credit Facility between the Company in the amount of $100,000,000 and National City Bank, as Agent, dated December 3, 1996.....	FILED HEREWITH
4.9	Rate Swap Agreement in the amount of $25,000,000 between the Company and National City Bank dated November 14, 1996.....	FILED HEREWITH

		FOOTNOTE REFERENCE
4.10	Rate Swap Agreement in the amount of $25,000,000 between the Company and Key Bank National Association dated October 28, 1996.....	FILED HEREWITH
(10)	MATERIAL CONTRACTS: (See Footnote "a")	
10.1	The Duriron Company, Inc. Incentive Compensation Plan (the "Incentive Plan") for Senior Executives, as amended and restated effective January 1, 1994, was filed as Exhibit 10.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 1993.....	*
10.2	Amendment No. 1 to the Incentive Plan was filed as Exhibit 10.2 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.....	*
10.3	The Duriron Company, Inc. Supplemental Pension Plan for Salaried Employees was filed with the Commission as Exhibit 10.4 to the Company's Annual Report on Form 10-K for the year ended December 31, 1987.....	*
10.4	The Duriron Company, Inc. amended and restated Director Deferral Plan was filed as Attachment A to the Company's definitive 1996 Proxy Statement filed with the Commission on March 10, 1996.....	*
10.5	Change in Control Agreement ("CIC") between The Duriron Company, Inc. and William M. Jordan, Chairman, President and CEO.....	FILED HEREWITH

10.6	Form of CIC Agreement between all other executive officers of the Company.....	FILED HEREWITH
10.7	The Duriron Company, Inc. First Master Benefit Trust Agreement dated October 1, 1987 was filed as Exhibit 10.24 to the Company's Annual Report on Form 10-K for the year ended December 31, 1987...	*

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		FOOTNOTE REFERENCE
10.8	Amendment #1 to the first Master Benefit Trust Agreement dated October 1, 1987 was filed as Exhibit 10.24 to the Company's Annual Report on Form 10-K for the year ended December 31, 1993.....	*
10.9	Amendment #2 to First Master Benefit Trust Agreement was filed as Exhibit 10.25 to the Company's Annual Report on Form 10-K for the year ended December 31, 1993.....	*
10.10	The Duriron Company, Inc. Second Master Benefit Trust Agreement dated October 1, 1987 was filed as Exhibit 10.12 to the Company's Annual Report on Form 10-K for the year ended December 31, 1987.....	*
10.11	First Amendment to Second Master Benefit Trust Agreement was filed as Exhibit 10.26 to the Company's Annual Report on Form 10-K for the year ended December 31, 1993.....	*
10.12	The Duriron Company, Inc. Long-Term Incentive Plan (the "Long-Term Plan"), as amended and restated effective November 1, 1993 was filed as Exhibit 10.8 to the Company's Annual Report on Form 10-K for the year ended December 31, 1993.....	*
10.13	Amendment No. 1 to the Long-Term Plan was filed as Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.....	*
10.14	The Duriron Company, Inc. 1989 Stock Option Plan as amended and restated effective January 1, 1997.....	FILED HEREWITH
10.15	The Duriron Company, Inc. 1989 Restricted Stock Plan (the "Restricted Stock Plan") as amended and restated effective January 1, 1997.....	FILED HEREWITH

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		FOOTNOTE REFERENCE
10.16	The Duriron Company, Inc. Retirement Compensation Plan for Directors ("Director Retirement Plan") was filed as Exhibit 10.15 on the Company's Annual Report to Form 10-K for the year ended December 31, 1988.....	*
10.17	Amendment No. 1 to Director Retirement Plan was filed as Exhibit 10.21 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.....	*
10.18	The Company's Benefit Equalization Pension Plan ("Equalization Plan") was filed as Exhibit	

	10.16 to the Company's Annual Report on Form 10-K for the year ended December 31, 1989.....	*
10.19	Amendment #1 dated December 15, 1992 to the Equalization Plan was filed as Exhibit 10.18 to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.....	*
10.20	The Company's Equity Incentive Plan as amended and restated effective July 21, 1995 was filed as Exhibit 10.25 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.....	*
10.21	Supplemental Pension Agreement between the Company and William M. Jordan dated January 18, 1993 was filed as Exhibit 10.15 to the Company's Annual Report on Form 10-K for the year ended December 31, 1992.....	*
10.22	1979 Stock Option Plan, as amended and restated April 23, 1991, and Amendment #1 thereto dated December 15, 1992, was filed as Exhibit 10.17 to the Company's Annual Report on Form 10-K for the year ended December 31, 1992	*

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		FOOTNOTE REFERENCE
10.23	Deferred Compensation Plan for Executives was filed as Exhibit 10.19 to the Company's Annual Report on Form 10-K for the year ended December 31, 1992	*
10.24	Executive Life Insurance Plan of The Duriron Company, Inc. was filed as Exhibit 10.29 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.....	*
10.25	Executive Long-Term Disability Plan of The Duriron Company, Inc. was filed as Exhibit 10.30 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.....	*
10.26	Consulting Agreement between James S. Ware and Durametallic Corporation dated April 21, 1991 was filed as Exhibit 10.31 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.....	*
10.27	Senior Executive Death Benefit Agreement between James S. Ware and Durametallic dated April 12, 1991 was filed as Exhibit 10.32 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.....	*
10.28	Executive Severance Agreement between James S. Ware and Durametallic Corporation dated January 6, 1994 was filed as Exhibit 10.33 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.....	*
10.29	Agreement between James S. Ware and the Company dated September 11, 1995 was filed as Exhibit 10.34 to the Company's Annual Report on Form 10-K for the year ended December 31, 1995.....	*

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		FOOTNOTE REFERENCE
10.30	Agreement and Plan of Merger Among The Duriron Company, Inc., Wolverine Acquisition Corporation and Durametallic Corporation, dated as of September 11, 1995 was filed as Annex A on the Form S-4 Registration Statement filed by the Company on September 11, 1995	*
10.31	Split-Dollar Life Insurance Agreement between the Company and James S. and Sheila D. Ware Irrevocable Trust II signed March 6, 1996 was filed as Exhibit 10.36 to the Company's quarterly report on Form 10-Q for the quarter ended March 31, 1996	*
10.32	Employee Protection Plan, as revised effective March 1, 1997 (which provides certain severance benefits to employees upon a change of control of the Company)	FILED HEREWITH

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(22) (a) All subsidiaries are wholly owned or controlled except as otherwise indicated by one of the following footnotes

(b) 40% ownership

(c) 51% ownership

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(23) CONSENTS OF EXPERTS AND COUNSEL

23.1	Consent of Ernst & Young LLP	FILED HEREWITH

(27) FINANCIAL DATA SCHEDULE

27.1	Financial Data Schedule (submitted for the SEC's information)	FILED HEREWITH

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"*" Indicates that the exhibit is incorporated by reference into this Annual Report on Form 10-K from a previous filing with the Commission. The Company's file number with the Commission is "0-325".

"+" Indicates that the document relates to a class of indebtedness that does not exceed 10% of the total assets of the Company and subsidiaries and that the Company will furnish a copy of the document to the Commission upon request.

"a" The documents identified under Item 10 include all management contracts and compensatory plans and arrangements required to be filed as exhibits.

Exhibit 4.8

CREDIT AGREEMENT

DATED AS OF DECEMBER 3, 1996

AMONG

THE DURIRON COMPANY, INC.

AS BORROWER,

AND

THE LENDERS IDENTIFIED ON THE SIGNATURE PAGES HERETO,

AS LENDERS,

AND

NATIONAL CITY BANK,
AS AGENT

TABLE OF CONTENTS

CREDIT AGREEMENT

This Agreement, dated as of December 3, 1996, is among The Duriron Company, Inc., a New York corporation, and its successors and assigns (the "Borrower"), National City Bank, a national banking association, and the several

banks, financial institutions and other entities from time to time parties to this Agreement (sometimes collectively, "Lenders" and sometimes individually, a "Lender"), and National City Bank, not individually, but as "Agent".

RECITALS

A. Borrower is primarily engaged in the business of manufacturing and distributing fluid movement and control products to process industries.

B. Borrower is listed on the National Association of Securities Dealers Automated Quotation ("NASDAQ") system.

C. Borrower has requested that Lenders make loans available to Borrower pursuant to the terms of this Agreement, and that Agent act as administrative agent for Lenders, and Agent and Lenders have so agreed.

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

ARTICLE I

DEFINITIONS

As used in this Agreement:

"Acquisition" means any transaction, or any series of related transactions, consummated on or after the date of this Agreement, by which Borrower or any of its Subsidiaries (i) acquires any business as a going concern or all or substantially all of the assets of any firm, corporation or division thereof, whether through purchase of assets or stock, merger or otherwise or (ii) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage or voting power) of the outstanding partnership interests of a partnership.

"Advance" means a borrowing hereunder consisting of the aggregate amount of the several Loans made by Lenders to Borrower of the same Type.

"Affected Lender" is defined in SECTION 2.15(d).

"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control another Person if the controlling Person owns 10% or more of any class of voting securities (or other ownership interests) of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person whether through ownership of stock, by contract or otherwise.

"Agent" means National City Bank in its capacity as agent for Lenders pursuant to ARTICLE IX, and not in its individual capacity as a Lender, and any successor Agent appointed pursuant to ARTICLE IX.

"Aggregate Commitment" means the aggregate of the Commitments of all Lenders.

"Aggregate Measured Credit Risk" means, as at any time during the pendency of this Agreement that an interest rate exchange agreement or interest rate option agreement is in effect, the amount determined by Agent in accordance

with the terms of such interest rate exchange agreement or interest rate option agreement, including, without limitation, the Hedge Agreements, as being Borrower's measured credit risk thereunder at such time.

"Agreement" means this Credit Agreement, as it may be amended or modified and in effect from time to time.

"Alternate Currency" means French Francs or Deutsche Marks.

"Applicable Currency" means, as to any particular payment or Loan, Dollars, or the Foreign Currency in which it is denominated or payable.

"Applicable Margin" means the applicable margin determined by reference to the table in SECTION 2.4 used in calculating the interest rate applicable to the various Types of Advances, which shall vary from time to time in accordance with SECTION 2.4.

"Applicable Law" means collectively, all federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions affecting Borrower or any of its Subsidiaries, whether now or hereafter enacted and in force.

"Article" means an article of this Agreement unless another document is specifically referenced.

"Assets" means, with respect to any Person, as of any date of determination, the total amount of assets of that Person as shown on the balance sheet of such Person.

"Authorized Financial Officer" means the Senior Vice President/CAO, Controller or Treasurer of Borrower, acting singly.

"Authorized Officer" means the Senior Vice President/CAO, Controller or Treasurer of Borrower, acting singly.

"Base Rate Applicable Margin" means, as of any date, the Applicable Margin in effect on such date with respect to Base Rate Loans.

"Base Rate" or "Prime Rate" means the fluctuating rate of interest which is publicly announced from time to time by Agent at its Head Office as being its "prime rate" or "base rate" thereafter in effect, with each change in the Base Rate automatically, immediately and without notice being reflected in the fluctuating interest rate thereafter applicable hereunder, it being specifically acknowledged that the Base Rate is not necessarily the lowest rate of interest then available from Agent on fluctuating-rate loans.

"Base Rate Loan" means a Loan which bears interest at the Base Rate.

"Bid-Option Auction" means a solicitation of Bid-Option Quotes setting forth Bid-Option Rates pursuant to SECTION 2.7(b).

"Bid-Option Quote" means an offer by a Lender to make a Offshore Currency Loan in an Offshore Currency in accordance with SECTION 2.7(d).

"Bid-Option Quote Request" is defined in SECTION 2.7(b).

"Bid-Option Rate" means, with respect to any Offshore Currency Loan, the Bid-Option Rate, as defined in SECTION 2.7(d) (ii) (E), that is offered for such Loan.

"Borrower" means The Duriron Company, Inc., a New York corporation.

"Borrowing Date" means a date on which an Advance is made hereunder.

"Borrowing Notice" is defined in SECTION 2.9(b).

"Business Day" means with respect to any borrowing, payment or rate selection of Advances a day (other than a Saturday or Sunday) on which banks generally are open in Cleveland, Ohio; provided, with respect to LIBOR Rate Loans (including Foreign Currency Loans), Banking Days shall not include a day on which dealings in

Dollars may not be carried on in the London interbank LIBOR market; and provided, further that with respect to Foreign Currency Loans, Business Days shall not include a day on which dealings in the Applicable Currency may not be carried on in the applicable foreign exchange interbank market.

"Capital Expenditures" means any and all amounts invested, expended or incurred (including by reason of Capitalized Lease Obligations) incurred by Borrower or any of its Subsidiaries in respect of the purchase, acquisition, improvement, renovation or expansion of any properties or assets of Borrower or any of its Subsidiaries, including, without limitation, expenditures required to be capitalized in accordance with GAAP.

"Capital Stock" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person which is not a corporation and any and all warrants or options to purchase any of the foregoing.

"Capitalization" means, as of any date of determination, the sum of Consolidated Funded Debt plus Stockholder's Equity.

"Capitalized Lease" of a Person means any lease of Property imposing obligations on such Person, as lessee thereunder, which are required in accordance with GAAP to be capitalized on a balance sheet of such Person.

"Cash Equivalents" means, as of any date, (i) securities issued or directly and fully guaranteed or insured by the United States Government or any agency or instrumentality thereof having maturities of not more than one year from such date, (ii) time deposits and certificates of deposit having maturities of not more than one year from such date and issued by any domestic commercial bank having (A) senior long-term unsecured debt rated at least A or the equivalent thereof by S&P or A2 or the equivalent thereof by Moody's and (B) capital and surplus in excess of $500,000,000, and (iii) commercial paper rated at least A-1 or the equivalent thereof by S&P or P-1 or the equivalent thereof by Moody's and in either case maturing within 90 days from such date.

"Change In Control" means, with respect to any Person, the transfer of the ownership or control (in one transaction or as the most recent transaction in a series of transactions) of (i) such number of voting securities (or other ownership interests) of the controlled Person that possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person whether through ownership of stock, by contract or otherwise a majority, or (ii) with respect to any company whose stock is publicly traded on a securities exchange, the solicitation for proxies in connection with the election of the board of directors at a meeting of shareholders.

"Closing Date" means the date of this Agreement.

"Code" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

"Commitment" means, for each Lender, the obligation of such Lender to make Loans not exceeding the amount set forth opposite its signature below or as set forth in any Notice of Assignment relating to any assignment that has become effective pursuant to SECTION 11.3.2, as such amount may be modified from time to time pursuant to the terms hereof.

"Condemnation" is defined in SECTION 6.9.

"Consolidated Funded Debt" means as of any date of determination, all Indebtedness for Borrowed Money of Borrower and its Subsidiaries outstanding at such date, determined on a consolidated basis in accordance with GAAP.

"Consolidated Interest Expense" means, for any period, the amount of interest expense of Borrower and its Subsidiaries for such period on the aggregate principal amount of their Indebtedness, determined on a consolidated basis in accordance with GAAP plus any capitalized interest which accrued during such period.

"Consolidated Net Income" means, for any period, consolidated net income (or loss) of Borrower and its Subsidiaries for such period determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded (a) the income (or deficit) of any other Person accrued prior to the date it becomes a Subsidiary of Borrower or is merged into or consolidated with Borrower or any of its Subsidiaries and (b) the undistributed earnings of any Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is not at the time permitted by the terms of any contractual obligation or requirement of law applicable to such Subsidiary.

"Consolidated Outstanding Indebtedness" means, as of any date of determination, all Indebtedness of Borrower and its Subsidiaries outstanding at such date, determined on a consolidated basis in accordance with GAAP.

"Consolidated Stockholder's Equity" means, as of any date of determination, an amount equal to the sum of the following amounts appearing on the consolidated balance sheet of Borrower and its Subsidiaries: (i) all equity as calculated in accordance with GAAP, and (ii) all indebtedness which is subordinate (to the satisfaction of Agent) to Indebtedness arising under this Agreement.

"Consolidated Tangible Net Worth" means, as of any date of determination, an amount equal to Consolidated Stockholder's Equity minus the sum of (i) any surplus resulting from any write-up of

assets subsequent to September 30, 1996, (ii) goodwill, including any amounts, however designated on a consolidated balance sheet of Borrower and its Subsidiaries, representing the excess of the purchase price paid for assets or stock over the value assigned to them on the books of Borrower and its Subsidiaries, (iii) patents, trademarks, trade names and copyrights, (iv) any amount at which shares of capital stock of Borrower and any of its Subsidiaries appear as an asset on Borrower's consolidated balance sheet, and (v) any other amount in respect of an intangible that should be classified as an asset on Borrower's consolidated balance sheet in accordance with GAAP.

"Contingent Obligation" means any direct or indirect liability, contingent or otherwise, with respect to any indebtedness, lease, dividend, letter of credit, banker's acceptance or other obligation of another Person incurred to provide assurance to the obligee of such obligation that such obligation will be paid or discharged, that any agreements relating thereto will be complied with, or that the holders of such obligation will be protected (in whole or in part) against loss in respect thereof. Contingent Obligations shall include, without limitation, (i) the direct or indirect guaranty, endorsement (otherwise than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by any Person of the obligation of another Person; (ii) any liability for the obligations of another Person through any agreement (contingent or otherwise) (A) to purchase, repurchase, or otherwise acquire such obligation or any security therefor, or to provide funds for the payment or discharge of such obligation (whether in the form of loans, advances, stock purchases, capital contributions, or otherwise), (B) to maintain the solvency of any balance sheet item, level of income or financial condition of another, or (C) to make take-or-pay, pay-or-play, or similar payments if required regardless of nonperformance by any other party or parties to an agreement, if in the case of any agreement described under subclauses (A) , (B) or (C) of this sentence the purpose or intent thereof is to provide the assurance described above. The amount of any Contingent Obligation shall be equal to the amount of the obligation so guaranteed or otherwise supported.

"Controlled Group" means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with Borrower or any of its Subsidiaries, are treated as a single employer under Section 414 of the Code.

"Default" means an event of Default described in ARTICLE VI.

"Default Interest Rate" means an annual rate of interest equal to the lesser of (i) two percent (2.0%) above the Base Rate; or (2) the maximum rate of interest which may be lawfully charged in respect of the Obligations.

"Dollar Equivalent" means, at any time, (a) as to any amount denominated in Dollars, the amount thereof at such time, and (b) as to any amount denominated in a Foreign Currency, the equivalent amount in Dollars as determined by Agent at such time on the basis of the Spot Rate for the purchase of Dollars with such Foreign Currency. For purposes of any calculation or determination hereunder related to Loans and measured in Dollars (including, without limitation, calculation of the Outstanding Amount), any Loans in a Foreign Currency shall be valued at the Dollar Equivalent.

"EBIT" means, for any period, the sum of Borrower's and its Subsidiaries' Consolidated Net Income, increased by the sum for such period of interest expense, income and franchise tax expense, and non-recurring extraordinary expenses (in each case as determined in accordance with GAAP) which was deducted in determining Consolidated Net Income for such period.

"EBITDA" means, for any period, the sum of Borrower's and its Subsidiaries' EBIT plus depreciation and amortization expense.

"Environmental Laws" means any and all foreign, Federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, requirements of any Governmental Authority or other Requirements of Law (including common law) regulating, relating to or imposing liability or standards of conduct concerning protection of human health or the environment, as now or may at any time hereafter be in effect, in each case to the extent the foregoing are applicable to Borrower or any of its Subsidiaries or any of their respective assets or Properties.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any rule or regulation issued thereunder.

"Existing Facilities" means the $10,000,000 revolving loan facility provided to Borrower by The Fifth Third Bank.

"Face Amount" means, as to any Letter of Credit, the maximum amount which is available at such time to be drawn or disbursed under such Letter of Credit.

"Facility Fee" is defined in SECTION 2.5(a).

"Facility Termination Date" means November 30, 2001; provided, however, the Facility Termination Date may be extended annually for additional one (1) year terms upon the prior written consent of Borrower and each Lender.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal, for each day during such period, to the weighted average of the rates on overnight federal funds

transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of Cleveland, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by Agent from three federal funds brokers of recognized standing selected by it.

"Foreign Currency" shall mean an Alternate Currency or an Offshore Currency.

"Foreign Currency Loan" means any Loan denominated in a Foreign Currency.

"Foreign Currency Note" means a promissory note of Borrower substantially in the form of EXHIBIT A hereto evidencing the obligation of Borrower to repay Foreign Currency Loans, as amended or modified from time to time and together with any promissory note or notes issued in exchange or replacement thereof.

"FX Trading Office" means the Foreign Exchange Trading Center, Cleveland, Ohio, of NCB, or such other office as Agent may designate from time to time.

"GAAP" means generally accepted accounting principles in the United States of America as in effect from time to time, applied in a manner consistent with that used in preparing the financial statements referred to in SECTION 5.1; provided, however, that if there shall be any change in accounting principles from GAAP as in effect at the Closing Date, then the Required Lenders and Borrower shall make such adjustments to the financial covenants affected thereby by reference to the official interpretations of GAAP by The Financial Accounting Standards Board, its predecessors and successors or as are mutually determined in good faith to be appropriate to reflect such changes so that the criteria for evaluating the financial condition and operations of Borrower shall be the same after such changes as if such changes had not been made.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Head Office" means, in relation to Agent, the head office of National City Bank, located at 1900 East Ninth Street, Cleveland, Ohio, 44114, or such

other office as may be designated as such by written notice to Borrowers and Lenders by National City Bank or any successor Agent.

"Hedge Agreements" means the interest rate protection agreement or agreements entered into by and between Borrower and certain Lenders.

"Indebtedness" means, in relation to any Person, at any time, all of the obligations of such Person which, in accordance with GAAP, would be classified as indebtedness upon a balance sheet (including any footnote thereto) of such Person prepared at such time, and in any event shall include, without limitation:

(i) all indebtedness of such Person arising or incurred under or in respect of (A) any guaranties (whether direct or indirect) by such Person of the indebtedness, obligations or liabilities of any other Person, or (B) any endorsement by such Person of any of the indebtedness, obligations or liabilities of any other Person (otherwise than as an endorser of negotiable instruments received in the ordinary course of business and presented to commercial banks for collection of deposit), or (C) the discount by such Person, with recourse to such Person, of any of the indebtedness, obligations or liabilities of any other Person;

(ii) all indebtedness of such Person arising or incurred under or in respect of any agreement, contingent or otherwise made by such Person (A) to purchase any indebtedness of any other Person or to advance or supply funds for the payment or purchase of any indebtedness of any other Person or (B) to purchase, sell or lease (as lessee or lessor) any property, products, materials or supplies or to purchase or sell transportation or services, in each such case if primarily for the purpose of enabling any other Person to make payment of any indebtedness of such other Person or to assure the owner or holder of such other Person's indebtedness against loss, regardless of the delivery or non-delivery of the property, products, materials or supplies or the furnishing or nonfurnishing of the transportation or services, or (C) to make any loan, advance, capital contribution or other investment in any other Person for the purpose of assuring a minimum equity, asset base, working capital or other balance sheet condition for or as at any date, or to provide funds for the payment of any liability, dividend or stock liquidation payment, or otherwise to supply funds to or in any manner invest in any other Person;

(iii) all indebtedness, obligations and liabilities secured by or arising under or in respect of any Lien, upon or in Property owned by such Person, even though such Person has not assumed or become liable for the payment of such indebtedness, obligations and liabilities;

(iv) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to Property acquired by such Person, even though the rights and remedies of the seller or lender (or lessor) under such agreement in the event of default are limited to repossession or sale of such Property;

(v) all indebtedness arising or incurred under or in respect of any Contingent Obligation; and

(vi) the Aggregate Measured Credit Risk of an interest rate exchange agreement or interest rate option agreement, or any other interest rate

protection device such as, without limitation, caps, collars and swaps.

"Indebtedness for Borrowed Money" means at any time, all Indebtedness required by GAAP to be reflected as such on Borrower's balance sheet and including the current portion thereof, and including as appropriate, all Indebtedness (i) in respect of any money borrowed (including pursuant to this Agreement); (ii) under or in respect of any Contingent Obligation (whether direct or indirect) of any money borrowed; (iii) evidenced by any loan or credit agreement, promissory note, debenture, bond, guaranty or other similar written obligation to pay money; or (iv) arising under Capitalized Leases.

"Initial Advance" means the first Advance made hereunder.

"Initial Borrowing Date" means the date on which the first Advance is made hereunder.

"Interest Expense" means, for any period, the amount of interest expense of Borrower for such period on the aggregate principal amount of its Indebtedness, plus any capitalized interest which accrued during such period.

"Investment" of a Person means any loan, advance (other than commission, travel and similar advances to officers and employees made in the ordinary course of business), extension of credit (other than accounts receivable arising in the ordinary course of business on terms customary in the trade), contribution of capital by such Person to any other Person or any investment in, or purchase or other acquisition of, the stock, partnership interests, notes, debentures, or other securities of any other Person made by such Person.

"Invitation for Bid-Option Quotes" shall mean an invitation for Bid-Option Quotes in the form referred to in SECTION 2.7.

"Issuance Date" means, in relation to any Letter of Credit, the date on which such Letter of Credit is issued or is to be issued pursuant to this Agreement.

"Issuing Bank" means NCB or its successor as the Lender responsible for the issuance of Letters of Credit in accordance with SECTION 2.23.

"Late Charge" means with respect to any delinquent payment of principal or interest hereunder, a fee that is equal to the greater of Five Hundred and 00/100 Dollars ($500.00) or three percent (3%)

of the delinquent payment, charged to Borrower or added to the unpaid balance of the Notes whenever any payment of principal or interest is not paid when due.

"Lenders" means the lending institutions listed on the signature pages of this Agreement, their respective successors and assigns and any other lending institutions that subsequently become parties to this Agreement.

"Lending Installations" means, with respect to a Lender, any office, branch, subsidiary, or affiliate of such Lender.

"Letter of Credit" means any stand-by letter of credit issued by the Issuing Bank pursuant to this Agreement.

"Letter of Credit Commission" means a commission, payable annually in advance to Agent for the ratable benefit of Lenders, in an amount equal to the greater of (i) the amount determined by multiplying the Face Amount of each Letter of Credit issued hereunder by 50 basis points, and (ii) $5000. The Letter of Credit Commission shall be paid annually in respect of each Letter of Credit, with the first year's payment being due and payable, in advance, on the Issuance Date therefor and subsequent years' payments being due and payable in advance on

each anniversary thereof so long as such Letter of Credit remains outstanding.

"Letter of Credit Usage" means, as at the date on which the same is determined, the sum of (x) the aggregate of the Face Amounts of all Letters of Credit then outstanding, plus (y) the aggregate amount of all drawings under Letters of Credit honored by the Issuing Bank and not theretofore either reimbursed by Borrower or converted into Loans as provided in SECTION 2.23(e).

"LIBOR Applicable Margin" means, as of any date with respect to any LIBOR Interest Period for LIBOR Rate Loans made in Dollars, the Applicable Margin in effect for such LIBOR Interest Period as determined in accordance with SECTION 2.4 hereof.

"LIBOR Break Funding Costs" means an amount sufficient to reimburse each Lender for any and all loss, cost or expense actually incurred by such Lender as the result of the occurrence of any LIBOR Break Funding Event, determined by multiplying the amount of the principal prepayment hereunder by the deficiency, if any, between, (x) LIBOR for a term then available closest to the remaining duration of the LIBOR Interest Period for the principal sum being prepaid, and for an amount comparable to such principal sum, in the Applicable Currency, and (y) the LIBOR Rate or Bid-Option Rate, as the case may be, in effect for the principal sum being so prepaid, in the Applicable Currency, immediately prior to the prepayment of such sum, all as determined as of the date of occurrence of the LIBOR Break Funding Event.

"LIBOR Break Funding Event" means any of the events or occurrences set for forth in SECTIONS 2.14(a) or 2.14(b).

"LIBOR Interest Period" means a period of one, two, three or six months commencing on a Business Day selected by Borrower pursuant to this Agreement. Such LIBOR Interest Period shall end on (but exclude) the day which corresponds numerically to such date one, two, three or six months thereafter, PROVIDED, HOWEVER, that if there is no such numerically corresponding day in such next, second, third or sixth succeeding month, such LIBOR Interest Period shall end on the last Business Day of such next, second, third or sixth succeeding month. If a LIBOR Interest Period would otherwise end on a day which is not a Business Day, such LIBOR Interest Period shall end on the next succeeding Business Day; PROVIDED, HOWEVER, that if said next succeeding Business Day falls in a new calendar month, such LIBOR Interest Period shall end on the immediately preceding Business Day.

"LIBOR Rate Loan" means a Loan which bears interest at a LIBOR Rate, and may be an Alternate Currency Loan or a Loan denominated in Dollars.

"LIBOR Rate" means one, two, three or six-month London InterBank Offered Rate for the Applicable Currency, adjusted for statutory reserves, if applicable ("LIBOR") PLUS for each fiscal quarter, the LIBOR Applicable Margin.

"Lien" means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement).

"Loan" means, with respect to a Lender, such Lender's portion of any Advance.

"Loan Documents" means this Agreement, the Notes and any other document from time to time evidencing or securing indebtedness incurred by Borrower under this Agreement, as any of the foregoing may be amended or modified from time to

time.

"Material Adverse Change" means a material adverse change with respect to (i) the business, Property, condition (financial or otherwise), results of operations, or prospects of Borrower and its Subsidiaries taken as a whole, (ii) the ability of Borrower to perform its obligations under the Loan Documents, or (iii) the validity or enforceability of any of the Loan Documents or the rights or remedies of Agent or Lenders thereunder.

"Materials of Environmental Concern" means any gasoline or petroleum (including crude oil or any fraction thereof) or

petroleum products or any hazardous or toxic substances, materials or wastes, defined or regulated as such in or under any Environmental Law, including, without limitation, asbestos, polychlorinated biphenyls and ureaformaldehyde insulation.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Multiemployer Plan" means a Plan maintained pursuant to a collective bargaining agreement or any other arrangement to which Borrowers or any member of the Controlled Group is a party to which more than one employer is obligated to make contributions.

"NCB" means National City Bank, a national banking association .

"Net Income" means for any period, net income (or loss) of Borrower for such period determined in accordance with GAAP.

"Notes" means the Revolving Promissory Notes, the Foreign Currency Notes, and the Swingline Note.

"Notice of Assignment" is defined in SECTION 11.3.3.

"Notice of Offshore Currency Loan" is defined in SECTION 2.7.

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Notes, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations of Borrower to Lenders or to any Lender, Agent or any indemnified party hereunder (i) in respect of the Loans made or Letters of Credit issued pursuant to this Agreement; or (ii) under or in respect of any one or more of the Loan Documents. Obligations shall also include, without limitation, all interest, charges and other fees payable hereunder (or under any of the Loan Documents) by Borrower, or due hereunder (or under any of the Loan Documents) from Borrower to Agent or any one or more of Lenders from time to time, together with all costs and expenses payable hereunder or under any of the Loan Documents.

"Offshore Currency" means any major non-United States currency other than an Alternate Currency in which an Offshore Currency Loan is made hereunder.

"Offshore Currency Loan" means any Loan denominated in an Offshore Currency, bearing interest at the Bid-Option Rate and made pursuant to a Bid-Option Auction.

"Offshore Currency Loan Percentage" means, with respect to any Lender, the percentage of the aggregate outstanding principal amount of the Offshore Currency Loans of all of Lenders represented by the outstanding principal amount of the Offshore Currency Loans of such Lender.

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"Outstanding Amount" means, at any time, the aggregate of (w) the principal balance of all Advances in Dollars then outstanding hereunder, PLUS, (x) the Dollar Equivalent of all Advances in a Foreign Currency then outstanding hereunder, PLUS (y) the Face Amount of all Letters of Credit then outstanding hereunder, PLUS (z) the amount of all draws or disbursements made under any Letter of Credit which Borrower has not converted into a Loan or otherwise reimbursed to the Issuing Bank in accordance with SECTION 2.23, below.

"Participant" means a participant under SECTION 11.2.1.

"Payment Date" means, with respect to the payment of interest accrued on any Base Rate Loan, the last day of each calendar month, and, with respect to the payment of interest accrued on any LIBOR Rate Loan, the last day of the LIBOR Interest Period, except that for any LIBOR Interest Period in excess of three months, interim payments shall be made every third month.

"PBGC" means the Pension Benefit Guaranty Corporation, or any successor thereto.

"Permitted Liens" are defined in SECTION 5.14.

"Person" means any natural person, corporation, firm, joint venture, partnership, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" means an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under SECTION 412 of the Code as to which Borrower or any member of the Controlled Group may have any liability.

"Property" of a Person means any and all property, whether real, personal, tangible, intangible, or mixed, of such Person, or other assets owned, leased or operated by such Person.

"Pro Rata Share" means, in relation to any particular item, the share of any Lender in such item, which shall be in the same proportion which the Commitment of a Lender bears to the Aggregate Commitment, except that with respect to application of payments of principal and interest, Pro Rata Shares shall be adjusted as determined by Agent in its reasonable discretion to account for the portion of the Outstanding Amount at such time attributable to each Lender. Pro Rata Shares shall be net of any and all charges or fees due and payable to Agent under the Loan Documents.

"Purchasers" is defined in SECTION 11.3.1.

"Purchase Money Security Interest" is defined in SECTION 5.14 (iv).

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"Rate Option" means the Base Rate, the LIBOR Rate or the Federal Funds Rate.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or

other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System.

"Reportable Event" means a reportable event as defined in Section 4043 of ERISA and the regulations issued under such section, with respect to a Plan, excluding, however, such events as to which the PBGC by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event, provided, however, that a failure to meet the minimum funding standard of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waiver of the notice requirement in accordance with either Section 4043(a) of ERISA or Section 412(d) of the Code.

"Request for Issuance of a Letter of Credit" means the form, substantially similar to that which is attached hereto as EXHIBIT C to be executed by Borrower and delivered to Agent, requesting the issuance of a Letter of Credit and providing the information required in connection therewith by SECTION 2.23(a), below.

"Required Lenders" means those Lenders whose aggregate Pro Rata Shares of the outstanding Advances equal or exceed sixty-six and two-thirds percent (66 2/3%) of the aggregate amount of the outstanding Advances, or, in the event that there are no Advances outstanding, those Lenders having sixty-six and two-thirds percent (66 2/3%) of the Aggregate Commitment.

"Reserve Requirement" means, with respect to a LIBOR Interest Period, the maximum aggregate reserve requirement (including all basic, supplemental, marginal and other reserves) which is imposed under Regulation D on new non-personal time deposits of $100,000 or more with a maturity equal to that on Eurocurrency liabilities.

"Revolving Promissory Note" means a promissory note, in substantially the form of EXHIBIT B hereto, duly executed by Borrower and payable to the order of a Lender in the amount of its Commitment, including any amendment, modification, renewal or replacement of such promissory note. In the case of delivery of Foreign Currency Notes after the Closing Date, Lenders will deliver, upon the request of Borrower, substitute Revolving

Promissory Notes in the amount of such Lender's Commitment less the Dollar Equivalent at the date of delivery of the principal amount of the Foreign Currency Notes in favor of such Lender.

"Same Day Funds" means (i) with respect to disbursements and payments in Dollars, immediately available funds, and (ii) with respect to disbursements and payments in a Foreign Currency, same day or other funds as may be determined by Agent to be customary in the place of disbursement or payment for the settlement of international banking transactions in the relevant Foreign Currency.

"SECTION" means a numbered section of this Agreement, unless another document is specifically referenced.

"Single Employer Plan" means a Plan maintained by Borrower or any member of the Controlled Group for employees of Borrower or any member of the Controlled Group.

"Spot Rate" for a currency means the rate quoted by Agent as the spot rate for the purchase by Agent of such currency with another currency through the FX Trading Office at approximately 10:30 am. local time on the date two (2) Business Days prior to the date as of which the foreign exchange computation is made.

"Stockholder's Equity" means, as of any date of determination, an amount equal to all equity as calculated in accordance with GAAP appearing on the balance sheet of Borrower or its Subsidiaries (excluding treasury shares).

"Subsidiary" of a Person means (i) any corporation more than 50% of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, association, joint venture or similar business organization more than 50% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a "Subsidiary" shall mean a Subsidiary of Borrower.

"Substantial Portion" means, with respect to the Property of Borrower and its Subsidiaries, Property which represents more than 10% of the consolidated assets of Borrower and its Subsidiaries as would be shown in the consolidated financial statements of Borrower and its Subsidiaries as at the beginning of the twelve-month period ending with the month in which such determination is made.

"Swingline Loan" means a Loan pursuant to SECTION 2.6.

"Swingline Note" means a promissory note, in substantially the form of EXHIBIT D hereto, duly executed by Borrower and payable to the order of NCB in the amount of $10,000,000, including any

amendment, modification, renewal or replacement of such promissory note.

"S&P" means Standard & Poor's Ratings Group and its successors.

"Transferee" is defined in SECTION 11.4.

"Type" means, with respect to any Loan, its nature as a LIBOR Rate Loan in Dollars, a Base Rate Loan, a Swingline Loan, an Alternate Currency Loan or an Offshore Currency Loan.

"Unfunded Liabilities" means the amount (if any) by which the present value of all vested nonforfeitable benefits under all Single Employer Plans exceeds the fair market value of all such Plan assets allocable to such benefits, all determined as of the then most recent valuation date, for such Plans.

"Unmatured Default" means an event which but for the lapse of time or the giving of notice, or both, would constitute a Default.

"Wholly-Owned Subsidiary" of a Person means (i) any Subsidiary all of the outstanding voting securities of which shall at the time be owned or controlled, directly or indirectly, by such Person or one or more Wholly-Owned Subsidiaries of such Person, or by such Person and one or more Wholly-Owned Subsidiaries of such Person, or (ii) any partnership, association, joint venture or similar business organization 100% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

ARTICLE II

THE CREDIT

2.1 COMMITMENT. From and including the date of this Agreement and prior to the Facility Termination Date, each Lender severally agrees, on the terms and conditions set forth in this Agreement, that Borrower may, subject to the terms and conditions of this Agreement, borrow on a revolving basis from Lenders on the Closing Date and from time to time thereafter sums, the outstanding amount of which shall not when added to the Letter of Credit Usage, exceed the Aggregate Commitment at any time. Each Loan shall be in an amount equal to or greater than Five Million Dollars ($5,000,000); PROVIDED, HOWEVER, that (i) with regard to each Lender individually, the sum of each such Lender's outstanding Loans shall not exceed such Lender's Credit Commitment; (ii) with regard to Lenders collectively, the Outstanding Amount shall not exceed the Aggregate Commitment; (iii) the Dollar Equivalent of

Foreign Currency Loans shall not exceed Ten Million Dollars ($10,000,000); (iv) the amount of Swingline Loans shall not exceed Ten Million Dollars ($10,000,000); (v) the Dollar Equivalent of Foreign Currency Loans may be in amounts less than Five Million Dollars ($5,000,000) but shall not be less than $3,000,000; and (vi) Lenders shall not be required to make Offshore Currency Loans except to the extent that they elect to bid therefor pursuant to SECTION 2.7. The Commitments to lend hereunder shall expire on the Facility Termination Date. The credit facility established hereunder shall be evidenced by Revolving Promissory Notes delivered by Borrower in favor of each Lender, respectively, a Swingline Note in favor of NCB, and, concurrently with advances of Foreign Currency Loans, Foreign Currency Notes in favor of each Lender making such Foreign Currency Loan. Loans shall be made in the Applicable Currency.

2.2 Final Principal Payment. Any outstanding Loans and all other unpaid Obligations shall be paid in full by Borrower on the Facility Termination Date.

2.3 Ratable Loans. (a) Each Advance hereunder shall consist of Loans made from the several Lenders ratably in accordance with their Pro Rata Share of the Aggregate Commitment, except for Swingline Loans, which shall be made solely by NCB, and Offshore Currency Loans, which shall be made by Lenders pursuant to SECTION 2.7. Each Lender will make the amount of its Pro Rata Share of each proposed Advance of LIBOR Rate Loans or Base Rate Loans available to Agent for the account of Borrower in Same Day Funds by 12:00 noon (Cleveland time) on the day requested except that in the case of a proposed Offshore Currency Loan, Lenders making an Offshore Currency Loan will make the amount of its share thereof available to Agent by such time on such day as Agent may specify.

(b) For all purposes of this Agreement (but not for purposes of the preparation of any financial statements delivered pursuant hereto), the equivalent in any Foreign Currency of an amount in Dollars, and the equivalent in Dollars of an amount in any Foreign Currency, shall be determined at the Spot Rate.

2.4 APPLICABLE MARGINS. On the Closing Date, the Applicable Margin shall be determined using Tier III of the performance grid below. Thereafter, the Base Rate Applicable Margin and LIBOR Applicable Margin shall be adjusted on the first day of each calendar quarter, beginning January 1, 1996, based on the ratio of Consolidated Funded Debt as of the end of the immediately preceding quarter, to Capitalization as at the end of such quarter. To the extent that, as of an adjustment date, information is not yet available to make such calculation or Borrower has not provided to Agent information necessary to apply the performance grid, interest shall be payable retroactively upon receipt of such information and calculation by Agent. In such event, Borrower shall continue to pay interest at the interest rate

and on the Payment Dates in effect for the preceding quarter and the parties shall adjust for the difference between interest payable and interest actually paid, when information to apply the performance grid is available.

Tier	Consolidated Funded Debt/ Capitalization	LIBOR +	Prime +
Tier I	greater than 50%	45.0 bps	0 bps
Tier II	less than or equal to 50% but greater than 40%	37.5 bps	0 bps
Tier III	less than or equal to 40% but greater than 30%	30.0 bps	0 bps
Tier IV	less than or equal to 30%	22.5 bps	0 bps

<FN>
* bps = basis points

2.5 FACILITY FEE; CLOSING FEE. (a) Borrower agrees to pay to Agent for the account of each Lender a facility fee (the "FACILITY FEE") on each Lender's Commitment from the Closing Date to and including the Facility Termination Date, calculated as follows: (i) 15 bps per annum on such Lender's Commitment in the event the Applicable Margin is Tier I, (ii) 12.5 bps per annum on such Lender's Commitment in the event Borrower's Applicable Margin is Tier II, (iii) 10 bps per annum on Lender's Commitment in the event Borrower's Applicable Margin is Tier III, and (iv) 7.5 bps per annum on such Lender's Commitment in the event Borrower's Applicable Margin is Tier IV. The Facility Fee shall be payable quarterly in arrears on the first day of each calendar quarter hereafter beginning January 1, 1997, and on the Facility Termination Date.

(b) Borrower further agrees to pay all fees payable to Agent pursuant to a separate letter agreement.

2.6 SWINGLINE LOANS. Borrower may, subject to the terms and conditions of this Agreement, borrow on a short-term basis, not to exceed five Business Days, from NCB, on the Closing Date and from time to time thereafter sums which shall bear interest at the Federal Funds Rate plus an applicable margin determined by NCB such that the return to NCB from each such Swingline Loan approximates the hypothetical return to NCB of a LIBOR Rate Loan of the same amount made at the same time, for the same number of days (determined pro rata based on a thirty day LIBOR Interest Period). Each Swingline Loan shall be in an amount equal to or greater than One Million Dollars ($1,000,000); PROVIDED, HOWEVER, that, (i)

notwithstanding anything to the contrary in SECTION 2.1, the sum of NCB's

outstanding Loans of all Types may exceed NCB's Commitment to the extent attributable to Swingline Loans; (ii) with regard to Lenders collectively (including for such purpose NCB), the Outstanding Amount shall not exceed the Aggregate Commitment; and (iii) Borrower may elect not to borrow a Swingline Loan by Telephonic Notice to NCB within two (2) hours of notice from NCB of the interest rate to be applicable to such Loan. Any Swingline Loan not repaid in full, including the principal amount thereof and all accrued interest, within five Business Days of the borrowing thereof shall automatically convert into a Base Rate Loan and bear interest at the Base Rate.

2.7 OFFSHORE CURRENCY LOANS.

(a) THE BID-OPTION. From the Closing Date to but excluding the Facility Termination Date, an Authorized Officer may, as set forth in this SECTION 2.7, request Lenders to make offers to make Offshore Currency Loans to Borrower in an Offshore Currency for a LIBOR Interest Period. Each Lender may, but shall have no obligation to, make such offers and Borrower may, but shall have no obligation to, accept any such offers, in the manners set forth in this SECTION 2.7; furthermore, each Lender may limit the aggregate amount of Offshore Currency Loans when quoting rates for more than one LIBOR Interest Period in any Bid-Option Quote, provided that such limitation shall not be less than the minimum amounts required hereunder for Offshore Currency Loans and Borrower may choose among the Offshore Currency Loans if such limitation is imposed.

(b) BID-OPTION QUOTE REQUEST. When an Authorized Officer wishes to request offers to make Offshore Currency Loans under this SECTION 2.7, it shall transmit to Agent by telex or telecopy a Bid-Option Quote Request substantially in the form of EXHIBIT E hereto so as to be received no later than 11:00 a.m. Cleveland, Ohio, time on the Business Day next preceding the date of the Loan proposed therein specifying:

(i) the proposed date of the Offshore Currency Loan, which shall be a Business Day;

(ii) the aggregate amount of such Offshore Currency Loan, which shall be a minimum of the Dollar Equivalent of $3,000,000 or a larger multiple Dollar Equivalent of $1,000,000; and

(iii) the duration of the LIBOR Interest Period applicable thereto.

Borrower may request offers to make Offshore Currency Loans for more than one LIBOR Interest Period in a single Bid-Option Quote Request.

(c) INVITATION FOR BID-OPTION QUOTES. Promptly upon receipt of a Bid-Option Quote Request, Agent shall send to Lenders by telecopy (or telephone promptly confirmed by telecopy) an Invitation for Bid-Option Quotes substantially in the form of EXHIBIT F hereto, which shall constitute an invitation by Borrower to each Lender to submit Bid-Option Quotes offering to make Offshore Currency Loans to which such Bid-Option Quote Request relates in accordance with this SECTION 2.7.

(d) SUBMISSION AND CONTENTS OF BID-OPTION QUOTES. (i) Each Lender may submit a Bid-Option Quote containing an offer or offers to make Offshore Currency Loans in response to any Invitation for Bid-Option Quotes. Each Bid-Option Quote must comply with the requirements of this subsection (d) and must be submitted to Agent by telecopy (or by telephone promptly confirmed by telecopy) at its Head Office not later than 10:00 a.m. Cleveland time on the proposed date of the Advance. Any Bid-Option Quote so made shall be irrevocable except with the written consent of Agent given on the instructions of the

Authorized Officer.

(ii) Each Bid-Option Quote shall be substantially in the form of EXHIBIT G attached hereto, but may be submitted to Agent by telephone with prompt confirmation by delivery to Agent of such Bid-Option Quote, and shall in any case specify:

(A) the proposed date of the Offshore Currency Loan;

(B) the principal amount of the Offshore Currency Loan for which such offer is being made, which principal amount (x) must be in a minimum Dollar Equivalent of $3,000,000 or a larger multiple Dollar Equivalent of $1,000,000, and (y) may not exceed the principal amount of the Offshore Currency Loans for which offers were requested;

(C) the LIBOR Interest Period(s) for which each such Bid-Option Rate is offered;

(D) the rate of interest per annum (rounded to the nearest 1/100% (the "Bid-Option Rate") offered for each such Offshore Currency Loan;

(E) the identity of the quoting Lender.

(iii) Any Bid-Option Quote shall be disregarded if it:

(A) is not substantially in the form of EXHIBIT G hereto (or is not submitted by telephone to Agent with prompt written confirmation to follow) or does not specify all of the information required by clause

(ii) of this subsection (d);

(B) contains qualifying, conditional or similar language;

(C) proposes terms other than or in addition to those set forth in the applicable Invitation for Bid-Quotes; or

(D) arrives after the time set forth in SECTION 2.7(d) (i);

provided, that a Bid-Option Quote shall not be disregarded pursuant to clause (B) or (C) above solely because it contains an indication that an allocation that might otherwise be made to it pursuant to SECTION 2.7(g) would be unacceptable. Agent shall notify the Authorized Officer of any disregarded Bid-Option Quote.

(e) NOTICE TO BORROWER. Agent shall promptly notify the Authorized Officer of the terms of any Bid-Option Quote submitted by a Lender that is accordance with SECTION 2.7(d). Agent's notice to the Authorized Officer shall specify (i) the aggregate principal amount of Offshore Currency Loans for which offers have been received for each LIBOR Interest Period specified in the related Bid-Option Quote Request, and (ii) the respective principal amounts and respective Bid-Option Rates so offered.

(f) ACCEPTANCE AND NOTICE BY BORROWER. Not later than 11:00 a.m. Cleveland, Ohio, time on the proposed date of an Offshore Currency Loan, the Authorized Officer shall notify Agent of Borrower's acceptance or non-acceptance of any offers so notified to it pursuant to subsection (e) of this SECTION 2.7 and Agent shall, promptly upon receiving notice from the Authorized Officer, notify each Lender whose Bid-Option Quote has been accepted. In the case of acceptance, such notice (a "Notice of Offshore Currency Loan") shall specify the aggregate principal amount of offers for the applicable LIBOR Interest Period(s) have been accepted. Borrower may accept any Bid-Option Quote in whole or in part; provided that:

(i) the aggregate principal amount of each Offshore Currency Loan may not exceed the applicable amount set forth in the related Bid-Option Quote Request for the applicable LIBOR Interest Period;

(ii) the principal amount of each Offshore Currency Loan must be the Dollar Equivalent of $3,000,000 or a larger multiple of the Dollar Equivalent of $1,000,000;

(iii) acceptance of offers may only be made on the basis of ascending Bid-Option Rates; and

(iv) Borrower may not accept any offer that is described in SECTION 2.7(d) (iii) or that otherwise fails to comply with the requirements of this Agreement.

(g) ALLOCATION BY AGENT. If offers are made by two or more Lenders with the same Bid-Option Rates for a greater aggregate principal amount that the amount in respect of which offers are accepted for the related LIBOR Interest Period, the principal amount of Offshore Currency Loans in respect of which such offers are accepted shall be allocated by Agent among such Lenders as nearly as possible (in such multiples, not greater than Dollar Equivalents of $100,000, as Agent may deem appropriate) in proportion to the aggregate principal amount of such offers. Determinations by Agent of the amounts of Offshore Currency Loans shall be conclusive in the absence of manifest error.

2.8 MINIMUM AMOUNT OF LOANS. Base Rate Loans shall be in the minimum amount of $5,000,000, and in multiples of $1,000,000 if in excess thereof. LIBOR Rate Loans in Dollars shall be in the minimum amount of $5,000,000, and in multiples of $1,000,000 if in excess thereof. Foreign Currency Loans shall be in the minimum Dollar Equivalent amount of $3,000,000, and in multiples of $1,000,000 in excess thereof.

2.9 INTEREST PAYABLE ON THE LOANS.

(a) INTENTIONALLY OMITTED.

(b) METHOD OF SELECTING RATE OPTIONS AND LIBOR INTEREST PERIODS. (i) Borrower shall select the Rate Option for each Advance and shall select the LIBOR Interest Period applicable to each LIBOR Rate Loan from time to time and whether such Loan shall be in Dollars or an Alternate Currency, by delivery to Agent of an irrevocable notice in the form of EXHIBIT H hereto (a "BORROWING NOTICE"), or by telephonic notice to Agent ("TELEPHONIC NOTICE"), followed by a same day (which shall mean prior to 5:00 p.m. Cleveland, Ohio, time) written Borrowing Notice delivered to Agent via facsimile. Offshore Currency Loans shall be made exclusively pursuant to SECTION 2.7.

(ii) Each LIBOR Rate Loan shall bear interest from and including the first day of the LIBOR Interest Period applicable thereto until (but not including) the last day of such LIBOR Interest Period at the interest rate determined as applicable to such Loan. Borrower shall select LIBOR Interest Periods so that it is not necessary to pay such Loan prior to the last day of the applicable LIBOR Interest Period in order to repay the Loans on the Facility Termination Date. Provided that no Default shall have occurred and be continuing, Borrower may elect to continue a Loan as a LIBOR Rate Loan by giving irrevocable written, telephonic or telegraphic notice thereof to Agent not more than ten (10) nor less than three (3) Business Days prior to the last day of the then-current LIBOR Interest Period for such Loan, specifying the duration of the succeeding LIBOR Interest Period therefor. If Agent does not receive timely notice of such election, Borrower shall be deemed to have elected to convert such Loan to a Base Rate Loan in Dollars at the end of the then-current LIBOR Interest

Period. Provided that no Default shall have occurred and be continuing, Borrower may, on any Business Day, convert any outstanding Base Rate Loan, or portion thereof, into a LIBOR Rate Loan in the same aggregate principal amount (or Dollar Equivalent). If Borrower desires to convert a Base Rate Loan, it shall give Agent prior written or telephonic notice not more than ten (10) nor less than three (3) Business Days prior to the requested conversion date, which notice shall specify the duration of the LIBOR Interest Period applicable thereto.

(c) DETERMINATION OF RATE. Agent shall determine the Base Rate or Federal Funds Rate, as the case may be, in effect from time to time. Any change in the Base Rate or Federal Funds Rate shall, for all purposes of this Agreement and the other Loan Documents, become effective on the effective date announced by Agent in accordance with Agent's customary practices.

(d) MONTHLY INSTALLMENTS.

(i) Borrower shall pay to Agent, for the account of Lenders in accordance with their respective Pro Rata Share, monthly in arrears on the last Business Day of each month beginning with the month following the month in which the Closing Date occurs, interest on the outstanding principal amount of the Base Rate Loans at the annual rate equal to the Base Rate plus the Base Rate Applicable Margin and on the outstanding principal amount of Swingline Loans at the annual rate determined pursuant to SECTION 2.6; provided, however, that if Borrower elects, pursuant to the final paragraph of SECTION 2.4(a), to convert a Base Rate Loan, or any portion thereof, to a LIBOR Rate Loan, Borrower shall pay to Agent, for the account of Lenders in proportion to their respective Commitments, all accrued but unpaid interest on such Base Rate Loan, or that portion thereof which is being so converted, for the period commencing on the date of the last payment date under this SECTION 2.8(d) (i) and concluding on the day immediately preceding the first day of the LIBOR Interest Period for the LIBOR Rate Loan into which such Base Rate Loan is converted.

(ii) Borrower shall pay to Agent, for the account of Lenders in accordance with their Pro Rata Share, in arrears, interest on the outstanding principal amount of the LIBOR Rate Loans in Dollars at the annual rate equal to the LIBOR Rate. Such interest shall be due and payable on the last Business Day of the applicable

LIBOR Interest Period of three months or less, and for all other LIBOR Rate Loans in Dollars, interest shall be payable, in arrears as aforesaid, on (x) that Business Day which is three months after the beginning of the LIBOR Interest Period for such Loans; and (y) on the final day of the LIBOR Interest Period therefor.

(iii) Borrower shall pay to Agent, for the account of Lenders, in arrears, interest on the outstanding principal amount of each Offshore Currency Loan at the annual rate equal to the applicable Bid-Option Rate. Such interest shall be due and payable on the last Business Day of the applicable LIBOR Interest Period.

(e) INTEREST ON OVERDUE PAYMENTS; DEFAULT INTEREST RATE. If any payment of principal or interest is not paid when due, or prior to the expiration of the applicable period of grace (if any) therefor, Agent may charge and collect from Borrower, or may add to the unpaid balance of the Notes, a Late Charge. Any Late Charge charged and collected by Agent shall be distributed to Lenders in proportion to their respective Commitments or Offshore Currency Loan Percentage, as the case may be. No failure by Agent to charge or collect any Late Charge in respect of any delinquent payment shall be considered to be a waiver by Agent or Lenders of any rights they may have hereunder, including without limitation the right subsequently to impose a Late Charge for such delinquent payment or to take such other actions as may then be available to them hereunder or at law or in equity, including but not limited to the right to terminate the Commitments and/or to accelerate the Obligations pursuant to the terms hereof. If any Note has been accelerated pursuant to this Agreement or if a Default hereunder or under any other Loan Document shall have occurred and be continuing, the outstanding principal balance of the Indebtedness advanced under this Agreement, together with all accrued interest thereon and any and all other Obligations, shall bear interest from the date on which such amount shall have first become due and payable to the date on which such amount shall be paid (whether before or after judgment) at the Default Interest Rate. Interest at the Default Interest Rate will continue to accrue and will (to the extent permitted by applicable law) be compounded daily until the Obligations in respect of such payment are discharged (whether before or after judgment).

(f) LIBOR Rate Loans in Dollars not repaid on the last day of the Interest Rate Period applicable thereto shall be continued as LIBOR Rate Loans to the extent Borrower provides written notice thereof to Agent and satisfies the requirements hereof for LIBOR Rate Loans, or, if such requirements are not satisfied, converted into Base Rate Loans and bear interest as

provided herein, from and including the last day of such Interest Rate Period.

(g) Foreign Currency Loans not repaid on the last day of the Interest Rate Period applicable thereto shall be continued as Foreign Currency Loans in the same Applicable Currency to the extent Borrower provides written notice thereof to Agent and satisfies the requirements hereof for Foreign Currency Loans in such Applicable Currency, or, if such requirements are not satisfied, converted into Base Rate Loans (and redenominated in Dollars at its Dollar Equivalent) and bear interest as provided herein, from and including the last day of such Interest Rate Period.

2.10 REPAYMENTS AND PREPAYMENTS OF PRINCIPAL.

(a) OPTIONAL PREPAYMENTS Without derogating from the mandatory prepayment requirements contained in SECTION 2.10(b) hereof, Borrower may prepay the principal of the Loans in full or in part at any time and from time to time upon payment to Agent of all accrued interest to the date of payment; provided, however, that (i) all partial payments of principal shall be in an amount equal to or greater than One Hundred Thousand Dollars ($100,000.00); and (ii) all Loans may be prepaid without penalty or premium. If Borrower shall prepay any Loan which is a LIBOR Rate Loan on a day other than the final day of the applicable LIBOR Interest Period therefor, such prepayment must include an amount equal to all of Lenders' aggregate LIBOR Break Funding Costs, applicable to or resulting from such prepayment in accordance with SECTION 2.14, below.

(b) MANDATORY PREPAYMENTS

(i) If at any time the Outstanding Amount exceeds the Aggregate Commitment, Borrower shall immediately prepay an amount equal to such excess.

(ii) If at any time the Outstanding Amount with respect to any Lender exceeds such Lender's Commitment, Borrower shall immediately prepay an amount equal to such excess.

(iii) If (and on each occasion that) a drawing or disbursement is made under a Letter of Credit and is not reimbursed by Borrower (either by causing the amount of such drawing or disbursement to be converted into a Loan or by paying the Issuing Bank the amount of such showing or disbursement in immediately available funds, in either case as and when required by SECTION 2.23, below), Borrower shall immediately prepay an amount equal to such drawing or disbursement, together with interest thereon.

(c) Application of Prepayments Any prepayment of the Obligations shall be applied by Agent as set forth in SECTION 2.11

hereof. To the extent that such payment, repayment or prepayment shall be applied to LIBOR Rate Loan, Agent shall retain such amount until the expiration of the LIBOR Interest Period applicable to such Loan, and, shall apply such payment at such time so as to minimize the LIBOR Break Funding Costs applicable to such payment, repayment or prepayment, unless otherwise instructed by Borrower to pay, repay or prepay such Loan and nonetheless incur the applicable LIBOR Break Funding Cost.

(d) MATURITY. Subject to the terms and conditions of this Agreement, Borrower will be entitled to reborrow all or any part of the principal of the Notes repaid or prepaid prior to the termination of the Commitments, PROVIDED THAT Borrower shall not be permitted to reborrow principal under a Foreign Currency Note. The Commitments shall terminate, and all of the Indebtedness evidenced by each Note shall, if not sooner paid, be in any event absolutely and unconditionally due and payable in full by Borrower, on the Facility Termination Date.

(e) NOTICE OF PREPAYMENTS OF PRINCIPAL. Unless otherwise specified herein, Borrower will provide Agent at least (1) one Business Day's advance, written notice of its intention to make any voluntary prepayment of principal. Such notice shall be irrevocable and shall specify the date of prepayment and the aggregate amount to be paid.

(f) REDUCTION IN COMMITMENT. Provided there is not then any Default or Unmatured Default hereunder or any other Loan Document, Borrower may, upon and subject to the terms and conditions set forth in this SECTION 2.10(f), elect permanently to reduce the Aggregate Commitment by providing Agent and each Lender with not less than thirty (30) days' prior written notice of its election to do so. Such notice shall specify the date on which such reduction is intended to become effective and the amount to which Borrower would propose to reduce the Aggregate Commitment. Provided that Borrower shall, on or prior to the effective date for such reduction specified in such notice, have made such payments or prepayments as may be necessary to cause the outstanding balance of all Loans to Borrower to be reduced to an amount equal to or less than the amount of the Aggregate Commitment (giving effect to the proposed reduction thereof contemplated in Borrower's notice), the Aggregate Commitment shall, on the date specified in Borrower's notice, be reduced to the amount stipulated in Borrower's notice. In the event that Borrower shall elect to reduce the Aggregate Commitment as aforesaid, each Lender's Commitment shall be reduced, pro rata, to reflect any such reduction in the Aggregate Commitment, and the amount of the Facility Fee payable during the quarter in which such reduction shall become effective shall be calculated so as to give effect to such reduction, as of the effective date thereof, on a per diem basis. Each reduction in the amount of the Aggregate Commitment effected pursuant to this SECTION 2.10(f) shall be in a multiple of Five Million Dollars ($5,000,000), and the

minimum reduction shall be Twenty Million

Dollars ($20,000,000). Each reduction in the amount of the Aggregate Commitment shall be permanent. Borrower may exercise their right permanently to reduce the amount of the Aggregate Commitment not more frequently than twice during any six-month period. Borrower shall pay all reasonable costs and expenses of Agent (including, without limitation, reasonable attorney's fees) incurred in connection with the exercise of Borrower's rights under this SECTION 2.10(f).

2.11 PAYMENTS AND COMPUTATIONS.

(a) TIME AND PLACE OF PAYMENTS. Each payment to be made by Borrower under this Agreement or any other Loan Documents shall be made directly to Agent at its Head Office, not later than 12:00 noon Cleveland time, on the due date of each such payment. Such payments shall be made in Same Day Funds, and (i) in the case of Foreign Currency payments, no later than such time on the dates specified herein as may be determined by Agent to be necessary for such payment to be credited on such date in accordance with normal banking procedures in the place of payment, and (ii) in the case of any Dollar payments, no later than 12:30 p.m. (Cleveland time) on the date specified herein. Any payment which is received by Agent later than 12:30 p.m. (Cleveland time), or later than the time specified by Agent as provided in clause (i), above, (in the case of Foreign Currency payments), shall be deemed to have been received on the following Banking Day and any applicable interest or fee shall continue to accrue. Except as otherwise expressly provided herein, all payments by Borrower shall be made to Agent for the account of Lenders, and, with respect to principal of, interest on, and any other amounts relating to, any Foreign Currency Loan, shall be made in the Foreign Currency in which such Loan is denominated or payable, and, with respect to all other amounts payable hereunder, shall be made in Dollars. Agent will, on the same Business Day that it receives (or is deemed to receive, as aforesaid) each such payment, cause to be distributed to each Lender, in immediately available and freely transferrable funds, such Lender's Pro Rata Share of each such payment received by Agent or, in the case of Offshore Currency payments, distributed to the Lender(s) having Loans in accordance with their Offshore Currency Loan Percentage.

(b) APPLICATION OF FUNDS. Notwithstanding anything herein to the contrary, the funds received by Agent with respect to the Obligations shall be applied as follows:

(i) NO DEFAULT. Provided that the Notes have not been accelerated pursuant to SECTION 7.1, below, and provided further that no Default or Unmatured Default hereunder or under any Loan Document shall have occurred and be continuing at the time that Agent receives such funds, in the following manner: (a) FIRST, to the payment of all fees, charges, and other sums (other than principal and interest) then

due and payable to Agent or Lenders under the Notes, this Agreement or the other Loan Documents (including, without limitation, any LIBOR Break Funding Costs which may then be payable); (b) SECOND, to the payment of all accrued but unpaid interest at the time of such payment in accordance with each Lender's share pursuant to SECTION

2.11(a); and (c) THIRD, to the payment of principal of the Notes in accordance with each Lender's share pursuant to SECTION 2.11(a).

(ii) DEFAULT. If the Notes have been accelerated pursuant to SECTION 7.1, or if a Default hereunder shall have occurred and be continuing hereunder or under the Notes or any of the other Loan Documents at the time Agent receives such funds, in the following manner: (a) FIRST to the payment or reimbursement of Lenders and Agent for all costs, expenses, disbursements and losses which shall have been incurred or sustained by Lenders or Agent in or incidental to the collection of the Obligations owed by Borrower hereunder or the exercise, protection, or enforcement by Lenders or Agent of all or any of the rights, remedies, powers and privileges of Lenders and Agent under this Agreement, the Notes, or any of the other Loan Documents and in and towards the provision of adequate indemnity to Agent and any of Lenders against all taxes or Liens which by law shall or may have priority over the rights of Agent or Lenders in and to such funds; and (b) SECOND to the payment of all of the Obligations in accordance with SECTION 2.11(b) (i) above.

(c) PAYMENTS ON BUSINESS DAYS. If any sum would (but for the provisions of this SECTION 2.11(c)) become due and payable on any day which is not a Business Day, then such sum shall become due and payable on the next succeeding Business Day, and interest payable on such sum shall continue to accrue and shall be adjusted by Agent accordingly.

(d) COMPUTATION OF INTEREST. All computations of interest payable under this Agreement, the Notes, or any of the other Loan Documents shall be computed by Agent on the basis of the actual principal amount outstanding on each day during the payment period, and shall be calculated with reference to the actual number of days elapsed during such period on the basis of a year consisting of three hundred and sixty (360) days. The daily interest charge shall be one three-hundred-sixtieth (1/360th) of the annual interest amount. Each determination of any interest rate by Agent shall be conclusive and binding on Borrower in the absence of manifest error. Absent manifest error, a certificate or statement signed by an authorized officer of Agent shall be

conclusive evidence of the amount of the Obligations due and unpaid as of the date of such certificate or statement.

2.12 PAYMENTS TO BE FREE OF DEDUCTIONS. Each payment to be made by Borrower under this Agreement, any Note, or any of the other Loan Documents shall be made in accordance with SECTION 2.11 hereof, without set-off, deduction or counterclaim whatsoever, and free and clear of taxes, levies, imposts, duties, charges, fees, deduction, withholdings, compulsory loans, restrictions or conditions of any nature now or hereafter imposed or levied by any governmental or taxing authority, unless Borrower is compelled by law to make any such deduction or withholding. In the event that any such obligation to deduct or withhold is imposed upon Borrower with respect to any such payment: (a) Borrower shall be permitted to make the deduction or withholding required by law in respect of the said payment, and (b) there shall become and be absolutely due and payable by Borrower to Agent or such Lender on the date on which the said payment shall be due and payable, and Borrower hereby promises to pay to Agent or such Lender on such date, such additional amount as shall be necessary to enable Agent or such Lender to receive the same net amount which Agent or such Lender would have received on such due date had no such obligation been imposed by law. Notwithstanding any provision of this SECTION 2.12 to the contrary, the foregoing provisions of this SECTION 2.12 shall not apply in the case of any deductions or withholding made (y) in respect of taxes charged upon or by reference to the overall net income, profits or gains of Agent or any Lender, or (z) failure by a Lender to comply with SECTION 2.22.

2.13 USE OF PROCEEDS. Borrower represents, warrants and covenants to

Agent and to each Lender that all proceeds of the Advances shall be used by Borrower only for the following purposes: (i) Acquisitions, to the extent expressly permitted under this Agreement, (ii) Borrower's share repurchase program, and (iii) except as expressly limited in this Agreement, general corporate purposes.

2.14 LIBOR BREAK FUNDING COST. Borrower shall pay to Agent, for the ratable benefit of each Lender, the LIBOR Break Funding Costs that Agent reasonably determines are attributable to:

(a) any payment (including, without limitation, any payment resulting from the acceleration of the Loans pursuant to this Agreement or any Loan Document), repayment, mandatory or optional prepayment, or conversion of a LIBOR Rate Loan for any reason on a date other than the last day of the LIBOR Interest Period for such Loan; or

(b) any failure by Borrower for any reason to borrow a LIBOR Rate Loan on the date for such borrowing specified in the relevant Borrowing Notice, or in a Bid-Option Quote Request for which Borrower has delivered a Notice of Offshore Currency Loan pursuant to SECTION 2.7(f) of this Agreement.

2.15 ADDITIONAL COSTS.

(a) Notwithstanding any conflicting provisions of this Agreement to the contrary, if any applicable law, rule or regulation not in effect as of the date hereof shall (i) subject Agent or any Lender to any tax, levy, impost, duty, charge, fee, deduction or withholding of any nature with respect to any Loan, or Letter of Credit, this Agreement, any Note, or any of the other Loan Documents or the payment by Borrower of any amounts payable to Agent or any Lender hereunder or thereunder (other than taxes charged upon or by reference to the overall net income, profits or gains of Agent or any Lender or taxes charged with respect to any Lender's failure to comply with SECTION 2.22 hereof); or (ii) materially change, in the reasonable opinion of the party so affected, the basis of taxation (other than changes in tax rates applicable to taxes charged upon or by reference to the overall net income, profits or gains of Agent or any Lender or taxes charged with respect to any Lender's failure to comply with SECTION 2.22 hereof) of payments to Agent or any Lender of the principal of or the interest on any Note or any other amounts payable to Agent or any Lender under this Agreement, or any of the other Loan Documents; or (iii) impose or increase or render applicable any special or supplementary special deposit or reserve or similar requirements (whether or not having the force of law) against assets held by, or deposits in or for the account of, or any eligible liabilities of, or loans by any office or branch of, Agent or any Lender; or (iv) impose on Agent or any Lender any other condition or requirement with respect to this Agreement, any Note, or any of the other Loan Documents, and if the result of any of the foregoing is (A) to increase the cost to Agent or any Lender of making, funding or maintaining all or any part of the principal of the Loans or of issuing, maintaining or making draws or disbursements under the Letters of Credit, or (B) to reduce the amount of principal, interest or any other sum payable by Borrower to Agent or any Lender under this Agreement, any Note, or any of the other Loan Documents, or (C) to require Agent or any Lender to make any payment or to forego any interest or other sum payable by Borrower to Agent or any Lender under this Agreement, any Note, or any of the other Loan Documents, the amount of which payment or foregone interest or other sum is measured by or calculated by reference to the gross amount of any sum receivable or deemed received by Agent or any Lender from Borrower under this Agreement, any Note, or any of the other Loans Documents, then, and in each such case, Borrower will pay to Agent for Agent or the account of a Lender, as the case may be, within sixty (60) days of written notice by Agent or such Lender, such additional amounts as will (in the reasonable opinion of Agent or such Lender, as the case may be) be sufficient to compensate Agent or such Lender for such sum.

(b) If any present or future applicable law, rule or regulation shall make it unlawful for Borrower to perform any one or more of its agreements or Obligations under this Agreement, any Note, or any of the other Loan Documents, then the obligations of

Lenders under their respective Commitment shall terminate immediately. If any present or future applicable law, rule or regulation shall make it unlawful for Borrower to perform any one or more of its agreements or obligations under this Agreement, any Note, or any of the other Loan Documents, and Agent, or any Lender shall at any time determine (which reasonable determination shall be conclusive and binding on Borrower) (i) that, as a consequence of the effect or operation (whether direct or indirect) of any such applicable law, rule or regulation, any one or more of the rights, remedies, powers or privileges of Agent or any Lender under or in respect of this Agreement, any Note, or any of the other Loan Documents shall be or become invalid, unenforceable, or materially restricted; and (ii) that all or any one or more of the rights, remedies, powers and privileges so affected are of material importance to Agent or any Lender (as determined by the party so affected), then Agent shall, at the direction of the Required Lenders, by giving notice to Borrower, declare all of the Obligations, including, without limitation, the entire unpaid principal of the Notes, all of the unpaid interest accrued thereon and any and all other sums due and payable by Borrower to Agent or Lenders under this Agreement, any Note, and any of the other Loan Documents, to be immediately due and payable, and, thereupon, such Obligations shall (if not already due and payable) forthwith become and be due and payable without further notice or other formalities of any kind, all of which are hereby expressly waived.

(c) If Agent or any Lender shall reasonably determine that any law, rule or regulation not in effect as of the date hereof regarding capital adequacy, or in the event of any change in any existing such law, rule or regulation or in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof or compliance by any Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's capital, as a consequence of its obligations hereunder, to a level below that which such Lender could have achieved but for such adoption, change or compliance (taking into consideration such Lender's policies with respect to capital adequacy) by any amount deemed by such Lender to be material, then Borrower shall pay to such Lender within sixty (60) days of written notice by such Lender such amount or amounts, in addition to the amounts payable under the provisions of this Agreement or any other Loan Document, as will compensate such Lender for such reduction. Determinations by any Lender of the additional amount or amounts required to compensate such Lender in respect of the foregoing shall be presumptively correct absent manifest error. In determining such amount or amounts, each Lender may use in good faith any reasonable averaging and attribution methods of general application.

(d) Each Lender agrees, that upon the occurrence of any event giving rise to the operation of SECTION 2.12, or (a)-(c) of this SECTION 2.15 with respect to such Lender, it will, to the extent permitted by Applicable Law or by the relevant governmental authority, in consultation with Agent, for a period of thirty (30) days endeavor in good faith to avoid or minimize the increase in costs or reduction in payments resulting from such event (including, but not limited to, endeavoring to change its Lending Installation); provided, however,

that such avoidance or minimization can be made in such a manner that such Lender, in its sole determination, suffers no economic, legal or regulatory disadvantage. If any Lender (an "Affected Lender") shall make a demand for payment under any of such Sections, and Borrower shall find a Lender or an assignee which offers in writing to purchase the Commitments and Advances of such Affected Lender without recourse at par on a specified date, together with accrued and unpaid interest and commitment fees thereon to the date of purchase, and tenders the purchase price of such Commitments and Advances on such specified date, and if, in the reasonable opinion of such Affected Lender, its acceptance of such offer would be permitted under Applicable Law and all relevant governmental authorities and would not result in its suffering any economic, legal, or other regulatory disadvantage, then Borrower shall be excused from the payment of the increased costs claimed by such Affected Lender under any of such sections accruing after the first interest payment date pursuant to SECTION 2.19 for each Advance of such Affected Lender following such specified date, if the Affected Lender demanding payment under either such SECTION declines such purchase offer. If such Affected Lender accepts such purchase offer, upon consummation of such purchase offer such Affected Lender shall cease to be a party hereto. Except as provided in the immediately preceding sentence, nothing in this SECTION 2.15(d) shall affect or postpone the obligations of Borrower to make payments as provided hereunder: Any reasonable expenses incurred by such Affected Lender under this SECTION 2.15 (d) shall be paid by Borrower upon delivery by such Affected Lender to Borrower of a certificate as to the amount of such expenses, which certificate shall be conclusive and binding, in absence of manifest error.

(e) For purposes of this SECTION 2.15, "laws, rules and regulations not in effect on the date hereof" or similar words shall be deemed to include future interpretations of existing laws, rules and regulations.

2.16 INDEMNIFICATION OF LOSSES. Without derogating from any of the other provisions of this Agreement or any of the other Loan Documents Borrower hereby absolutely and unconditionally agrees to indemnify Agent and each Lender, upon demand at any time and as often as the occasion therefor may require, against any and all claim, demands, suits, actions, damages, losses, costs, expenses and all other liabilities whatsoever which Agent or any Lender or any of their respective directors or officers may sustain or incur as a consequence of, on account of, in relation to or in

any way in connection with (a) any failure by Borrower to pay, punctually on the due date thereof, any amount payable under this agreement, any Note, or any of the other Loan Documents beyond the expiration of the period of grace (if any) applicable thereto, or (b) the acceleration of the maturity of any of the Obligations, or (c) any failure by any Borrower to perform or comply with any of the terms and provisions of this Agreement, any Note or any of the other Loan Documents. Such claims, demands, suits, actions, damages, losses, costs, expenses shall include, without limitation (i) any costs incurred by Agent or any lender in carrying funds to cover any overdue principal, overdue interest or any other overdue sums payable by Borrower under this Agreement, any Note or any of the other Loan Documents; (ii) any interest payable by Agent or any Lender in order to carry the fund referred to in clause (i) of this SECTION 2.16; and (iii) any losses (but excluding losses of anticipated profit) incurred or sustained by Agent or any Lender in liquidating or re-employing funds acquired from third parties to make, fund or maintain all or any part of the Loans. Lenders' right to receive payment under this SECTION 2.16 (but not the underlying right to indemnification) is subject to substantial compliance by Lenders with the obligation to make Advances hereunder.

2.17 STATEMENTS BY AGENT OR ANY LENDER. A certified statement signed by an officer of Agent or any Lender setting forth any additional amount required to be paid by Borrower to Agent or such Lender (together with supporting documentation setting forth in reasonable detail an explanation of the basis for

requesting payment of such amount), respectively, under SECTION 2.15 and 2.16 hereof shall be submitted by Agent or such Lender to Borrower in connection with each demand made at any time by Agent (with copies thereof delivered to each other Lender) or such Lender under either of such sections. A claim by Agent or any Lender for all or any part of any additional amounts required to be paid by Borrower under SECTION 2.15 and 2.16 hereof may be made before or after any payment to which such claim relates. Each such statement shall, in the absence of manifest error, constitute presumptive evidence of the additional amount required to be paid to Agent or such Lender.

2.18 BORROWING NOTICES: TELEPHONIC NOTICES. (a) All requests for draws, advances, or disbursements of Loan proceeds shall be made by and on behalf of Borrower in writing on a Borrowing Notice, by Telephonic Notice, or pursuant to SECTION 2.7. All Telephonic Notices, must be followed by same day (which shall mean prior to 5:00 p.m., Cleveland, Ohio, time) written Borrowing Notice delivered to Agent via facsimile. Borrowing Notices may be transmitted to Agent at its Head Office via fax or telecopy, PROVIDED that Borrower immediately notifies Agent by telephone of such transmission. Each Borrowing Notice for Base Rate Loans or Swingline Loans shall be transmitted to and received by Agent, or each Telephonic Notice shall be received by telephone by Agent, not later than 12:00 p.m. Cleveland, Ohio, time not more than ten (10) Business Days nor less than one (1) Business Day before the

Borrowing Date of each such loan, and not more than ten (10) Business Days nor less than three (3) Business Days before the Borrowing Date for each LIBOR Rate Loan, provided that notices for Offshore Currency Loans shall be governed by SECTION 2.7. All Borrowing Notices shall be accompanied by such documents, reports and other materials as may be reasonably necessary to enable Agent (and each Lender) to confirm that the conditions precedent to the disbursement of such requested Loan have been satisfied.

(b) Agent shall notify Lenders promptly by telephone of its receipt of Borrower's Borrowing Notice, but in no event shall Agent notify Lenders later than 5:00 p.m. Cleveland time, on the day on which Agent actually receives the applicable Borrowing Notice. In addition, Agent shall provide each Lender with a copy of each such Borrowing Notice, together with all accompanying materials, promptly upon Agent's receipt thereof, and shall in addition provide each Lender with a statement showing Agent's calculation of its respective Pro Rata Share of the Advance so requested. Each Lender will, upon receiving notice from Agent of Borrower's Borrowing Notice, become and be obligated to place at the disposal of Agent, not later than 10:00 a.m., Cleveland time, on the Borrowing Date set forth on such Borrowing Notice, an aggregate amount in dollars equal to such Lender's Pro Rata Share multiplied by the amount of the Advance requested. The payment by each Lender of such aggregate amount shall be made to Agent at Agent's Head Office in immediately available and freely transferrable funds.

(c) Agent shall disburse the proceeds of each Loan to Borrower, in immediately available funds not later than noon, Cleveland time, on the Borrowing Date described therefor, provided that: (x) Borrower shall have provided Agent with a Borrowing Notice for such Advance as and when provided above; (y) all of the conditions precedent applicable to such Advance shall be satisfied as at the Closing Date or such later Borrowing Date as may be applicable to such Loan; and (z) each Lender shall fund the amount equal to its Loan as provided in SECTION 2.18(b), above.

2.19 NOTES; TELEPHONIC NOTICES. Each Lender is hereby authorized to record the principal amount of each of its Loans and each repayment on the schedule attached to its respective Note or Notes, provided, however, that the failure to so record shall not affect Borrower's obligations under such Note. Borrower hereby authorizes Lenders and Agent to extend, convert or continue Loans, effect selections of Types of Advances and to transfer funds based on telephonic notices made by any person or persons Agent or any Lender in good faith believes to be acting on behalf of Borrower. Borrower agrees to deliver

promptly to Agent a written confirmation, if such confirmation is requested by Agent or any Lender, of each telephonic notice signed by an Authorized Officer. If the written confirmation differs in any material respect from the action taken by Agent and Lenders, the records of Agent and Lenders shall govern absent manifest error.

2.20 LENDING INSTALLATIONS. Each Lender may book its Loans at any Lending Installation selected by such Lender and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation and the Notes shall be deemed held by each Lender for the benefit of such Lending Installation. Each Lender may, by written or telex notice to Agent and Borrower, designate a Lending Installation through which Loans will be made by it and for whose account Loan payments are to be made.

2.21 NON-RECEIPT OF FUNDS BY AGENT. Unless Borrower or a Lender, as the case may be, notifies Agent prior to the date on which it is scheduled to make payment to Agent of (i) in the case of a Lender, the proceeds of a Loan or (ii) in the case of Borrower, a payment of principal, interest or fees to Agent for the account of Lenders, that it does not intend to make such payment, Agent may assume that such payment has been made. Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Lender or Borrower, as the case may be, has not in fact made such payment to Agent, the recipient of such payment shall, on demand by Agent, repay to Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by Agent until the date Agent recovers such amount at a rate per annum equal to (i) in the case of payment by a Lender, the Federal Funds Rate for such day or (ii) in the case of payment by Borrower, the interest rate applicable to the relevant Loan.

2.22 WITHHOLDING TAX EXEMPTION. At least five Business Days prior to the first date on which interest or fees are payable hereunder for the account of any Lender, each Lender that is not incorporated under the laws of the United States of America, or a state thereof, agrees that it will deliver to each Borrower and Agent two duly completed copies of United States Internal Revenue Service Form 1001 or 4224, certifying in either case that such Lender is entitled to receive payments under this Agreement and the Notes without deduction or withholding of any United States federal income taxes. Each Lender which so delivers a Form 1001 or 4224 further undertakes to deliver to each Borrower and Agent two additional copies of such form (or a successor form) on or before the date that such form expires (currently, three successive calendar years for Form 1001 and one calendar year for Form 4224) or becomes obsolete or after the occurrence of any event requiring a change in the most recent forms so delivered by it, and such amendments thereto or extensions or renewals thereof as may be reasonably requested by Borrower or Agent, in each case certifying that such Lender is entitled to receive payments under this Agreement and the Notes without deduction or withholding of any United States federal income taxes, unless an event (including without limitation any change in treaty, law or regulation) has occurred prior to the date on which any such delivery would

otherwise be required which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form with respect to it and such Lender advises Borrower and Agent that it is not capable of receiving payments without any deduction or withholding of United States federal income tax.

2.23 THE LETTERS OF CREDIT.

(a) ISSUANCE OF LETTERS OF CREDIT; CONDITIONS AND LIMITATIONS". Upon the terms and conditions set forth in this Agreement, Borrower may request, in accordance with the provisions of this SECTION 2.23, that the Issuing Bank issue one or more Letters of Credit for its account from time to time prior to the Termination Date. If Borrower desires the issuance of a Letter of Credit, it shall deliver to Agent a Request for Issuance of Letter of Credit in form substantially similar to that which is attached hereto as EXHIBIT C and made a part hereof by this reference, no later than 11:00 A.M. (Cleveland time) at least five Business Days before the proposed Issuance Date therefor. The Request for Issuance of Letter of Credit shall be accompanied by a Letter of Credit application, on the Issuing Bank's then-customary form, and shall contain, among other things, the following information with respect to each requested Letter of Credit: (i) its proposed Issuance Date (which shall be a Business Day), (ii) its proposed Face Amount, (iii) its proposed expiration date, (iv) the name and address of its proposed beneficiary, and (v) a summary of its purpose and contemplated terms. Borrower shall, in addition, furnish a precise description of any documents to be presented under, and any other terms of, the requested Letter of Credit, together with the text of any certificate to be presented by the beneficiary which, if presented by the beneficiary prior to the expiration date of the Letter of Credit, would require the Issuing Bank to make payment under the Letter of Credit. No Letter of Credit shall require payment against a conforming draft to be made thereunder on the same Business Day that such draft is presented if such presentation is made after 10:00 A.M. (Cleveland time) on such Business Day. The minimum Face Amount of any Letter of Credit shall be One Million Dollars ($1,000,000) or the Dollar Equivalent thereof. The issuance of each Letter of Credit shall be subject to the satisfaction, on the Issuance Date for each Letter of Credit, of all of the conditions precedent set forth in SECTION 3.2, below, and to the following additional limitations:

(i) Borrower shall not request the issuance of a Letter of Credit if, after giving effect to the issuance of such Letter of Credit, the Letter of Credit Usage would equal or exceed Ten Million Dollars ($10,000,000);

(ii) Borrower shall not request the issuance of a Letter of Credit if, after giving effect to the issuance of such Letter of Credit, the Outstanding Amount would exceed the Aggregate Commitment; and

(iii) In no event shall the Issuing Bank issue any Letter of Credit having an expiration date later than the first to occur of (x) Facility Termination Date or (y) one (1) year after the Issuance Date of the proposed Letter of Credit; provided that, subject to the foregoing clause (x), this clause (y) shall not prevent the Issuing Bank from agreeing that a Letter of Credit will automatically be renewed for a period not to exceed one (1) year after the initial expiry date thereof if the Issuing Bank does not cancel such renewal, provided that all of the conditions to the issuance of a Letter of Credit and set forth or referred to in this SECTION 2.23(a) must be satisfied as at each such renewal date in respect of such renewal.

(b) ISSUANCE OF LETTERS OF CREDIT: PURCHASE OF PARTICIPATIONS THEREIN. Upon Agent's receipt of a Request for Issuance of Letter of Credit, Agent shall promptly so notify each Lender, and shall provide each Lender with a copy of such Request for Issuance of Letter of Credit. Provided that all of the conditions precedent to the issuance of the requested Letter of Credit have been satisfied, the Issuing Bank shall cause each Letter of Credit properly requested hereunder to be issued in accordance wIth the terms of the respective Request for Issuance for Letter of Credit therefor. Immediately upon the issuance of each Letter of Credit, each Lender (other than the Issuing Bank) shall be deemed to have irrevocably purchased from the Issuing Bank a participation in such Letter of Credit and any and all drawings and disbursements thereunder, in an amount equal to such Lender's Pro Rata Share of the initial Face Amount of such Letter of Credit, and each Lender hereby covenants and agrees to purchase and

pay for such participation on the terms and subject to the conditions set forth in this SECTION 2.23.

(c) PAYMENT IN CERTAIN CIRCUMSTANCES. Each Letter of Credit shall provide that the Issuing Bank may (but shall not be required to) pay the beneficiary thereof upon the occurrence of an Event of Default and the acceleration of the maturity of the Loans or, if payment is not then due to the beneficiary under such Letter of Credit, may provide for the deposit of funds in an account to secure payment to the beneficiary, and that any funds so deposited shall be paid to such beneficiary (subject to the satisfaction of all conditions to such payment), or returned to the Issuing Bank for distribution to Lenders (or, if all obligations then shall have been indefeasibly paid in full, to Borrower) if no payment to such beneficiary has been made and if the final date available for drawings under the Letter of Credit has passed. Each payment or deposit of funds by the Issuing Bank as provided in this paragraph shall be treated for all purposes of this Agreement as a drawing duly honored by the Issuing Bank under the related Letter of Credit.

(d) TERMINATION OF COMMITMENTS. If for any reason the Commitments shall terminate when any Letter of Credit is outstanding, Borrower shall, on or prior to the date of such termination: (i) cause each outstanding Letter of Credit to be cancelled, and an amount equal to all amounts previously drawn under Letters of Credit and not theretofore reimbursed by Borrower or converted into Loans pursuant to SECTION 2.23(e) to be paid immediately to or as directed by the Issuing Bank; or (ii) deposit, with Agent, immediately available funds in an amount equal to the Letter of Credit Usage to secure all outstanding Letters of Credit which are not cancelled as described in the preceding clause.

(e) PAYMENT OF AMOUNTS DRAWN UNDER LETTERS OF CREDIT. Upon receipt by the Issuing Bank of any request for drawing under its Letter of Credit by the beneficiary thereof, the Issuing Bank shall notify Borrower and Agent promptly after its receipt of notice of any such request, and in any event at least two (2) Business Days prior to the date on which the Issuing Bank intends to honor such drawing (unless under the terms of the Letter of Credit the Issuing Bank is required to honor a drawing prior to the second Business Day after presentation of a request for drawing, in which case the Issuing Bank shall provide Borrower and Agent with such notice of such request as may be practicable under the circumstances). Agent shall provide each Lender with a true and complete copy of such notice within one (1) Business Day of Agent's receipt of the same. Borrower shall, and hereby covenants and agrees to, reimburse the Issuing Bank on the day on which such drawing is honored in an amount, in immediately available funds, equal to the amount of such drawing; PROVIDED that (i) unless Borrower shall have notified Agent prior to 11:00 A.M. (Cleveland time) on the Business Day immediately prior to the date of such drawing that Borrower intends to reimburse the Issuing Bank for the amount of such drawing with funds other than the proceeds of Loans, Borrower shall be deemed to have given a Request for Advance to Agent requesting a Base Rate Loan on the date on which such drawing is honored, in the amount of such drawing; and (ii) Lenders shall, on the date of such drawing, make Loans in the amount of such drawing, the proceeds of which shall be applied directly by Agent to reimburse the Issuing Bank for the amount of such drawing; and PROVIDED FURTHER, that if for any reason proceeds of such Loans are not received by the Issuing Bank on such date in an amount equal to the amount of such drawing, Borrower shall reimburse the Issuing Bank, on the next Business Day, in an amount equal to the excess of the amount of such drawing over the amount of such Loans which are actually received, plus accrued interest on such amount at the Default Interest Rate.

(f) PAYMENT BY LENDERS. If Borrower shall fail to reimburse the Issuing Bank as and when required above for the amount of any drawing honored by the Issuing Bank under a Letter of Credit issued by it, the Issuing Bank shall promptly notify each Lender of the unreimbursed amount of such drawing and of

such Lender's respective Pro Rata Share thereof. Each Lender shall make

available to the Issuing Bank an amount equal to its respective Pro Rata Share of such unreimbursed drawing, in immediately available funds, at the office of the Issuing Bank specified in such notice, not later than 12:00 P.M. (Cleveland time) on the first Business Day after such Lender's receipt of such notice from the Issuing Bank. If any Lender fails so to make available to the Issuing Bank the amount of such Lender's Pro Rata Share of such Letter of Credit, the Issuing Bank shall be entitled to recover such amount on demand from such Lender, together with interest at the customary rate set by the Issuing Bank for the correction of errors among banks. Nothing in this provision shall prejudice the right of any Lender to recover from the Issuing Bank any amounts made available by such Lender to the Issuing Bank pursuant to this provision in the event that it is determined by a court of competent jurisdiction that the payment with respect to a Letter of Credit by the Issuing Bank in respect of which payment was made by the Issuing Bank constituted gross negligence or willful misconduct on the part of the Issuing Bank. The Issuing Bank shall, or shall cause Agent to, distribute to each other Lender which has paid all amounts payable by it under this SECTION 2.23(f) with respect to any Letter of Credit issued by the Issuing Bank such other Lender's Pro Rata Share of all payments received by the Issuing Bank from Borrower in reimbursement of drawings honored by the Issuing Bank under such Letter of Credit when such payments are received.

(g) COMPENSATION. Borrower agrees to pay the following amounts with respect to each Letter of Credit issued pursuant to this Agreement:

(i) a Letter of Credit Commission payable, in advance, to Agent for the ratable benefit of Lenders, on the Issuance Date of such Letter of Credit (and, solely in the case of Letters of Credit which are renewed after the expiration of the initial period thereof, on each renewal date for so long as such Letters of Credit remain outstanding); and

(ii) with respect to the issuance, amendment or transfer of each Letter of Credit and each drawing made thereunder, documentary and processing charges in accordance with the Issuing Bank's standard schedule for such charges in effect at the time of such provided for in this Agreement, Borrower agrees to protect, indemnify, pay and save the Issuing Bank harmless from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable attorneys' fees) which the Issuing Bank may incur or be subject to as a consequence, direct or indirect, of (i) the issuance of any Letter of Credit, other than as a result of the gross negligence or willful misconduct of the Issuing Bank as determined by a court of competent jurisdiction, or (ii) the failure of the Issuing Bank to honor a drawing under any Letter of Credit as a result of

any act or omission, whether rightful or wrongful, of any present or future governmental authority. As between Borrower and the Issuing Bank, Borrower assumes all risks of the acts and omissions of, or misuse of the Letters of Credit issued by the Issuing Bank by, the respective beneficiaries of such Letters of Credit. In furtherance and not in limitation of the foregoing, the Issuing Bank shall not be responsible for: (i) the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for and issuance of Letters of Credit, even if any of the foregoing should in fact prove to be invalid, insufficient,

inaccurate, fraudulent or forged in any respect; (ii) the validity or insufficiency of any instrument transferring or assigning or purporting to transfer or assign any Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (iii) the failure of the beneficiary of any Letter of Credit to comply fully with conditions required in order to draw upon such Letter of Credit; (iv) the errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telecopy, telex or otherwise, whether or not they be in cipher; (v) the errors in interpretation of technical terms; (vi) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any Letter of Credit or any proceeds thereof; (vii) the misapplication by the beneficiary of any Letter of Credit of the proceeds of any drawing under such Letter of Credit; and (viii) for any consequences arising from causes beyond the control of the Issuing Bank. None of the above shall affect, impair, or prevent the vesting of any of the Issuing Bank's rights or powers hereunder. In determining whether to pay under any Letter of Credit, the Issuing Bank shall be responsible only to determine that the documents and certificates required to be delivered under that Letter of Credit have been delivered and that the same comply on their face with the requirements of that Letter of Credit. Borrower shall have no obligation to indemnify the Issuing Bank in respect of any liability incurred by the Issuing Bank to the extent arising out of the gross negligence or willful misconduct of the Issuing Bank, as determined by a court of competent jurisdiction, or out of the wrongful dishonor by the Issuing Bank of a proper demand for payment made under the Letters of Credit issued by it.

(h) AMENDMENTS. Borrower may request that the Issuing Bank enter into one or more amendments of its Letter of Credit by delivering to Agent and the Issuing Bank a Notice of Issuance of Letter of Credit specifying (i) the Issuing Bank, (ii) the proposed

date of the proposed amendment and (iii) the nature of the requested amendment. The Issuing Bank shall be entitled to enter into amendments with respect to its Letters of Credit, provided, that any amendment extending the expiry date or increasing the stated amount of any Letter of Credit shall be permitted only if the Issuing Bank would, at the time of the proposed be permitted to issue a new Letter of Credit having such an expiry date or stated amount under this SECTION 2.23 on the date of the amendment.

ARTICLE III

CONDITIONS PRECEDENT

3.1 INITIAL ADVANCE. Lenders shall not be required to make the Initial Advance hereunder unless (a) Borrower has paid all fees due and payable to Lenders and Agent hereunder, (b) the initial Borrowing Notice is delivered to Agent on or before December 3, 1996, and (c) Borrower shall have furnished to Agent, with sufficient copies for Lenders, the following:

(i) The duly executed originals of the Loan Documents, including the Revolving Promissory Notes, payable to the order of each of Lenders, and the Swingline Note, payable to the order of NCB;

(ii) A certificate of good standing for Borrower, certified by the appropriate governmental officer, for the jurisdiction of Borrower's formation;

(iii) Copies, certified by an officer of Borrower of each of Borrower's

formation documents (including by-laws or code of regulations), together with all amendments thereto;

(iv) An incumbency certificate, executed by an officer of Borrower, which shall identify by name and title and bear the signature of the Persons authorized to sign the Loan Documents, and to make borrowings hereunder on behalf of Borrower, upon which certificate Agent and Lenders shall be entitled to rely until informed of any change in writing by Borrower;

(v) Copies, certified by the Secretary or Assistant Secretary, of Borrower's Board of Directors' resolutions, which shall provide either a shareholder or Board of Directors resolution (and resolutions of other bodies, if any are deemed necessary by counsel for any Lender) authorizing, as the case may be, the Advances provided for herein and the execution, delivery and performance of the Loan Documents;

(vi) A written opinion of Borrower's counsel, addressed to Lenders in substantially the form of EXHIBIT I hereto;

(vii) A certificate, signed by an officer of Borrower, stating that on the initial Borrowing Date no Default or Unmatured Default has occurred and is continuing and that all representations and warranties of Borrower are true and correct as of the initial Borrowing Date;

(viii) The most recent financial statements of Borrower and a certificate from an officer of Borrower stating that no material adverse change in Borrower's financial condition has occurred since September 30, 1996;

(ix) Written money transfer instructions, in substantially the form of EXHIBIT J hereto, addressed to Agent and signed by an Authorized Officer, together with such other related money transfer authorizations as Agent may have reasonably requested;

(x) Such other documents as any Lender or its counsel may have reasonably requested, the form and substance of which documents shall be acceptable to the parties and their respective counsel.

3.2 EACH ADVANCE. Lenders shall not be required to make any Advance or honor any Request for Issuance of such Letter of Credit, as the case may be, unless on the applicable Borrowing Date:

(i) There exists no Default or Unmatured Default;

(ii) The representations and warranties contained in Article IV are true and correct in all material respects as of such Borrowing Date, except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall be true and correct in all material respects on and as of such earlier date;

(iii) All legal matters incident to the making of such Advance shall be satisfactory to Lenders and their counsel; and

(iv) Borrower has provided to Lenders, Borrower's latest audited annual financial statement and unaudited partial year financial statement (all such

financial statements to be prepared with the specified detail required in SECTION 5.1 hereof).

Each Borrowing Notice with respect to each such Advance shall constitute a representation and warranty by Borrower that the conditions contained in SECTIONs 3.2(i) and (ii) have been satisfied.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants to Lenders that:

4.1 EXISTENCE. Borrower is a corporation duly organized and validly existing under the laws of the State of New York, having its principal place of business in Dayton, Ohio; and Borrower has requisite authority in all material respects to conduct its business in each jurisdiction in which its business is conducted.

4.2 AUTHORIZATION AND VALIDITY. Borrower has the power and authority and legal right to execute and deliver the Loan Documents and to perform its obligations thereunder. The execution and delivery by Borrower of the Loan Documents and the performance of its obligations thereunder has been duly authorized by proper proceedings, and the Loan Documents constitute legal, valid and binding obligations of Borrower enforceable against Borrower in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

4.3 NO CONFLICT, GOVERNMENT CONSENT. Neither the execution and delivery by Borrower of the Loan Documents, nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on Borrower or Borrower's articles of incorporation, by-laws, or the provisions of any material indenture, material instrument or material agreement to which Borrower is a party or is subject, or by which it, or its Property, is bound, or conflict with or constitute a default thereunder, or result in the creation or imposition of any Lien in, of or on the Property of Borrower pursuant to the terms of any such indenture, instrument or agreement. No order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with the execution, delivery and performance of, or the legality, validity, binding effect or enforceability of, any of the Loan Documents.

4.4 FINANCIAL STATEMENTS--MATERIAL ADVERSE CHANGE. The September 30, 1996 financial statements of Borrower and its Subsidiaries heretofore delivered to Lenders were prepared in accordance with GAAP in effect on the date such statements were prepared and fairly present the financial condition and operations of Borrower and its Subsidiaries at such date and the consolidated results of their operations for the period then ended. Since September 30, 1996 there has been no change in the business, Property, prospects, condition

(financial or otherwise) or results of operations of Borrower and its Subsidiaries which could reasonably be expected to result in a Material Adverse Change.

4.5 TAX. Borrower and its Subsidiaries have filed all United States federal tax returns and all other tax returns which are required to be filed and have paid all taxes due pursuant to said returns or pursuant to any assessment received by Borrower or any of its Subsidiaries except (a) such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided, and (b) such returns and taxes, for which the failure to file or pay, as the case may be, could reasonably be expected to result in a Material Adverse Change. No tax liens have been filed and no claims are being asserted with respect to any such taxes. The charges, accruals and reserves on the books of Borrower and its Subsidiaries in respect of any taxes or other governmental charges are adequate.

4.6 LITIGATION AND CONTINGENT OBLIGATIONS. There is no litigation, arbitration, governmental investigation, proceeding or inquiry: pending or, to the knowledge of any of its officers, threatened against or affecting Borrower or any of its Subsidiaries which could reasonably be expected to result in a Material Adverse Change. Borrower and its Subsidiaries have no material Contingent Obligations not provided for or disclosed in the financial statements referred to in SECTION 5.1 (including reports of the type referred to in SECTION 5.1(ix)).

4.7 SUBSIDIARIES. SCHEDULE l hereto contains an accurate list of all of the presently existing Subsidiaries of Borrower setting forth their respective jurisdictions of incorporation or formation, as the case may be, and the percentage of their respective capital stock or partnership interests, as the case may be, owned by Borrower or other Subsidiaries. All of the issued and outstanding shares of capital stock or partnership interests, as the case may be, of such Subsidiaries have been duly authorized and issued and are fully paid and nonassessable.

4.8 ERISA The Unfunded Liabilities of all Single Employer Plans do not in the aggregate exceed $1,000,000. Neither Borrower nor any other member of the Controlled Group has incurred, or is reasonably expected to incur, any withdrawal liability to Multiemployer Plans in excess of $250,000 in the aggregate. Each Plan complies in all material respects with all applicable requirements of law and regulations, no Reportable Event has

occurred with respect to any Plan, neither Borrower nor any other member of the Controlled Group has withdrawn from any Plan or initiated steps to do so, and no steps have been taken to reorganize or terminate any Plan.

4.9 ACCURACY OF INFORMATION. All factual information heretofore or contemporaneously furnished by or on behalf of Borrower to Agent or any Lender for purposes of or in connection with this Agreement or any transaction contemplated hereby is, and all other such factual information hereafter furnished by or on behalf of Borrower to Agent or any Lender will be, true and accurate in all material respects (taken as a whole) on the date as of which such information is dated or certified and not incomplete by omitting to state any material fact necessary to make such information (taken as a whole) not misleading at such time.

4.10 REGULATION U. Borrower does not hold any margin stock (as defined in Regulation U).

4.11 MATERIAL AGREEMENTS. Neither Borrower nor any of its Subsidiaries is a party to any agreement or instrument or subject to any charter or other corporate restriction which could reasonably be expected to result in a Material

Adverse Change. Neither Borrower nor any of its Subsidiaries is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in (i) any agreement to which it is a party, which default could reasonably be expected to result in a Material Adverse Change or (ii) any agreement or instrument evidencing or governing Indebtedness.

4.12 COMPLIANCE WITH LAWS. Borrower and its Subsidiaries have complied with all applicable statutes, rules, regulations, orders and restrictions of any domestic or foreign government or any instrumentality or agency thereof, having jurisdiction over the conduct of their respective businesses, and ownership of their respective Property, the non-compliance with which could reasonably be expected to result in a Material Adverse Change. Neither Borrower nor any Subsidiary has received any notice to the effect that its operations are not in material compliance with any of the material requirements of applicable federal, state and local environmental, health and safety statutes and regulations or the subject of any federal or state investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could reasonably be expected to result in a Material Adverse Change.

4.13 OWNERSHIP OF PROPERTIES. Except as set forth on Schedule 2 hereto, on the date of this Agreement, Borrower and its Subsidiaries will have good title, free of all Liens other than those permitted by SECTION 5.14, to all of the Property and assets reflected in the financial statements as owned by it.

4.14 INVESTMENT COMPANY ACT. Neither Borrower nor any of its Subsidiaries is an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

4.15 PUBLIC UTILITY HOLDING COMPANY ACT. Neither Borrower nor any of its Subsidiaries is a "holding company" or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

4.16 SOLVENCY. (i) Immediately after the Closing Date and immediately following the making of each Loan and after giving effect to the application of the proceeds of such Loans, (a) the fair value of the assets of Borrower individually, and Borrower and its Subsidiaries on a consolidated basis, at a fair valuation, will exceed the debts and liabilities, subordinated, contingent or otherwise, of Borrower individually, or Borrower and its Subsidiaries on a consolidated basis, as the case may be; (b) the present fair saleable value of the Property of Borrower individually, and Borrower and its Subsidiaries on a consolidated basis, will be greater than the amount that will be required to pay the probable liability of Borrower individually, or Borrower and its Subsidiaries on a consolidated basis on their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) Borrower individually, and Borrower and its Subsidiaries on a consolidated basis will be able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (d) Borrower individually, and Borrower and its Subsidiaries on a consolidated basis will not have unreasonably small capital with which to conduct the businesses in which they are engaged as such businesses are now conducted and are proposed to be conducted after the date hereof.

(ii) Borrower does not intend to, or to permit any of its Subsidiaries to, and does not believe that it or any of its Subsidiaries will, incur debts beyond its ability to pay such debts as they mature, taking into account the timing of and amounts of cash to be received by Borrower or any such Subsidiary and the timing of the amounts of cash to be payable on or in respect of its Indebtedness or the Indebtedness of any such Subsidiary.

4.17 INSURANCE. Borrower and its Subsidiaries carry insurance on their businesses with financially sound and reputable insurance companies, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses in localities where Borrower and its Subsidiaries operate, including, without limitation:

(i) Property and casualty insurance (including coverage for flood and other water damage for any Property located within a 100-year flood plain) in the amount of the replacement cost of the improvements at the Property;

(ii) Comprehensive general liability insurance in the amount of $20,000,000 per occurrence,

4.18 ENVIRONMENTAL MATTERS. Each of the following representations and warranties is true and correct on and as of the Closing Date except to the extent that the facts and circumstances giving rise to any such failure to be so true and correct, in the aggregate, could not reasonably be expected to result in a Material Adverse Change:

(a) To the best knowledge of Borrower, the Property of Borrower and its Subsidiaries does not contain any Materials of Environmental Concern in amounts or concentrations which constitute a violation of Environmental Laws.

(b) To the best knowledge of Borrower, the Property of Borrower and its Subsidiaries and all operations of such Property are in substantial compliance, and have in the last two years been in substantial compliance, with all applicable Environmental Laws, and there is no material contamination at, under or about the Property of Borrower and its Subsidiaries, or violation in any material respect of any Environmental Law with respect to the Property of Borrower and its Subsidiaries.

(c) Neither Borrower nor any of its Subsidiaries has received any notice of violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters or compliance with Environmental Laws with regard to any of their Property, nor does Borrower or its Subsidiaries have knowledge or reason to believe that any such notice will be received or is being threatened.

(d) To the best knowledge of Borrower, Materials of Environmental Concern have not been transported or disposed of from any Property of Borrower and its Subsidiaries in violation of, or in a manner or to a location which could reasonably give rise to liability under, Environmental Laws, nor have any Materials of Environmental Concern been generated, treated, stored or disposed of at, on or under any of the Property of Borrower and its Subsidiaries in violation of, or in a manner that could give rise to liability under, any applicable Environmental Laws except to the extent that Borrower adequately reserves against the cost of its potential liability in its financial statements.

(e) No judicial proceedings or governmental or administrative action is pending, or, to the knowledge of

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Borrower or its Subsidiaries, threatened, under any Environmental Law to which Borrower or any of its Subsidiaries is or will be named as a party with respect to any Property of Borrower and its Subsidiaries nor are there any consent decrees or other decrees, consent orders, administrative order or other orders, or other administrative of judicial requirements outstanding under any Environmental Law with respect to any Property of Borrower and its Subsidiaries, which, if resolved or interpreted, as the case may be, in an adverse way against Borrower or a Subsidiary could reasonably be expected to result in a Material Adverse Change.

(f) To the best knowledge of Borrower, there has been no release or threat of release of Materials of Environmental Concern at or from any Property of Borrower or its Subsidiaries, or arising from or related to the operations of Borrower and its Subsidiaries in connection with any Property in violation of or in amounts or in a manner that could give rise to liability under Environmental Laws.

ARTICLE V

COVENANTS

During the term of this Agreement, unless Lenders shall otherwise consent in writing:

5.1 FINANCIAL REPORTING. Borrower will maintain, for itself and each Subsidiary, a system of accounting established and administered in accordance with GAAP, and furnish to Lenders:

(i) As soon as available, but in any event not later than 60 days after the close of each fiscal quarter, for Borrower and its Subsidiaries, an unaudited consolidated balance sheet as of the close of each such period and the related unaudited consolidated statements of income and retained earnings for such period and the portion of the fiscal year through the end of such period and of year to date cash flows of Borrower and its Subsidiaries, all certified by an Authorized Financial Officer; provided, however, that lieu thereof Borrower may elect to furnish its quarterly report filed on Form 10-Q with the Securities and Exchange Commission;

(ii) As soon as available, but in any event not later than 60 days after the close of each fiscal quarter, for Borrower and its Subsidiaries, related reports in form and substance reasonably satisfactory to Lenders, all certified by Borrower's Authorized Financial Officer, a

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statement detailing Consolidated Outstanding Indebtedness;

(iii) As soon as available, but in any event not later than 90 days after the close of each fiscal year, for Borrower and its Subsidiaries, audited financial statements, including a consolidated balance sheet as at the end of such year and the related consolidated statements of income and retained earnings and of cash flows for such year, setting forth in comparative form the figures for the previous year, reported on without a "going concern" or like qualification or exception, by Ernst & Young (or other independent

certified public accountants of nationally recognized standing); provided, however, that lieu thereof Borrower may elect to furnish its annual report filed on Form 10-K with the Securities and Exchange Commission;

(iv) As soon as available, but in any event not later than 90 days after the close of each fiscal year, for Borrower and its Subsidiaries, the following related reports in form and substance satisfactory to Lenders, all certified by the entity's Authorized Financial Officer: a statement of Consolidated Outstanding Indebtedness;

(v) Together with the quarterly and annual financial statements required hereunder, a compliance certificate in substantially the form of EXHIBIT K hereto signed by an Authorized Officer showing the calculations and computations necessary to determine compliance with the financial covenants set forth in this Agreement and stating that no Default or Unmatured Default exists, or if any Default or Unmatured Default exists, stating the nature and status thereof;

(vi) As soon as possible and in any event within 10 days after Borrower knows that any Reportable Event has occurred with respect to any Plan, a statement, signed by an Authorized Financial Officer of Borrower, describing said Reportable Event and the action which Borrower proposes to take with respect thereto;

(vii) As soon as possible and in any event within 10 days after receipt by Borrower, a copy of (a) any notice or claim to the effect that Borrower or any of its Subsidiaries is or may be liable to any Person as a result of the release by any Borrower, any of its Subsidiaries, or any other Person of any toxic or

hazardous waste or substance into the environment, which could reasonably be expected to result in a Material Adverse Change and (b) any notice alleging any violation of any federal, state or local environmental, health or safety law or regulation by Borrower or any of its Subsidiaries, which, in either case, could reasonably be expected to result in a Material Adverse Change;

(viii) Promptly upon the furnishing thereof to the shareholders of Borrower, copies of all financial statements, reports and proxy statements so furnished;

(ix) Within fifteen (15) business days after due to the SEC, copies of all registration statements and annual, quarterly, monthly or other reports and any other public information which Borrower or any of its Subsidiaries files with the Securities Exchange Commission; and

(x) Such other information (including, without limitation, financial statements for Borrower and nonfinancial information) as Agent may from time to time reasonably request.

5.2 PROHIBITED USES OF PROCEEDS. Borrower will not nor will it permit any Subsidiary to, use any of the proceeds of the Advances (i) to purchase or carry any "margin stock" (as defined in Regulation U), or (ii) for any purpose that shall be a violation of Regulation U, or regulations G, T and X of the Board of Governors of the Federal Reserve System or for any other purpose violative of any rule or regulation of such Board.

5.3 NOTICE OF DEFAULT. Borrower will give, and will cause each of its Subsidiaries to give, notice in writing to Lenders of the occurrence of any Default or Unmatured Default and of any other development, financial or otherwise, which could reasonably be expected to result in a Material Adverse Change, promptly upon (but in no event later then ten (10) Business Days after) such occurrence or development becomes known to Borrower.

5.4 CONDUCT OF BUSINESS. Borrower will do, and will cause its Subsidiaries to do, all things necessary to remain duly incorporated or duly qualified, validly existing and in good standing as a corporation, general partnership, limited partnership or limited liability company, as the case may be, in its jurisdiction of incorporation/formation and maintain all requisite authority to conduct its business in each jurisdiction in which its business is conducted and to carry on and conduct its business in substantially the same manner as it is presently conducted and, specifically, neither Borrower nor its Subsidiaries may undertake any significant business other than the manufacture or distribution

of industrial fluid control equipment, related accessories and other products sold by Borrower as at September 30, 1996, and related services.

5.5 TAXES. Borrower will pay, and will cause its Subsidiaries to pay, when due all taxes, assessments and governmental charges and levies upon it of its income, profits or Property, except those which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been set aside or those for which the failure to pay could reasonably be expected to result in a Material Adverse Change.

5.6 INSURANCE. Borrower will, and will cause its Subsidiaries to, maintain with financially sound and reputable insurance companies, insurance in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses in localities where Borrower and its Subsidiaries operate, including, without limitation:

(i) Property and casualty insurance (including coverage for flood and other water damage for any Property located within a 100-year flood plain) in the amount of the replacement cost of the improvements at the Property; and

(ii) Comprehensive general liability insurance in the amount of $20,000,000 per occurrence.

5.7 COMPLIANCE WITH LAWS. Borrower will, and will cause each of its Subsidiaries to, comply with all laws, rules, regulations, orders, writs, judgments, injunctions, decrees or awards to which it may be subject, the non-compliance with which could reasonably be expected to result in a Material Adverse Change.

5.8 MAINTENANCE OF PROPERTIES. Except as permitted pursuant to SECTION 5.11 and SECTION 5.12 of this Agreement, Borrower will, and will cause its Subsidiaries to, do all things necessary to maintain, preserve, protect and keep its Property in good repair, working order and condition, ordinary wear and tear excepted, and make all necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times in all material respects.

5.9 INSPECTION. Borrower will, and will cause its Subsidiaries to, permit Agent and each Lender, by its respective representatives and agents, to inspect any Property, corporate books and financial records of Borrower and each of its Subsidiaries, to examine and make copies of the books of accounts and other financial records of Borrower and each of its Subsidiaries, and to discuss the affairs, finances and accounts of

Borrower and each of its Subsidiaries, and to be advised as to the same by their

respective officers at such reasonable times and intervals as Agent may designate (provided, however, that any inspection by a Lender shall be arranged by Agent).

5.10 MAINTENANCE OF STATUS. Borrower shall remain a corporation validly existing and in good standing in the state of its incorporation and Borrower shall at all times remain a corporation listed and in good standing on NASDAQ or other national securities exchange. Borrower shall not permit a Change in Control of Borrower which could reasonably be expected to result in a Material Adverse Change.

5.11 MERGER: SALE OF ASSETS. Borrower will not, nor will it permit any of its Subsidiaries to, enter into any merger, consolidation, reorganization or liquidation, or into any agreement to transfer or otherwise dispose of any of its Property or business which, in any transaction or series of related transactions, would result in a transfer of a Substantial Portion of its Property or business, unless approved in advance by Lenders.

5.12 SALE AND LEASEBACK. Borrower will not, nor will it permit its Subsidiaries to, sell or transfer all or a Substantial Portion of its Property in order to concurrently or subsequently lease as lessee such or similar Properties.

5.13 ACQUISITIONS AND INVESTMENTS. Borrower will not, nor will it permit any Subsidiary to, make or suffer to exist any Investments, or commitments therefor, or create any Subsidiary or become or remain a partner in any partnership or joint venture, or make any Acquisition of any Person, except:

(i) Cash Equivalents;

(ii) existing Investments in Subsidiaries and joint ventures, and other Investments in existence on the date hereof and described in SCHEDULE 1 hereto;

(iii) acquisitions permitted pursuant to SECTION 5.23; and

(iv) investments and loans permitted under SECTION 5.15.

5.14 LIENS. Borrower will not, nor will it permit any of its Subsidiaries to, create, incur, or suffer to exist any Lien in, of or on any Property of it or any of its Subsidiaries, except:

(i) with respect to Property consisting of real property under the laws of the state where such Property is located, any tax lien, or any lien securing workers' compensation or unemployment insurance obligations, or any mechanic's, carrier's or landlord's lien, or any lien arising under

ERISA, or any security interest arising under article four (bank deposits and collections) or five (letters or credit) of the Uniform Commercial Code, or any security interest or other lien similar to the foregoing, EXCEPT that this clause (i) shall apply only to (A) the extent that the aggregate of such liens on a consolidated basis does not exceed $1,000,000, and (B) security interests and other liens arising by operation of law (whether statutory or common law) and in the ordinary course of business and shall not apply to any security interest or other lien that secures any Indebtedness for Borrowed Money or any Contingent Obligation or any obligation that is in material default in any manner (other than any default contested in good faith by timely and appropriate proceedings effective to stay enforcement of the security interest or other lien

in question);

(ii) zoning or deed restrictions, public utility easements, minor title irregularities and similar matters having no adverse effect as a practical matter on the ownership or use of any of the properties or interfere with use thereof in the business of Borrower or its Subsidiaries;

(iii) with respect to Property consisting of real property under the laws of the state where such Property is located, any lien securing or given in lieu of surety, stay, appeal or performance bonds, or securing performance of contracts or bids (other than contracts for the payment of money borrowed), or deposits required by law or governmental regulations or by any court order, decree, judgment or rule or as a condition to the transaction of business or the exercise of any right, privilege or license, EXCEPT that this clause (iii) shall not apply to (A) the extent that the aggregate of such liens on a consolidated basis exceeds $1,000,000, and (B) any lien or deposit securing any obligation that is in material default in any manner (other than any default contested in good faith by timely and appropriate proceedings effective to stay enforcement of the security interest or than lien in question);

(iv) any mortgage, security, interest or other lien (each a "PURCHASE MONEY SECURITY INTEREST") which is created or assumed in purchasing, constructing or improving any real property or equipment to which any property is subject when purchased, PROVIDED, that (A) the Purchase Money Security

Interest shall be confined to the aforesaid property, (B) the indebtedness secured thereby does not exceed the total cost of the purchase, construction or improvement and (C) any such indebtedness, if repaid in whole or in part, cannot be reborrowed; (v) any financing statement perfecting a security interest that would be permissible under this subsection; and

(vi) liens existing on the date hereof and described on SCHEDULE 2 hereof.

Liens permitted pursuant to this SECTION 5.14 shall be deemed to be "PERMITTED LIENS".

5.15 AFFILIATES. Except as permitted pursuant to SECTION 5.2, SECTION 5.11 or SECTION 5.12 Borrower will not, nor will it permit any of its Subsidiaries to, enter into any transaction (including, without limitation, the purchase or sale of any Property or service) with, or make any payment or transfer to, any Affiliate except in the ordinary course of business and pursuant tc the reasonable requirements of Borrower or such Subsidiary's business and upon fair and reasonable terms no less favorable to that Borrower or such Subsidiary than that Borrower or such Subsidiary would obtain in a comparable arm's-length transaction.

5.16 RESERVED.

5.17 LITIGATION. Borrower shall furnish or cause to be furnished to Agent, promptly (and, in any event, within five Business Days) after any Borrower or its Subsidiaries shall have first become aware of the same, a written notice setting forth full particulars of and what action Borrower or its Subsidiaries is taking or proposes to take with respect to (a) any final judgment in an amount exceeding One Million Dollars ($1,000,000) rendered against Borrower or any Affiliate of Borrower; (b) the commencement or institution of any legal or administrative action, suit, proceeding or investigation by or against Borrower in or before any court, governmental or

regulatory body, agency, commission, or official, board of arbitration or arbitrator, the outcome of which could reasonably be expected to result in a Material Adverse Change; or (c) the occurrence of any material adverse development not previously disclosed by Borrower to Agent in writing, in any such action, suit, proceeding or investigation.

5.18 FURTHER ASSURANCES. Borrower will execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, any and all such further assurances and other agreements or instruments, and take or cause to be taken all such other

action, as shall be reasonably requested by Agent from time to time in order to give full force and effect to the Loan Documents.

5.19 CONSOLIDATED TANGIBLE NET WORTH. Borrower and its Subsidiaries shall have a Consolidated Tangible Net Worth of not less than $100,000,000 at Closing. Thereafter, Borrower and its Subsidiaries shall maintain, at all times, a Consolidated Tangible Net Worth equal to $100,000,000 plus a cumulative amount, adjusted at March 31 of each year prior to the Facility Termination Date, beginning March 31, 1997, equal to 50% of positive Consolidated Net Income, if any, for the annual period ended the previous December 31; provided, however, that no adjustments shall be made as a consequence of any loss.

5.20 RATIO OF DEBT TO CASH FLOW. Borrower and its Subsidiaries shall maintain a ratio of Consolidated Outstanding Indebtedness to EBITDA of no greater than 3.0 to 1.0 on the Closing Date, and on the last calendar day of each fiscal quarter thereafter calculated for the previous four quarters, until the Facility Termination Date.

5.21 RATIO OF EBIT TO INTEREST. Borrower and its Subsidiaries shall maintain a ratio of EBIT to Consolidated Interest Expense of not less than 3.0 to 1.0 on the Closing Date, and on the last calendar day of each fiscal quarter thereafter calculated for the previous four quarters, until the Facility Termination Date.

5.22 DEBT TO CAPITALIZATION RATIO. Borrower and its Subsidiaries shall maintain a ratio of Indebtedness for Borrowed Money to Capitalization of no greater than .6 to 1.0 on the Closing Date, and on the last calendar day of each fiscal quarter thereafter, until the Facility Termination Date.

5.23 ACQUISITION LIMIT. Neither Borrower nor any of its Subsidiaries shall fund the Acquisitions of Persons, or offer for, any Capital Stock of Persons, to the extent that, after giving effect to such Acquisition, the ratio of Indebtedness for Borrowed Money to Capitalization would be greater than .5 to 1.0.

5.24 ENVIRONMENTAL MATTERS. Borrower and its Subsidiaries shall:

(a) Conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under Environmental Laws and promptly comply in all material respects with all lawful orders and directives of all Governmental Authorities regarding Environmental Laws, except to the extent that (i) the same are being contested in good faith by appropriate proceedings and the pendency of such proceedings could not be reasonably expected to result in a Material Adverse Change, or (ii) that Borrower has determined in good faith that contesting the same is not in the best

interests of Borrower and its Subsidiaries and the failure to contest the same could not be reasonably expected to result in a Material Adverse Change.

(b) Defend, indemnify and hold harmless Agent and each Lender, and their respective employees, agents, officers and directors from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature known or unknown, contingent or otherwise, arising out of, or in any way relating to the violation of, noncompliance with or liability under any Environmental Laws applicable to the operations of Borrower, its Subsidiaries or its Property, or any orders, requirements or demands of Governmental Authorities related thereto, including, without limitation, attorney's and consultant's fees, investigation and laboratory fees, response costs, court costs and litigation expenses, except to the extent that any of the foregoing arise out of the gross negligence or willful misconduct of the party seeking indemnification therefor. This indemnity shall continue in full force and effect regardless of the termination of this Agreement.

ARTICLE VI

DEFAULTS

The occurrence of any one or more of the following events shall constitute a Default:

6.1 NONPAYMENT OF PRINCIPAL. Nonpayment of any principal payment on any Note when due.

6.2 NONPAYMENT OF OTHER OBLIGATIONS. Nonpayment of interest upon any Note or of any Facility Fee or other payment Obligations under any of the Loan Documents within three (3) Business Days after the same becomes due.

6.3 CERTAIN BREACHES. The breach of any of the terms or provisions of SECTIONS 5.2, 5.6, 5.7 and 5.9 through 5.28.

6.4 REPRESENTATIONS AND WARRANTIES. Any representation or warranty made or deemed made by or on behalf of Borrower or any of its Subsidiaries to Lenders or Agent under or in connection with this Agreement, any Loan, or any certificate or information delivered in connection with this Agreement or any other Loan Document shall be materially false on the date as of which made.

6.5 OTHER BREACHES. The breach by any Borrower (other than a breach which constitutes a Default under any other section of this ARTICLE VI) which constitutes a Default under any of the terms or provisions of this Agreement which is not remedied within fifteen (15) days after written notice from Agent or any Lender.

6.6 DEFAULTS ON INDEBTEDNESS. Failure of Borrower or any of its Subsidiaries to pay any of its respective Indebtedness when due; or the default by Borrower or any of its Subsidiaries in the performance of any term, provision or condition contained in any agreement, or any other event shall occur or condition exist which causes or permits any Indebtedness of Borrower or any of its Subsidiaries to be due and payable or required to be prepaid (other than by a regularly scheduled payment) prior to the stated maturity thereof; provided, however, that it shall not be a default under this SECTION 6.6 if Borrower shall be in default with respect to Indebtedness in an aggregate amount not exceeding One Million Dollars ($1,000,000).

6.7 BANKRUPTCY. ETC. Borrower, or any Subsidiaries owning or controlling, individually or in the aggregate, a Substantial Portion of the consolidated assets of Borrower and its Subsidiaries, shall (i) have an order for relief entered with respect to it under the Federal bankruptcy laws as now or hereafter in effect, (ii) make an assignment for the benefit of creditors, (iii) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any of its Property, (iv) institute any proceeding for an order for relief under the Federal bankruptcy laws as now or hereafter in effect or to adjudicate it as a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (v) take any corporate action to authorize or effect any of the foregoing actions set forth in this SECTION 6.7, (vi) fail to contest in good faith any appointment or proceeding described in SECTION 6.8 or (vii) not pay, or admit in writing its inability to pay, its debts generally as they become due.

6.8 APPOINTMENT OF RECEIVER. A receiver, trustee, examiner, liquidator or similar official shall be appointed for Borrower or any of its Subsidiaries or any of their respective Property, or a proceeding described in SECTION 6.7(iv) shall be instituted against Borrower or any Subsidiary and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of thirty (30) consecutive days.

6.9 CONDEMNATION. Any court, government or governmental agency shall condemn, seize or otherwise appropriate, or take custody or control of (each a "CONDEMNATION"), all or any portion of the Property of Borrower and its Subsidiaries which, when taken together with all other Property of such Person so condemned, seized, appropriated, or taken custody or control of, during the twelve-month period ending with the month in which any such Condemnation occurs, could reasonably be expected to result in a Material Adverse Change on Borrower or Subsidiary.

6.10 JUDGMENTS. Borrower or any of its Subsidiaries shall fail within sixty (60) days to pay, bond or otherwise discharge any judgments or orders for the payment of money in an amount which, when added to all other judgments or orders outstanding against Borrower and any of its Subsidiaries would exceed $1,000,000 in the aggregate, which have not been stayed on appeal or otherwise appropriately contested in good faith.

6.11 ERISA WITHDRAWAL. Borrower or any other member of the Controlled Group shall have been notified by the sponsor of a Multiemployer Plan that it has incurred withdrawal liability to such Multiemployer Plan in an amount which, when aggregated with all other amounts required to be paid to Multiemployer Plans by Borrower or any other member of the Controlled Group as withdrawal liability (determined as of the date of such notification), exceeds $250,000 or requires payments exceeding $100,000 per annum.

6.12 ERISA REORGANIZATION, Borrower or any other member of the Controlled Group shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, if as a result of such reorganization or termination the aggregate annual contributions of Borrower and the other members of the Controlled Group (taken as a whole) to all Multiemployer Plans which are then in reorganization or being terminated have been or will be increased over the amounts contributed to such Multiemployer Plans for the respective plan years of each such Multiemployer Plan immediately preceding the plan year in which the reorganization or termination occurs by an amount exceeding $250,000.

6.13 OTHER DEFAULTS. The occurrence of any default under any Loan Document or the breach of any of the terms or provisions of any Loan Document, which default or breach continues beyond any period of grace therein provided.

ARTICLE VII

ACCELERATION, WAIVERS, AMENDMENTS AND REMEDIES

7.1 ACCELERATION. If any Default described in SECTION 6.7 or 6.8 occurs with respect to Borrower, the obligations of Lenders to make Loans hereunder shall automatically terminate and the Obligations shall immediately become due and payable without any election or action on the part of Agent or any Lender. If any other Default occurs, Agent may, with the concurrence of the Required Lenders, terminate or suspend the obligations of Lenders to make Loans hereunder and to issue (or to participate as hereinabove provided in the issuance of) any Letters of Credit hereunder, or declare the Obligations to be due and payable or both, whereupon the Obligations shall become immediately

due and payable, without presentment, demand, protest or notice of any kind, all of which Borrower hereby expressly waives.

If, within ten (10) days after acceleration of the maturity of the Obligations or termination of the obligations of Lenders to make Loans hereunder as a result of any Default (other than any Default as described in SECTION 6.7 or 6.8 with respect to any Borrower) and before any judgment or decree for the payment of the Obligations due shall have been obtained or entered, each Lender (in their sole discretion) shall so direct, Agent shall, by notice to Borrower, rescind and annul such acceleration and/or termination.

7.2 AMENDMENTS & WAIVERS. Subject to the provisions of this Article VII, the Required Lenders (or Agent with the consent in writing of Lenders) and Borrower may enter into agreements and waivers supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing in any manner the rights of Lenders or Borrower hereunder or waiving any Default hereunder; provided, however, that no such supplemental agreement or waiver shall, without the consent of each Lender affected thereby:

(i) Extend the Facility Termination Date or forgive all or any portion of the principal amount of any Loan or accrued interest thereon or the Facility Fee, reduce the Applicable Margins or the underlying interest rate options or extend the time of payment of such interest or Facility Fee.

(ii) Increase the amount of the Commitment of any Lender hereunder.

(iii) Permit Borrower to assign its rights under this Agreement.

(iv) Amend this SECTION 7.2.

No amendment of any provision of this Agreement relating to Agent shall be effective without the written consent of Agent.

7.3 PRESERVATION OF RIGHTS. No delay or omission of Lenders or Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of a Loan notwithstanding the existence of a Default or the inability of Borrower to satisfy the conditions precedent to such Loan shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any

other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by Lenders required pursuant to SECTION 7.2, and then only

to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to Agent and Lenders jointly until the Obligations have been paid in full.

ARTICLE VIII

GENERAL PROVISIONS

8.1 SURVIVAL OF REPRESENTATIONS. All representations and warranties of Borrower contained in this Agreement shall survive delivery of the Notes and the making of the Loans herein contemplated.

8.2 GOVERNMENTAL REGULATION. Anything contained in this Agreement to the contrary notwithstanding, no Lender shall be obligated to extend credit to Borrower in violation of any limitation or prohibition provided by any applicable statute or regulation.

8.3 TAX. Any taxes (excluding federal income taxes on the overall net income of any Lender and taxes resulting from a Lenders failure to comply with SECTION 2.22) or other similar assessments or charges made by any governmental or revenue authority in respect of the Loan Documents shall be paid by Borrower, together with interest and penalties, if any.

8.4 HEADING. Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

8.5 ENTIRE AGREEMENT. The Loan Documents embody the entire agreement and understanding among Borrower, Agent and Lenders and supersede all prior commitments, agreements and understandings among Borrower, Agent and Lenders relating to the subject matter thereof.

8.6 SEVERAL OBLIGATIONS BENEFITS OF THIS AGREEMENT. The respective obligations of Lenders hereunder are several and not joint and no Lender shall be the partner or agent of any other (except to the extent to which Agent is authorized to act as such). The failure of any Lender to perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns.

8.7 EXPENSES; INDEMNIFICATION. (a) Borrower shall reimburse Agent for any costs, internal charges and out-of-pocket expenses (including, without limitation, all reasonable expenses of Agent's attorneys) paid or incurred by Agent in connection with the

amendment, modification, and administration of the Loan Documents. Borrower also agrees to reimburse Agent and Lenders for any reasonable costs, internal charges and out-of-pocket expenses (including, without limitation, all fees and reasonable expenses for attorneys for Agent and Lenders) paid or incurred by Agent or any Lender in connection with the collection and enforcement of the Loan Documents (including, without limitation, any workout).

(b) Borrower further agrees to indemnify Agent and each Lender, its directors, officers and employees against all losses, claims, damages, penalties, judgments, liabilities and expenses, including, without limitation, all expenses of litigation or preparation therefor whether or not Agent or any Lender is a party thereto (collectively, the "Liabilities"), which any of them may pay or incur arising out of or relating to this Agreement, the other Loan Documents, any Property, the transactions contemplated hereby or the direct or indirect application or proposed application of the proceeds of any Loan hereunder except to the extent that such Liabilities arise out of the gross negligence or wilful misconduct of the party seeking indemnification. The obligations of Borrower under this SECTION 8.7 shall survive the termination of this Agreement.

8.8 NUMBERS. All statements, notices, closing documents, and requests hereunder shall be furnished to Agent with sufficient counterparts so that Agent may furnish one to each of Lenders.

8.9 ACCOUNTING. Except as provided to the contrary herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with GAAP, except that any calculation or determination which is to be made on a consolidated basis shall be made for Borrower and all its Subsidiaries, including those Subsidiaries, if any, which are unconsolidated on Borrower's official financial statements.

8.10 SEVERABILITY OF PROVISIONS. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

8.11 NONLIABILITY OF LENDERS. The relationship between Borrower, on the one hand, and Lenders and Agent, on the other, shall be solely that of borrower and lender. Neither Agent nor any Lender shall have any fiduciary responsibilities to Borrower. Neither Agent nor any Lender undertakes any responsibility to Borrower to review or inform Borrower of any matter in connection with any phase of any Borrower's business or operations.

8.12 CHOICE OF LAW. THE LOAN DOCUMENTS (OTHER THAN THOSE CONTAINING A CONTRARY EXPRESS CHOICE OF LAW PROVISION) SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS (AND NOT THE LAW OF CONFLICTS) OF THE STATE OF OHIO, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS.

8.13 CONSENT TO JURISDICTION. BORROWER HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR OHIO STATE COURT SITTING IN CUYAHOGA COUNTY IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS AND BORROWER HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL IMPAIR THE RIGHT OF AGENT OR ANY LENDER TO BRING PROCEEDINGS AGAINST BORROWER IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY BORROWER AGAINST AGENT OR ANY LENDER OR ANY AFFILIATE OF AGENT OR ANY LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN CUYAHOGA COUNTY, OHIO.

8.14 WAIVER OF JURY TRIAL. BORROWER, AGENT AND EACH LENDER HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT

OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT OR THE RELATIONSHIP ESTABLISHED THEREUNDER.

ARTICLE IX

AGENT

9.1 APPOINTMENT. National City Bank is hereby appointed Agent hereunder and under each other Loan Document, and each of Lenders irrevocably authorizes Agent to act as the agent of such Lender. Agent agrees to act as such upon the express conditions contained in this Article IX. Agent shall not have a fiduciary relationship in respect of Borrower or any Lender by reason of this Agreement.

9.2 POWERS. Agent shall have and may exercise such powers under the Loan Documents as are specifically delegated to Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. Agent shall have no implied duties to Lenders, or any obligation to Lenders to take any action thereunder except any action specifically provided by the Loan Documents to be taken by Agent.

9.3 GENERAL IMMUNITY. Neither Agent nor any of its directors, officers, agents or employees shall be liable to

Borrower, Lenders or any Lender for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith except for its or their own gross negligence or willful misconduct.

9.4 NO RESPONSIBILITY FOR LOANS, RECITALS, ETC. Neither Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (i) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder; (ii) the performance or observance of any of the covenants or agreements of any obligor under any Loan Document, including, without limitation, any agreement by an obligor to furnish information directly to each Lender; (iii) the satisfaction of any condition specified in ARTICLE IV, except receipt of items required to be delivered to Agent; (iv) the validity, effectiveness or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith; or (v) the value, sufficiency, creation, perfection or priority of any interest in any collateral security. Agent shall have no duty to disclose to Lenders information that is not required to be furnished by Borrower to Agent at such time, but is voluntarily furnished by Borrower to Agent (either in its capacity as Agent or in its individual capacity).

9.5 ACTION ON INSTRUCTIONS OF LENDERS. Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Required Lenders, and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of Lenders and on all holders of Notes. Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document unless it shall first be indemnified to its satisfaction by Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

9.6 EMPLOYMENT OF AGENTS AND COUNSEL. Agent may execute any of its duties as Agent hereunder and under any other Loan Document by or through employees, agents, and attorneys-in-fact and shall not be answerable to Lenders, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. Agent shall be entitled to advice of counsel concerning all matters pertaining to the agency hereby created and its duties hereunder and

under any other Loan Document.

9.7 RELIANCE ON DOCUMENTS; COUNSEL. Agent shall be entitled to rely upon any Note, notice, consent, certificate, affidavit, letter, telegram, statement, paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and, in respect to legal matters, upon the opinion of counsel selected by Agent, which counsel may be employees of Agent.

9.8 AGENT'S REIMBURSEMENT AND INDEMNIFICATION. Lenders agree to reimburse and indemnify Agent ratably in proportion to their respective Commitments (i) for any amounts not reimbursed by Borrower for which Agent is entitled to reimbursement by Borrower under the Loan Documents, (ii) for any other expenses incurred by Agent on behalf of Lenders, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents and (iii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby, or the enforcement of any of the terms thereof or of any such other documents, provided that no Lender shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of Agent. The obligations of Lenders under this SECTION 9.8 shall survive payment of the Obligations and termination of this Agreement.

9.9 RIGHTS AS A LENDER. In the event Agent is a Lender, Agent shall have the same rights and powers hereunder and under any other Loan Document as any Lender and may exercise the same as though it were not Agent, and the term "Lender" or "Lenders" shall, at any time when Agent is a Lender, unless the context otherwise indicates, include Agent in its individual capacity. Agent may accept deposits from, lend money to, and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement or any other Loan Document, with Borrower or any of its Subsidiaries in which Borrower or such Subsidiary is not restricted hereby from engaging with any other Person. Agent, in its individual capacity, is not obligated to remain a Lender.

9.10 LENDER CREDIT DECISION. Each Lender acknowledges that it has, independently and without reliance upon Agent or any other Lender and based on the financial statements prepared by Borrower and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Lender also acknowledges that it will, independently and without reliance upon Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents.

9.11 SUCCESSOR AGENT. Agent may resign at any time by giving written notice thereof to Lenders and Borrower, such resignation to be effective upon the appointment of a successor Agent or, if no successor Agent has been appointed, forty-five days after the retiring Agent gives notice of its intention to resign. Upon any such resignation, Lenders shall have the right to appoint, on behalf of Borrower and Lenders, a successor Agent. If no

successor Agent shall have been so appointed by Lenders within thirty days after the resigning Agent's giving notice of its intention to resign, then the resigning Agent may appoint, on behalf of Borrower and Lenders, a successor Agent. If Agent has resigned and no successor Agent has been appointed, Lenders

may perform all the duties of Agent hereunder and Borrower shall make all payments in respect of the Obligations to the applicable Lender and for all other purposes shall deal directly with Lenders. No successor Agent shall be deemed to be appointed hereunder until such successor Agent has accepted the appointment. Any such successor Agent shall be a commercial bank having capital and retained earnings of at least $50,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning Agent. Upon the effectiveness of the resignation of Agent, the resigning Agent shall be discharged from its duties and obligations hereunder and under the Loan Documents. After the effectiveness of the resignation of an Agent, the provisions of this ARTICLE X shall continue in effect for the benefit of such Agent in respect of any actions taken or omitted to be taken by it while it was acting as Agent hereunder and under the other Loan Documents.

ARTICLE X

SETOFF; RATABLE PAYMENTS

10.1 SETOFF. In addition to, and without limitation of, any rights of Lenders under applicable law, if Borrower becomes insolvent, however evidenced, or any Default occurs, any and all deposits (including all account balances, whether provisional or final and whether or not collected or available) and any other Indebtedness at any time held or owing by any Lender to or for the credit or account of Borrower may be offset and applied toward the payment of the Obligations owing to such Lender, whether or not the Obligations, or any part hereof, shall then be due.

10.2 RATABLE PAYMENTS. If any Lender, whether by setoff or otherwise, has payment made to it upon its Loans in a greater proportion than that received by any other Lender, such Lender agrees, promptly upon demand, to purchase a portion of the Loans held by the other Lenders so that after such purchase each Lender will hold its ratable proportion of Loans. If any Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to setoff, such Lender agrees, promptly upon demand, to take such action necessary such that all Lenders share in the benefits of such collateral ratably in proportion to their Loans. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

ARTICLE XI

BENEFIT OF AGREEMENT; ASSIGNMENT; PARTICIPATION

11.1 SUCCESSORS AND ASSIGNS. The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of Borrower and Lenders and their respective successors and assigns, except that (i) Borrower shall not have the right to assign their rights or obligations under the Loan Documents and (ii) any assignment by any Lender must be made in compliance with SECTION 11.3. Notwithstanding clause (ii) of this SECTION 11.1, any Lender may at any time, without the consent of Borrower or Agent, assign all or any portion of its rights under this Agreement and its Notes to a Federal Reserve Bank; provided, however, that no such assignment shall release the transferor Lender from its obligations hereunder. Agent may treat the payee of any Note as the owner thereof for all purposes hereof unless and until such payee complies with SECTION 11.3 in the case of an assignment thereof or, in the case of any other

transfer, a written notice of the transfer is filed with Agent. Any assignee or transferee of a Note agrees by acceptance thereof to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the holder of any Note, shall be conclusive and binding on any subsequent holder, transferee or assignee of such Note or of any Note or Notes issued in exchange therefor.

11.2 PARTICIPATION.

11.2.1 PERMITTED PARTICIPANTS; EFFECT. Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more banks, financial institutions, pension funds, or any other funds or entities participating interests in any Loan owing to such Lender, any Note held by such Lender, any Commitment of such Lender or any other interest of such Lender under the Loan Documents. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Lender shall remain the holder of any such Note for all purposes under the Loan Documents, all amounts payable by Borrower under this Agreement shall be determined as if such Lender had not sold such participating interests, and Borrower and Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents.

11.2.2 VOTING RIGHTS. Each Lender shall retain the sole right to approve, without the consent of any Participant,

any amendment, modification or waiver of any provision of the Loan Documents other than any amendment, modification or waiver with respect to any Loan or Commitment in which such Participant has an interest which forgives principal, interest or fees or reduces the interest rate or fees payable with respect to any such Loan or Commitment or postpones any date fixed for any regularly scheduled payment of principal of, or interest or fees on, any such Loan or Commitment.

11.2.3 BENEFIT OF SETOFF. Borrower agrees that each Participant shall be deemed to have the right of Setoff provided in SECTION 10.1 in respect of its participating interest in amounts owing under the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Lender under the Loan Documents, provided that each Lender shall retain the right of setoff provided in SECTION 10.1 with respect to the amount of participating interests sold to each Participant. Lenders agree to share with each Participant, and each Participant, by exercising the right of setoff provided in SECTION 10.1, agrees to share with each Lender, any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with SECTION 10.2 as if each Participant were a Lender.

11.3 ASSIGNMENTS.

11.3.1 PERMITTED ASSIGNMENTS. Any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time assign to one or more banks, financial institutions, pension funds, or any other funds or entities ("PURCHASERS") all or any portion of its rights and obligations under the Loan Documents. Such assignment shall be substantially in the form of EXHIBIT L hereto or in such other form as may be agreed to by the parties thereto. The consent of Agent shall be required prior to an assignment becoming effective with respect to a Purchaser which is not a Lender or an Affiliate thereof. Such consent shall not be unreasonably withheld.

11.3.2 PRIOR CONSENT. Notwithstanding SECTION 11.3.1, Lenders may not assign rights and obligations under the Loan Documents to a Purchaser without the prior written consent of Borrower if any of the following would occur: (i)

an assignment of less than five percent (5%) of the Aggregate Commitment as of the date of such assignment, (ii) the proposed purchaser is a financial institution not organized under the laws of a state or of the United States (unless such institution is an affiliate of the transferring Lender), or (iii) such transfer would result in Borrower incurring increased payments pursuant to SECTION 2.12; provided, however, that, if at the time of the proposed assignment Borrower is the subject of a proceeding referenced in SECTION

6.7 or 6.8, or any Default shall have occurred, Borrower consent shall not be required and any Lender may consummate an assignment notwithstanding the requirements of clauses (i), (ii) or (iii) of this SECTION 11.3.2.

11.3.3 EFFECTIVE DATE. Upon (i) delivery to Agent of a notice of assignment, substantially in the form attached as EXHIBIT l to EXHIBIT L hereto (a "NOTICE OF ASSIGNMENT"), together with any consents required by SECTION 11.3.2, and (ii) payment of a $2,500 fee to Agent for processing such assignment (PROVIDED, HOWEVER, that if such assignment shall be made to an Affiliate of Lender, then Lender shall not be required to pay such fee to Agent), such assignment shall become effective on the effective date specified in such Notice of Assignment. The Notice of Assignment shall contain a representation by the Purchaser to the effect that none of the consideration used to make the purchase of the Commitment and Loans under the applicable assignment agreement are "plan assets" as defined under ERISA and that the rights and interests of the Purchaser in and under the Loan Documents will not be "plan assets" under ERISA. On and after the effective date of such assignment, such Purchaser shall for all purposes be a Lender party to this Agreement and any other Loan Document executed by Lenders and shall have all the rights and obligations of a Lender under the Loan Documents, to the same extent as if it were an original party hereto, and no further consent or action by Borrower, Lenders or Agent shall be required to release the transferor Lender with respect to the percentage of the Aggregate Commitment and Loans assigned to such Purchaser. Upon the consummation of any assignment to a Purchaser pursuant to this SECTION 11.3.2, the transferor Lender, Agent and Borrower shall make appropriate arrangements so that replacement Notes are issued to such transferor Lender and new Notes or, as appropriate, replacement Notes, are issued to such Purchaser, in each case in principal amounts reflecting their Commitment, as adjusted pursuant to such assignment.

11.4 DISSEMINATION OF INFORMATION. Borrower authorizes each Lender to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Loan Documents by operation of law (each a "TRANSFEREE") and any prospective Transferee any and all information in such Lender's possession concerning the creditworthiness of Borrower and its Subsidiaries.

11.5 TAX TREATMENT. If any interest in any Loan Document is transferred to any Transferee which is organized under the laws ; of any jurisdiction other-than the United States or any State thereof, the transferor Lender shall cause such Transferee, concurrently with the effectiveness of such transfer, to comply with the provisions of SECTION 2.22.

ARTICLE XII

NOTICES; NATURE OF OBLIGATIONS

12.1 GIVING NOTICE. Except as otherwise permitted by SECTION 2.18 with respect to borrowing notices, all notices and other communications provided to

any party hereto under this Agreement or any other Loan Document shall be in writing or by telex or by facsimile and addressed or delivered to such party at its address set forth below its signature hereto or at such other address as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with postage prepaid, shall be deemed given when received; any notice, if transmitted by telex or facsimile, shall be deemed given when transmitted (answerback confirmed in the log of telexes).

12.2 CHANGE OF ADDRESS. Borrower, Agent and any Lender may change the address for service of notice upon it by a notice in writing to the other parties hereto.

12.3 NATURE OF BORROWER'S OBLIGATIONS AND MODIFICATION THEREOF. The obligations of Borrower under this Agreement are absolute and unconditional and shall be irrevocable. Borrower agrees that its obligations hereunder shall not be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Borrower by any bankruptcy case or by any stay or other legal impediment in or arising from the operation of any present or future provision of the Bankruptcy Code or other similar state or federal statute, or from the decision of any court. Borrower agrees that Lenders may, in their discretion, (i) release, discharge, compromise or settle with, or grant indulgences to, refuse to proceed or take action against, Borrower with respect to its respective obligations under this Agreement, (ii) release, surrender, modify, impair, exchange, substitute or extend the period or duration of time for the performance, discharge or payment of, refuse to enforce, compromise or settle its respective lien, security interest, pledge or assignment against, any and all deposits or other property or assets on which Lenders may have a lien, security interest, pledge or assignment or which secures any of the obligations of Borrower under this Agreement, and (iii) amend, modify, alter or restate, in accordance with their respective terms, this Agreement or any of the Loan Documents or otherwise, accept deposits or other property from, or enter into transactions of any kind or nature with, Borrower. Borrower confirms that it will be directly or indirectly benefitted by the Loan and any and all other Advances under this Agreement or any of the Loan Documents.

ARTICLE XIII

COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement shall be effective when it has been executed by Borrower, each Subsidiary of Borrower, Agent and Lenders and each party has notified Agent by telex or telephone, that it has taken such action.

IN WITNESS WHEREOF, Borrower, Subsidiaries, Lenders and Agent have executed this Agreement as of the date first above written.

BORROWER:

THE DURIRON COMPANY, INC.

By: /s/ Gregory L. Smith

Print Name: Gregory L. Smith

Title: Treasurer

3100 Research Boulevard
Dayton, Ohio 45420
Telephone: (513) 476-6112
Facsimile: (513) 476 6231

Attention: Gregory L. Smith

LENDERS:

Commitments
$35,000,000

NATIONAL CITY BANK,
Individually and as
Agent

By:

Print Name: Michael P. McCuen

Title: Vice President

Via Hand Delivery
National City Bank

ARTICLE XIII

COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement shall be effective when it has been executed by Borrower, each Subsidiary of Borrower, Agent and Lenders and each party has notified Agent by telex or telephone, that it has taken such action.

IN WITNESS WHEREOF, Borrower, Subsidiaries, Lenders and Agent have executed this Agreement as of the date first above written.

BORROWER:

THE DURIRON COMPANY, INC.

By:

Print Name: Gregory L. Smith

Title: Treasurer

3100 Research Boulevard
Dayton, Ohio 45420
Telephone: (513) 476-6112
Facsimile: (513) 476 6231

Attention: Gregory L. Smith

LENDERS:

Commitments
$35,000,000

NATIONAL CITY BANK,
Individually and as
Agent

By: Michael P. McCuen

Print Name Michael P. McCuen

Title: Vice President

Via Hand Delivery

National City Bank

National City Center, 10th
Floor
1900 East Ninth Street
Cleveland, Ohio 44114

Via U.S. Mail
National City Bank
P.O. Box 5756
Cleveland, Ohio 44101-0756

Attention: Michael P. McCuen
Vice President

$20,000,000

THE FIFTH THIRD BANK

By: /s/ D. Ward Allen

Print Name: D. Ward Allen

Title: Vice President

The Fifth Third Bank, N.A.
One Dayton Centre
One South Main Street
Dayton, Ohio 45402

Attention: D. Ward Allen

$15,000,000

KEYBANK NATIONAL ASSOCIATION

By:

Print Name: Susan M. Lipowicz

Title:

KeyBank National Association
34 North Main Street
Dayton, Ohio 45402

Attention: Susan M. Lipowicz

$15,000,000

BANK ONE, DAYTON, N.A.

By:

Print Name: R. Michael Dunlavey

Title:

Bank One, Dayton, N.A.
Kettering Tower
P.O. Box 1103
Dayton, Ohio 45401-1103

Attention: R. Michael Dunlavey

$20,000,000

THE FIFTH THIRD BANK

By:

Print Name: D. Ward Allen

Title: Vice President

The Fifth Third Bank, N.A.
One Dayton Centre
One South Main Street
Dayton, Ohio 45402

Attention: D. Ward Allen

$15,000,000 KEYBANK NATIONAL ASSOCIATION

By: /s/ Susan M. Lipowicz

Print Name: Susan M. Lipowicz

Susan M. Lipowicz
Title: VICE PRESIDENT

KeyBank National Association
34 North Main Street
Dayton, Ohio 45402

Attention: Susan M. Lipowicz

$15,000,000 BANK ONE, DAYTON, N.A.

By:

Print Name: R. Michael Dunlavey

Title:

Bank One, Dayton, N.A.
Kettering Tower
P.O. Box 1103
Dayton, Ohio 45401-1103

Attention: R. Michael Dunlavey

$20,000,000 THE FIFTH THIRD BANK
By:

Print Name: D. Ward Allen

Title: Vice President

The Fifth Third Bank, N.A.
One Dayton Centre
One South Main Street

Dayton, Ohio 45402

Attention: D. Ward Allen

$15,000,000

KEYBANK NATIONAL ASSOCIATION
By: _____

Print Name: Susan M. Lipowicz

Title: _____

KeyBank National Association
34 North Main Street
Dayton, Ohio 45402

Attention: Susan M. Lipowicz

$15,000,000

BANK ONE, DAYTON, N.A.

By: /s/ R. Michael Dunlavey

Print Name R. Michael Dunlavey

Title: Vice President

Bank One, Dayton, N.A.
Kettering Tower
P.O. Box 1103
Dayton, Ohio 45401-1103

Attention: R. Michael Dunlavey

$15,000,000

CREDIT LYONNAIS CHICAGO BRANCH

By: /s/ Juliet Kanak

Print Name: Julie T. Kanak

Title: Vice President

227 West Monroe Street
Chicago, Illinois 60606

Attention: Eric Tobin

SCHEDULE 1 SUBSIDIARIES OF BORROWER

The Duriron Company, Inc. has direct or indirect subsidiaries all of which (i) are beneficially owned or controlled; (ii) do business under the name under which they are organized and (iii) are included in the consolidated financial statements of the Company. The name and jurisdiction of incorporation of each such subsidiary is set forth below.

Name of Subsidiary (a)	Jurisdiction In Which Incorporated
Automax Inc.	Ohio
Duriron Canada Inc.	Canada
S.A. Durco Europe N.V.	Belgium
Durco Process Equipment Ltd.	United Kingdom
Durco GmbH	Germany
Durco France S.A.R.L.	France
Duriron Foreign Sales Corporation	Virgin Islands
Durco Ireland Limited	Ireland
Valtek Incorporated	Utah
Valtek Controls Ltd.	Canada
Valtek Australia Pty. Ltd.	Australia
Durco Valtek (Asia Pacific) Pte. Ltd.	Singapore
Durco Europe S.A. - Coordination Centre	Belgium
Durco B.V. Holland	Holland
Davco Equipment Inc.	Ohio
Durco Valtek, S.A.	Spain
Durco Italia S.r.l.	Italy
Kammer Ventile GmbH	Germany
Kammer Vannes S.A.	Switzerland
Automax Mecair S.r.l.	Italy
Mecair U.K. Ltd.	United Kingdom
Mecair S.a.r.l.	France
Automax Mecair S.r.l.	Italy
Sereg Vannes S.A.	France
Durametallic Corporation	Michigan
Pac-Seal Inc. International	Michigan
Metal Fab Machine Corporation	Florida
Durametallic Mexicana S.A. de C.V.	Mexico
Durametallic do Brasil	Brazil
Durametallic Canada inc.	Canada
Durametallic Uruguay	Uruguay
Durametallic Pty. Ltd.	New Zealand
Durametallic Corporation Australia Pty. Ltd.	Australia
Durametallic G.m.b.H.	Germany
Durametallic Europe N.V.	Belgium
Durametallic Argentina S.A.	Argentina
Durametallic Australia Holding Company	Michigan
Durametallic Europe Holding Company	Michigan
Arabian Seals Company, Ltd. (b)	Saudi Arabia
Korea Seal Master Company, Ltd. (b)	Korea

Durametallic (India) Ltd. (b)	India

Durametallic Asia Pte. Ltd. (b)	Singapore
Durametallic Malaysia Sdn. Bhd. (c)	Malaysia

<FN>

(a) All subsidiaries are wholly owned or controlled except as otherwise indicated by one of the following footnotes

(b) 40% ownership
(c) 51% ownership

SCHEDULE 2 - PERMITTED LIENS

Lease agreement, indenture of mortgage and deed of trust, and guarantee agreement, all executed on June 1, 1978 in connection with 9-1/8% Industrial Development Revenue Bonds, Series A, City of Cookeville, Tennessee

Lease agreement, indenture of trust, and guaranty agreement, all executed on June 1, 1978 in connection with 7-3/8% Industrial Development Revenue Bonds, Series B, City of Cookeville, Tennessee

Lease agreement, indenture of mortgage and agreement, lessee guaranty agreement, and letter of representation and indemnity agreement, all dated as of December 1, 1983 and executed in connection with the Industrial Development Revenue Bonds (1983 The Duriron Company, Inc. Project), Erie Company, New York Industrial Development Agency were filed with the Commission as Exhibit 4.4 to the Company's Report on Form 10-K for the Year ended December 31, 1983

EXHIBIT A

FORM OF FOREIGN CURRENCY NOTE

_____,1996

Cleveland, Ohio

For value received, The Duriron Company, Inc., a New York corporation ("Borrower"), promises to pay to the order _____, (the "Lender"), the unpaid principal amount of each Foreign Currency Loan made by Lender to the Company pursuant to the Credit Agreement referred to below, on the last day of the LIBOR Interest Period relating to such Foreign Currency Loan. Borrower further promises to pay interest on the aggregate unpaid principal amount of such Foreign Currency Loans on the dates and at the rates negotiated to provided in the Credit Agreement. All such payments of principal and interest with respect to Foreign Currency Loans shall be made in the Applicable Currency at Agent's principal office in Cleveland, Ohio. Borrower shall pay remaining unpaid principal of and accrued and unpaid interest on the Foreign Currency Loans in full on the Facility Termination Date (as defined in the Agreement).

Borrower and all endorsers severally waive presentment, protest and demand, notice of protest, demand and of dishonor and nonpayment of this Foreign Currency Note, and any and all lack of diligence or delays in collection or enforcement of this Foreign Currency Note, and expressly agree that this Foreign Currency Note, or any payment hereunder, may be extended from time to time, and expressly consent to the release of any party liable for the obligation secured by this Foreign Currency Note, the release of any of the security for this Foreign Currency Note, the acceptance of any other security therefor, or any other indulgence or forbearance whatsoever, all without notice to any party and without affecting the liability of Borrower and any endorsers hereof.

This Foreign Currency Note is one of the Foreign Currency Notes issued pursuant to, and is entitled to the benefits of, the Credit Agreement, dated as of December 3, 1996 among Borrower, National City Bank, individually and as Agent, and the other Lenders named therein, to which Agreement, as it may be amended from time to time, reference is hereby made for a statement of the terms and conditions governing this Foreign Currency Note, including the terms and conditions under which this Foreign Currency Note may be prepaid or its maturity date accelerated. Capitalized terms used herein and not otherwise defined herein are used with the meanings attributed to them in the Agreement.

This Note shall be governed and construed under the internal laws of the State of Ohio.

_____

By:_____
Its_____

EXHIBIT B

FORM OF REVOLVING PROMISSORY NOTE

$_____ _____, 1996

The Duriron Company, Inc. ("Duriron"), a corporation organized under the laws of the State of New York, and its successors and assigns ("Borrower"), promises to pay to the order of _____ (the "Lender") the lesser of the principal sum of _____ or the aggregate unpaid principal amount of all Loans other than Foreign Currency Loans made by Lender to Borrower pursuant to Article II of the Credit Agreement (as the same may be amended or modified, the "Agreement") hereinafter referred to, in immediately available funds at the main office of National City Bank, as Agent, together with interest on the unpaid principal amount hereof at the rates and on the dates set forth in the Agreement. Borrower shall pay remaining unpaid principal of and accrued and unpaid interest on the Loans in full on the Facility Termination Date (as defined in the Agreement).

Lender shall, and is hereby authorized to record in accordance with its usual practice, the date and amount of each Loan and the date and amount of each principal payment hereunder.

This Note is one of the Notes issued pursuant to, and is entitled to the benefits of, the Credit Agreement, dated as of December 3, 1996 among Borrower, National City Bank, individually and as Agent, and the other Lenders named therein, to which Agreement, as it may be amended from time to time, reference is hereby made for a statement of the terms and conditions governing this Note, including the terms and conditions under which this Note may be prepaid or its maturity date accelerated. Capitalized terms used herein and not otherwise defined herein are used with the meanings attributed to them in the Agreement.

If there is a Default under the Agreement or any other Loan Document and Agent exercises the remedies provided under the Agreement and/or any of the Loan Documents for Lenders, then in addition to all amounts recoverable by Agent and Lenders under such documents, Agent and Lenders shall be entitled to receive reasonable attorneys fees and expenses incurred by Agent and Lenders in connection with the exercise of such remedies.

Borrower and all endorses severally waive presentment, protest and demand, notice of protest, demand and of dishonor and nonpayment of this Note, and any and all lack of diligence or delays in collection or enforcement of this

Note, and expressly agree that this Note, or any payment hereunder, may be extended from time to time, and expressly consent to the release of any party liable for the obligation secured by this Note, the release of any of the security

for this Note, the acceptance of any other security therefor, or any other indulgence or forbearance whatsoever, all without notice to any party and without affecting the liability of Borrower and any endorses hereof.

This Note shall be governed and construed under the internal laws of the State of Ohio.

BORROWER AND LENDER, BY ITS ACCEPTANCE HEREOF, EACH HEREBY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHT UNDER THIS PROMISSORY NOTE OR ANY OTHER LOAN DOCUMENT OR RELATING THERETO OR ARISING FROM THE LENDING RELATIONSHIP WHICH IS THE SUBJECT OF THIS PROMISSORY NOTE AND AGREE THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A JUDGE AND NOT BEFORE A JURY.

THE DURIRON COMPANY, INC.

By:_____
Print Name:
Title:

EXHIBIT C

REQUEST FOR ISSUANCE OF LETTER OF CREDIT

The Duriron Company, Inc. ("Borrower") hereby requests the issuance of a Letter of Credit in the amount of $_____ pursuant to and in accordance with the terms and conditions of the Credit Agreement dated as of December 3, 1996 ("Credit Agreement"), by and among Borrower, National City Bank, individually, and as Agent, and the other Lenders named therein. Capitalized terms used herein but not defined in this Request for Issuance of Letter of Credit shall have the respective meanings assigned to them in the Credit Agreement.

1. This Request for Issuance of Letter of Credit is accompanied by a Letter of Credit Application, that contains, among other things, the following: (i) the proposed Issuance Date of the Letter of Credit (which shall be a Business Day), (ii) the proposed Face Amount of the Letter of Credit, (iii) the proposed expiration date of the Letter of Credit,* (iv) the name and address of the proposed beneficiary of the Letter of Credit and (v) a summary of the purpose and contemplated terms of the Letter of Credit.

2. This Request for Issuance of Letter of Credit is also accompanied by a precise description of any documents to be presented under, and any other terms of, the requested Letter of Credit, together with the text of any certificate to be presented by the beneficiary, which, if presented by the beneficiary prior to the expiration date of the Letter of Credit, would require the Issuing Bank to make payment under the Letter of Credit.

3. To induce the Issuing Bank to issue such Letter of Credit, Borrower hereby represents to Agent and each Lender as follows:

1. The Outstanding Amount shall not, giving effect to the issuance of the Letter of Credit hereby requested, exceed the Aggregate Commitment. Giving effect to the issuance of the requested Letter of Credit, the Letter of Credit Usage does not exceed Ten Million Dollars ($10,000,000).

2. All of the representations and warranties made by Borrower in the Credit Agreement are true and correct on the date hereof, except for any representation or warranty limited by its terms to a specific date.

3. No Default or Event of Default exists under the Credit Agreement.

4. The approval of this Request for Issuance of Letter of Credit shall not be deemed to be a waiver by Agent or any Lender of any Default or Event of Default by Borrower under the Credit Agreement.

BORROWER:

Date: _____

THE DURIRON COMPANY, INC.

By:_____
Its: _____

* Subject to Section 2.22 (a) (iii) of the Credit Agreement

EXHIBIT D

FORM OF SWINGLINE NOTE

_____, 1996

FOR VALUE RECEIVED, The Duriron Company, Inc., a New York corporation ("Borrower"), promises to pay to the order of National City Bank (the "Lender"), in lawful money of the United States of America, the principal sum of _____ ($_____)*, together with interest thereon at the Federal Funds Rate plus an applicable margin determined by Lender such that the return to Lender from such Swingline Loan approximates the hypothetical return to Lender of a LIBOR Rate Loan of the same amount made at the same time, for the same number of days (determined pro rata based on a thirty day LIBOR Interest Period), due and payable on demand, but in no event later than five (5) Business Days from the date hereof.

Lender is hereby authorized by Borrower to record on its books and records, the date, currency, amount and type of each Swingline Loan, the amount of each payment thereon and other information provided for on such schedule, which schedule or such books and records, as the case may be, shall constitute prima facia evidence of the information so recorded, provided, however, that any failure by Lender to record any such information shall not relieve Borrower of its obligation to repay the outstanding amount of such Swingline Loans, all accrued interest thereon and any amount payable with respect thereto in accordance with terms of this Swingline Note and the Credit Agreement.

Borrower and each endorser or guarantor hereof waives presentment,

protest, diligence, notice of dishonor and any other formality, other than demand, in connection with this Swingline Note. In the event that Borrower should fail to pay any portion of the indebtedness evidenced by this Swingline Note on demand, the unpaid balance thereof shall automatically be converted by Lender into a Base Rate Loan that shall bear interest at the Base Rate, all in accordance with the terms and conditions of the Credit Agreement.

This Swingline Note evidences one or more Swingline Loans made under the Credit Agreement, dated December 3, 1996, (as amended or modified from time to time, the "Credit Agreement"), by and among Borrower, National City Bank, individually, and as Agent, and the other Lenders named therein. Capitalized terms used herein but not defined in this Swingline Note shall have the respective meanings assigned to them in the Credit Agreement.

This Swingline Note is made under, and shall be governed by and construed in accordance with, the laws of the State of Ohio in the same manner applicable to contracts made and to be performed entirely within such State and without giving effect to choice of law principles of such State.

THE DURIRON COMPANY, INC.

By:_____
Its: _____

*Each Swingline Loan shall be in an amount equal to or greater than $1,000,000; provided, however, that (i) with regard to each Lender individually, the sum of each such Lender's outstanding Loans of all Types shall not exceed such Lender's Commitment; and (ii) with regard to Lender's collectively, the Outstanding Amount shall not exceed the Aggregate Commitment.

EXHIBIT E

November 27, 1996

FORM OF BID-OPTION QUOTE REQUEST

National City Bank, as Agent for Lenders
P.O. Box 5756
Cleveland, Ohio 44101-0756

Attention: Michael P. McCuen, Vice President, Metro Ohio Division

The Duriron Company, Inc., a New York corporation ("Borrower"), hereby requests offers to make Offshore Currency Loans described below, pursuant to Section 2.7(b) of the Credit Agreement, dated as of December 3, 1996, as amended, supplemented or otherwise modified (the "Credit Agreement"), by and among Borrower, National City Bank, individually, and as Agent, and the other Lenders named therein. Capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

Date of Offshore Currency Loan(s): _____, _____

Type of Offshore Currency Loan:

Aggregate Amount of each Offshore Currency Loan:

(a) _____*
(b) _____
(c) _____

LIBOR Interest Period:

(a) _____
(b) _____
(c) _____

Delivery Instructions (where Offshore Currency is delivered):

THE DURIRON COMPANY, INC.

By:_____
Its: _____

* Must be (a) $3,000,000 or a larger multiple of $1,000,000

EXHIBIT F

FORM OF INVITATION FOR BID-OPTION QUOTES

To: [Name of Lender]
Attention: _____

Reference is made to the Credit Agreement dated as of December 3, 1996, as amended, supplemented or otherwise modified (the "Credit Agreement"), by and among The Duriron Company, Inc., a New York corporation ("Borrower"), National City Bank, individually, and as Agent, and the other Lenders named therein. Capitalized terms used but not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

Pursuant to Section 2.7(c) of the Credit Agreement, National City Bank, as Agent for Lenders, is pleased on behalf of Borrower to invite you to submit Bid-Option Quotes to Borrower for the Offshore Currency Loan(s) described below:

Date of Offshore Currency Loan(s): _____, _____

Aggregate Amount of each OFFSHORE CURRENCY LOAN:	LIBOR INTEREST PERIOD:
(a) _____	(a) _____
(b) _____	(b) _____
(c) _____	(c) _____

Type of Offshore Currency Loan:

Please respond to this invitation by no later than 10:00 a.m. (Cleveland time) on _____,_____*

NATIONAL CITY BANK, as Agent
By:_____
Its: _____

*Insert date of Offshore Currency Loan.

EXHIBIT G

FORM OF BID-OPTION QUOTE

[Date]

National City Bank, as Agent for Lenders
P.O. Box 5756
Cleveland, Ohio 44101-0756

Attention: Michael P. McCuen, Vice President, Metro Ohio Division

Reference is made to the Credit Agreement, dated as of December 3, 1996, as amended, supplemented or otherwise modified (the "Credit Agreement"), by and among The Duriron Company, Inc., a New York corporation ("Borrower"), National City Bank, individually, and as Agent, and the other Lenders named therein. Capitalized terms used herein shall have the meanings ascribed thereto in the Credit Agreement.

In response to your Invitation for Bid-Option Quote dated _____, _____, _____ ("Lender"), hereby makes the following offer(s) to make [a] Offshore Currency Loan[s].

1. Lender: _____

Contact Person: _____

2. Date of Offshore Currency Loan: _____*

3. Type of Offshore Currency:

4. Delivery Instructions: (where Offshore Currency is delivered):

5. Quotes:

	Principal Amount of OFFSHORE CURRENCY LOAN	Bid-Option RATE*	Libor Interest PERIOD****
(a)	_____	_____	_____
(b)	_____	_____	_____
(c)	_____	_____	_____

6. The aggregate amount of Offshore Currency Loans which may be accepted by Borrower pursuant to this Bid-Option Quote shall not exceed $_____

Lender acknowledges and agrees that this Bid-Option Quote (a) is irrevocable and (b), subject to the terms and conditions of the Credit Agreement, obligates it to make a Offshore Currency Loan for which any quote is accepted, in whole or in part.

[Name of Lender]

By:_____

Its: _____

* As specified in the related Invitation for Bid-Option Quotes.

** The principal amount (a) must be $3,000,000 or a larger multiple of $1,000,000 and (b) may not exceed the aggregate amount of the related Offshore Currency Loan specified in the related Invitation for Bid-Option Quotes.

*** Specify rate of interest per annum (rounded up to the nearest 1/100 of 1%) or applicable margin, which may be positive or negative, expressed as a percentage (rounded up to the nearest 1/100th of 1%), as the case may be.

**** As specified in the related Invitation for Bid-Option Quotes.

EXHIBIT H

FORM OF BORROWING NOTICE

The Duriron Company, Inc. ("Duriron"), and its successors and assigns ("Borrower"), hereby requests an Advance in the amount of $_____ pursuant to and in accordance with the terms and conditions of the Credit Agreement dated as of _____ 1996 ("Credit Agreement"), among National City Bank, individually, and as Agent, and the Banks identified therein (the "Lenders"). Capitalized terms used by not defined herein are used as defined in the Credit Agreement.

Such advance in the amount of $_____ shall be deposited to the account of Borrower.

[For LIBOR Rate Loans and Base Rate Loans, paragraph 1 below shall be included, and for a Swingline Loan, paragraph 2 below shall be included]

1. Borrower elects that such advance shall be a [LIBOR Rate Loan] [Base Rate Loan] bearing interest in accordance with the table set forth in SECTION 2.4 of the Credit Agreement [, and the LIBOR Interest Period shall be _____. The Applicable Currency for such advance shall be _____.]

2. Borrower elects that such advance shall be a Swingline Loan, bearing interest at the Money Market Rate in accordance with SECTION 2.6 of the Credit Agreement.

Please notify _____ at Borrower to confirm the transmittal of funds.

To induce Lenders to make such advance, Borrower hereby represents to Agent and each Lender as follows:

1. The outstanding balance of all Loans made to Borrower shall not, giving effect to the advance hereby requested, exceed the Aggregate Commitment.

2. All of the representations and warranties made by Borrower in the Credit Agreement are true and correct on the date hereof, except for any representation or warranty limited by its terms to a specific date.

3. No Default, whether Matured or Unmatured, exists under the Credit Agreement.

4. The approval of this Borrowing Notice shall not be deemed to be a waiver by Agent or any Lender of any Default by Borrower under the Credit Agreement.

BORROWER:

THE DURIRON COMPANY, INC.

By:_____
Title: _____

EXHIBIT I

FORM OF LEGAL OPINION OF BORROWER

_____, 1996

Agent and Lenders who are parties to the
Credit Agreement described below:

Gentlemen/Ladies:

We are counsel for The Duriron Company, Inc., and its respective successors and assigns ("Borrower"), and have represented Borrower in connection with its execution and delivery of a Credit Agreement among Borrower, National City Bank, individually, and as Agent, and the other Lenders named therein, providing for Loans in an aggregate principal amount not exceeding $100,000,000 at any one time outstanding and dated as of _____ 1996 (the "Agreement"). All capitalized terms used in this opinion and not otherwise defined shall have the meanings attributed to them in the Agreement.

We have examined Borrower's articles of incorporation, by-laws, resolutions, the Loan Documents and such other matters of fact and law which we deem necessary in order to render this opinion. Based upon the foregoing, it is our opinion that:

1. Borrower is a corporation duly organized and validly existing under the laws of the State of New York, having its principal place of business in _____, Ohio; and Borrower is qualified to conduct its business in each jurisdiction in which its business is conducted except where such qualification would not result in a Material Adverse Change.

2. Borrower has the power and authority and legal right to execute and deliver the Loan Documents and to perform its obligations thereunder. The execution and delivery by Borrower of the Loan Documents and the performance of its obligations thereunder have been duly authorized by proper proceedings, and the Loan Documents constitute legal, valid and binding obligations of Borrower enforceable against Borrower in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

3. Neither the execution and delivery by Borrower of the Loan Documents, nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on Borrower or any of its Subsidiaries or Borrower's articles of incorporation, partnership agreement or bylaws, or the provisions of any material indenture, material instrument or material agreement to which Borrower or any of its Subsidiaries is a party or

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is subject, or by which it, or its Property, is bound, or conflict with or constitute a default thereunder, or result in the creation or imposition of any Lien in, of or on the Property of Borrower or a Subsidiary pursuant to the terms of any such indenture, instrument or agreement. No order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with the execution, delivery and performance of, or the legality, validity, binding effect or enforceability of, any of the Loan Documents.

4. There is no litigation or proceeding against Borrower or any of its Subsidiaries which, if adversely determined, could reasonably be expected to have a Material Adverse Effect.

This opinion may be relied upon by Agent, Lenders and their participants, assignees and other transferees.

Very truly yours,

_____

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EXHIBIT J

LOAN/CREDIT RELATED MONEY TRANSFER INSTRUCTION

To NATIONAL CITY BANK,
as Agent (the "Agent") under the Credit Agreement
Described Below.

Re: Credit Agreement, dated _____, 1996 (as the same may be amended or modified, the "Credit Agreement"), among The Duriron Company, Inc., a corporation organized under the laws of the State of New York, and its successors and assigns ("Borrower"), Agent, and Lenders named therein. Terms used herein and not otherwise defined shall have the meanings assigned thereto in the Credit Agreement.

Agent is specifically authorized and directed to act upon the following standing money transfer instructions with respect to the proceeds of Loans or other extensions of credit from time to time until receipt by Agent of a specific written revocation of such instructions by Borrower, provided, however, that Agent may otherwise transfer funds as hereafter directed in writing by Borrower in accordance with SECTION 12.1 of the Credit Agreement or based on any telephonic notice made in accordance with SECTION 2.18 of the Credit Agreement.

Facility Identification Number(s) _____

Customer/Account Name_____

Transfer Funds To_____

_____

_____
For Account No. _____

Reference/Attention To_____

Authorized Officer (Customer Representative) Date_____

_____
(Please Print) Signature

Bank Officer Name and Date_____

_____
(Please Print) Signature

(Deliver Completed Form to Credit Support Staff For Immediate Processing)

EXHIBIT K

FORM OF COMPLIANCE CERTIFICATE

To: The Administrative Agent and
Lenders party to the
Agreement described below

[For the Fiscal Quarter Ending
[For the Fiscal Year Ending

This Compliance Certificate is furnished pursuant to SECTION 5.1 (v) of the Credit Agreement dated as of _____, 1996 (the "Agreement"), among THE DURIRON COMPANY, INC., a New York corporation, and its successors and assigns ("Borrower"), the several banks, financial institutions and other entities from time to time parties thereto (collectively, the "Lenders"), and NATIONAL CITY BANK, not individually, but as Agent (the "Agent"). Unless otherwise defined herein, the terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

The undersigned Authorized Officer, on behalf of Borrower and each its Subsidiaries, and in his capacity as an Authorized Officer of Borrower and each of its Subsidiaries, hereby certifies as follows:

(1) The financial statements referred to in SECTIONS 5.1(i), 5.1(ii), 5.1(iii) or 5.1(iv), as the case may be, of the Agreement which are delivered concurrently with the delivery of this Compliance Certificate are complete and correct in all material respects and have been prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein and with prior periods (except as approved by the accountants performing the audit in connection therewith or the undersigned, as the case may be, and disclosed therein).

(2) The covenants listed below are calculated with for the respective

periods as set forth in the Credit Agreement (dollar amounts in thousands).

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

1. Consolidated Tangible Net Worth (SECTION 5.21)

(a) Consolidated Stockholder's Equity _____

(b) any surplus resulting from any write-up of assets subsequent to September 30, 1996 _____

(c) any amount in respect of an intangible that should be classified as an asset on Borrowers' consolidated

balance sheet in accordance with GAAP _____

(d) Consolidated Tangible Net Worth equals (a) minus the sum of (b) and (c); must be $100,000,000 at Closing Date, $100,000,000 plus 50% of Consolidated Net Income at all times thereafter. _____

2. Ratio of Debt to Cash Flow (SECTION 5.20)

(a) Consolidated Outstanding Indebtedness

(1) (a) means all Indebtedness of Borrower and its Subsidiaries outstanding at such date, determined on a consolidated basis in accordance with GAAP _____

(b) EBITDA

(1) (b) means, for any period, the sum of Borrower's and its Subsidiaries' EBIT plus depreciation and amortization expense _____

(c) ratio of (a) to (b); no greater than 3.0 to 1.0 on the Closing Date, and on the last day of each calendar quarter thereafter calculated for the previous four quarters, until the Facility Termination Date

3. Ratio of EBIT to Interest (SECTION 5.21)

(a) EBIT

(1) Borrower's and its Subsidiaries' Consolidated Net Income _____

(2) interest expense, income and franchise tax expense, and non-recurring extraordinary expenses (in each case determined in accordance with GAAP) which was deducted in determining Consolidated Net Income for such period _____

(3) (a) means (1) plus (2) _____

(b) Interest Expense

(1) interest expense of Borrower _____

for such period on the aggregate principal amount of its Indebtedness _____

(2) capitalized interest which accrued during such period _____

(3) (b) means (1) plus (2) _____

(c) ratio of (a) to (b); not less than 3.0 to 1.0 on the Closing Date, and on the last calendar day of each fiscal quarter thereafter calculated for the previous four fiscal quarters, until the Facility Termination Date _____

4. Debt to Capitalization Ratio (SECTION 5.22)

(a) Indebtedness for Borrowed Money _____

(b) Capitalization _____

(1) Consolidated Funded Debt _____

(2) Stockholder's Equity _____

(3) (b) means (1) plus (2) _____

(c) ratio of (a) to (b); no greater than .6 to 1.0 on the Closing Date, and on the last calendar day of each fiscal quarter thereafter, until the Facility Termination Date _____

5. Acquisition Limit (SECTION 5.23)

(a) Total sum of Borrower's Acquisitions of a Person _____

(b) after such Acquisitions in (a) the Debt to Capitalization Ratio would be greater than .5 to 1.00 _____

(3) To the best of the undersigned's knowledge, Borrower and its Subsidiaries have, during the period referred to above, observed or performed all of the covenants and conditions contained in the Agreement and the other Loan Documents, and during the period referred to above and as of the end of such period and as of the date hereof the undersigned have no knowledge of any Default, whether

Matured or Unmatured, under the Agreement or the Loan Documents except as follows: _____

IN WITNESS WHEREOF, I have hereto set my name.

_____
Title: _____

EXHIBIT L

ASSIGNMENT AGREEMENT

This Assignment Agreement (this "Assignment Agreement") between _____ (the "Assignor") and _____ (the "Assignee") is dated as of _____, 19 . The parties hereto agree as follows:

1. PRELIMINARY STATEMENT. The Assignor is a party to a Credit Agreement (which, as it may be amended, modified, renewed or extended from time to time is herein called the "Credit Agreement") described in Item 1 of Schedule I attached hereto ("Schedule I"). Capitalized terms used herein and not otherwise defined herein shall have the meanings attributed to them in the Credit Agreement.

2. ASSIGNMENT AND ASSUMPTION. The Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, an interest in and to the Assignor's rights and obligations under the Credit Agreement such that after giving effect to such assignment the Assignee shall have purchased pursuant to this Assignment Agreement the percentage interest specified in Item 3 of Schedule 1 of all outstanding rights and obligations under the Credit Agreement and the other Loan Documents. The aggregate Commitment (or Loans, if the applicable Commitment has been terminated) purchased by the Assignee hereunder is set forth in Item 4 of Schedule 1.

3. EFFECTIVE DATE. The effective date of this Assignment Agreement (the "Effective Date") shall be the later of the date specified in Item 5 of Schedule 1 or two (2) Business Days (or such shorter period agreed to by Agent) after a Notice of Assignment substantially in the form of Exhibit "I" attached hereto has been delivered to Agent. Such Notice of Assignment must include the consent of Agent required by SECTION 11.3.1. of the Credit Agreement. In no event will the Effective Date occur if the payments required to be made by the Assignee to the Assignor on the Effective Date under SECTIONS 4 and 5 hereof are not made on the proposed Effective Date. The Assignor will notify the Assignee of the proposed Effective Date no later than the Business Day prior to the proposed Effective Date. As of the Effective Date, (i) the Assignee shall have the rights and obligations of a Lender under the Loan Documents with respect to the rights and obligations assigned to the Assignee hereunder and (ii) the Assignor shall relinquish its rights and be released from its corresponding obligations under the Loan Documents with respect to the rights and obligations assigned to the Assignee hereunder.

4. PAYMENTS OBLIGATIONS. On and after the Effective Date, the Assignee shall be entitled to receive from Agent all payments of principal, interest and fees with respect to the interest assigned hereby. The Assignee shall advance funds directly to Agent with respect to all Loans and reimbursement payments made on or after the

Effective Date with respect to the interest assigned hereby. [In consideration for the sale and assignment of Loans hereunder, (i) the Assignee shall pay the Assignor, on the Effective Date, an amount equal to the principal amount of the portion of all _____ Rate Loans assigned to the Assignee hereunder and (ii) with respect to each _____ Rate Loan made by the Assignor and assigned to the Assignee hereunder which is outstanding on the Effective Date, (a) on the last day of the Interest Period therefor or (b) on such earlier date agreed to by the Assignor and the Assignee or (c) on the date on which any such _____ Rate Loan either becomes due (by acceleration or otherwise) or is prepaid (the date as described in the foregoing clauses (a), (b) or (c) being hereinafter referred to as the "_____ Rate Due Date"), the Assignee shall pay the Assignor an amount equal to the principal amount of the portion of such _____ Rate Loan assigned to the Assignee which is outstanding on the _____ Rate Due Date. If the Assignor and the Assignee agree that the applicable _____ Rate Due Date for such _____ Rate Loan shall be the Effective Date, they shall agree, solely for purposes of dividing interest paid by Borrower on such _____ Rate Loan, to an alternate interest rate applicable to the portion of such Loan assigned hereunder for the period from the Effective Date to the end of the related Interest Period (the "Agreed Interest Rate") and any interest received by the Assignee in excess of the Agreed Interest Rate, with respect to such _____ Rate Loan for such period, shall be remitted to the Assignor. [In the event interest for any period from the Effective Date to but not including the _____ Rate Due Date is not paid when due by Borrower with respect to any _____ Rate Loan sold by the Assignor to the Assignee hereunder, the Assignee shall pay to the Assignor interest for such period on the portion of such _____ Rate Loan sold by the Assignor to the Assignee hereunder at the applicable rate provided by the Credit Agreement.] In the event a prepayment of any _____ Rate Loan which is existing on the Effective Date and assigned by the Assignor to the Assignee hereunder occurs after the Effective Date but before the applicable _____ Rate Due Date, the Assignee shall remit to the Assignor any excess of the funding indemnification amount paid by Borrower under Section _____ of the Credit Agreement an account of such prepayment with respect to the portion of such _____ Rate Loan assigned to the Assignee hereunder over the amount which would have been paid if such prepayment amount were calculated based on the Agreed Interest Rate and only covered the portion of the Interest Period after the Effective Date. The Assignee will promptly remit to the Assignor (i) the portion of any principal payments assigned hereunder and received from Agent with respect to any _____ Rate Loan prior to its _____ Rate Due Date and (ii) any amounts of interest on Loans and fees received from Agent which relate to the portion of the Loans assigned to the Assignee hereunder for periods prior to the Effective Date, in the case of _____ Rate Loans or fees, or the _____ Rate Due Date, in the case of _____ Rate Loan, and not previously paid by the Assignee to the Assignor.] In the event that either party hereto receives any payment to which the other party hereto is entitled under this Assignment Agreement, then the party receiving such amount shall promptly remit it to the other party hereto.

*Each Assignor may insert its standard payment provisions in lieu of the payment terms included in this Exhibit.

5. FEES PAYABLE BY THE ASSIGNEE. The Assignee shall pay to the Assignor a fee on each day on which a payment of interest or Commitment Fees is made under the Credit Agreement with respect to the amounts assigned to the Assignee hereunder (other than a payment of interest or Commitment Fees attributable to the period prior to the Effective Date or, in the case of _____ Rate Loans, the Payment Date, which the Assignee is obligated to deliver to the Assignor pursuant to Section 4 hereof). The amount of such fee shall be the difference between (i) the interest or fee, as applicable, paid with respect to the amounts assigned to the Assignee hereunder and (ii) the interest or fee, as applicable, which would have been paid with respect to the amounts assigned to the Assignee hereunder if each interest rate was calculated at the rate of -% rather than the actual percentage used to calculate the interest rate paid by Borrower or if the Commitment Fee was calculated at the rate of _% rather than the actual percentage used to calculate the Commitment Fee paid by Borrower, as applicable. In addition, the Assignee agrees to pay -% of the fee required to be paid to Agent in connection with this Assignment Agreement.

6. REPRESENTATIONS OF THE ASSIGNOR: LIMITATIONS ON THE ASSIGNOR'S LIABILITY. The Assignor represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim created by the Assignor. It is understood and agreed that the assignment and assumption hereunder are made without recourse to the Assignor and that the Assignor makes no other representation or warranty of any kind to the Assignee. Neither the Assignor nor any of its officers, directors, employees, agents or attorneys shall be responsible for (i) the due execution, legality, validity, enforceability, genuineness, sufficiency or collectibility of any Loan Document, including without limitation, documents granting the Assignor and the other Lenders a security interest in assets of Borrower or any guarantor, (ii) any representation, warranty or statement made in or in connection with any of the Loan Documents, (iii) the financial condition or creditworthiness of Borrower or any guarantor, (iv) the performance of or compliance with any of the terms or provisions of any of the Loan Documents, (v) inspecting any of Property, books or records of Borrower, (vi) the validity, enforceability, perfection, priority, condition, value or sufficiency f of any collateral securing or purporting to secure the Loans or (vii) any mistake, error of judgment, or action taken or omitted to be taken in connection with the Loans or the Loan Documents.

7. REPRESENTATIONS OF THE ASSIGNEE. The Assignee (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements requested by the Assignee and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this

Assignment Agreement, (ii) agrees that it will, independently and without reliance upon Agent, the Assignor or any other Lender and based on such documents and information at it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, (iii) appoints and authorizes Agent to take such action as agent on its behalf and to exercise such powers under the Loan Documents as are delegated to Agent by the terms thereof, together with such powers as are reasonably incidental thereto, (iv) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender, (v) agrees that its payment

instructions and notice instructions are as set forth in the attachment to Schedule 1, (vi) confirm that none of tile funds, monies, assets or other consideration being used to make the purchase and assumption hereunder are "plan assets" as defined under ERISA and that its rights, benefits and interests in and under the Loan Documents will not be "plan assets" under ERISA, [and (vii) attaches the forms prescribed by the Internal Revenue Service of the United States certifying that the Assignee is entitled to receive payments under the Loan Documents without deduction or withholding of any United States federal income taxes] to be inserted if the Assignee is not incorporated under the laws of the United States, or a state thereof.

8. INDEMNITY. The Assignee agrees to indemnify and hold the Assignor harmless against any and all losses, costs and expenses (including, without limitation, reasonable attorneys, fees) and liabilities incurred by the Assignor in connection with or arising in any manner from the Assignee's non-performance of the obligations assumed under this Assignment Agreement.

9. SUBSEQUENT ASSIGNMENTS. After the Effective Date, the Assignee shall have the right pursuant to Section 12.3.1 of the Credit Agreement to assign the rights which are assigned to the Assignee hereunder to any entity or person, provided that (i) any such subsequent assignment does not violate any of the terms and conditions of the Loan Documents or any law, rule, regulation, order, writ, judgment, injunction or decree and that any consent required under the terms of the Loan Documents has been obtained and (ii) unless the prior written consent of the Assignor is obtained, the Assignee is not thereby released from its obligations to the Assignor hereunder, if any remain unsatisfied, including, without limitation, its obligations under SECTIONS 4.5 and 8 hereof.

10. REDUCTIONS OF AGGREGATE COMMITMENT. If any reduction in the Aggregate Commitment occurs between the date of this Assignment Agreement and the Effective Date, the percentage interest specified in Item 3 of Schedule I shall remain the same, but the dollar amount purchased shall be recalculated based on the reduced Aggregate Commitment.

11. ENTIRE AGREEMENT. This Assignment Agreement and the attached Notice of Assignment embody the entire agreement and

understanding between the parties hereto and supersede all prior agreements and understandings between the parties hereto relating to the subject matter hereof.

12. GOVERNING LAW. This Assignment Agreement shall be governed by the internal law, and not the law of conflicts, of the State of Ohio.

13. NOTICES. Notices shall be given under this Assignment Agreement in the manner set forth in the Credit Agreement. For the purpose hereof, the addresses of the parties hereto (until notice of a change is delivered) shall be the address set forth in the attachment to Schedule 1.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment Agreement by their duly authorized officers as of the date first above written.

[NAME OF ASSIGNOR]

By: _____

Title: _____

[NAME OF ASSIGNEE]

By: _____

Title: _____

SCHEDULE I
TO ASSIGNMENT AGREEMENT

1. Description and Date of Credit Agreement:

2. Date of Assignment Agreement: _____, 19__

3. Amounts (As of Date of Item 2 above):

a.	Aggregate Commitment (Loans) under Credit Agreement	$_____
b.	Assignee's Percentage of the Aggregate Commitment purchased under this Assignment Agreement**	_____

4. Amount of Assignee's (Loan Amount)** Commitment Purchased under this Assignment Agreement: $_____

5. Proposed Effective Date: _____

Accepted and Agreed:

[NAME OF ASSIGNOR] [NAME OF ASSIGNEE]

By: _____ By:_____

Title: _____ Title: _____

* If a Commitment has been terminated, insert outstanding Loans in place of Commitment

** Percentage taken to 10 decimal places

Attachment to SCHEDULE I to ASSIGNMENT AGREEMENT

Attach Assignor's Administrative Information Sheet, which must include notice address for the Assignor and the Assignee

EXHIBIT "1"

to Assignment Agreement

NOTICE
OF ASSIGNMENT

_____, 19__

To: [NAME OF AGENT]
_____
_____

From: [NAME OF ASSIGNOR) (the "Assignor")
[NAME OF ASSIGNEE] (the "Assignee")

1. We refer to that Credit Agreement (the "Credit Agreement") described in Item I of Schedule 1 attached hereto ('Schedule 1"). Capitalized terms used herein and not otherwise defined herein shall have the meanings attributed to them in the Credit Agreement.

2. This Notice of Assignment (this "Notice") is given and delivered to Agent pursuant to SECTION 11.3.2 of the Credit Agreement.

3. The Assignor and the Assignee have entered into an Assignment Agreement, dated as of _____, 19__ (the "Assignment"), pursuant to which, among other things, the Assignor has sold, assigned, delegated and transferred to the Assignee, and the Assignee has purchased, accepted and assumed from the Assignor the percentage interest specified in Item 3 of Schedule I of all outstandings, rights and obligations under the Credit Agreement. The Effective Date of the Assignment shall be the later of the date specified in Item 5 of Schedule I or two (2) Business Days (or such shorter period as agreed to by Agent) after this Notice of Assignment and any fee required by SECTION 11.3.2 of the Credit Agreement have been delivered to Agent, provided that the Effective Date shall not occur if any condition precedent agreed to by the Assignor and the Assignee has not been satisfied.

4. The Assignor and the Assignee hereby give to Agent notice of the

assignment and delegation referred to herein. The Assignor will confer with Agent before the date specified in Item 5 of Schedule I to determine if the Assignment Agreement will become effective on such date pursuant to Section 3 hereof, and will confer with Agent to determine the Effective Date pursuant to SECTION 3 hereof if it occurs thereafter. The Assignor shall notify Agent if the Assignment Agreement does not become effective on any proposed Effective Date as a result of the failure to satisfy the conditions precedent agreed to by the Assignor and the Assignee. At the request of Agent, the Assignor will give Agent written confirmation of the satisfaction of the conditions precedent.

5. The Assignor or the Assignee shall pay to Agent on or before the Effective Date the processing fee of $_____ required by SECTION 11.3.2 of the Credit Agreement.

6. If Notes are outstanding on the Effective Date, the Assignor and the Assignee request and direct that Agent prepare and cause Borrower to execute and deliver new Notes or, as appropriate, replacements notes, to the Assignor and the Assignee. The Assignor and, if applicable, the Assignee each agree to deliver to Agent the original Note received by it from Borrower upon its receipt of a new Note in the appropriate amount.

7. The Assignee advises Agent that notice and payment instructions are set forth in the attachment to Schedule 1.

8. The Assignee hereby represents and warrants that none of the funds, monies, assets or other consideration being used to make the purchase pursuant to the Assignment are "plan assets" as defined under ERISA and that its rights, benefits, and interests in and under the Loan Documents will not be "plan assets" under ERISA.

9. The Assignee authorizes Agent to act as its agent under the Loan Documents in accordance with the terms thereof. The Assignee acknowledges that Agent has no duty to supply information with respect to Borrower or the Loan Documents to the Assignee until the Assignee becomes a party to the Credit Agreement.

*May be eliminated if Assignee is a party to the Credit Agreement prior to the Effective Date.

NAME OF ASSIGNOR	NAME OF ASSIGNEE
By: _____	By: _____
Title: _____	Title: _____

ACKNOWLEDGED AND CONSENTED TO
NATIONAL CITY BANK, as Agent

By: _____
Title: _____

[Attach photocopy of Schedule I to Assignment)

Exhibit 4.9

National City
Bank

Mr. Greg Smith
Treasurer
The Duriron Company, Inc.
3100 Research Boulevard
Dayton, Ohio 45420-4018
FAX: (513) 476-6231
PHONE: (513) 476-6112

RE: USD 25,000,000.00 INTEREST RATE SWAP #649
- ----------

Dear Mr. Smith:

The Purpose of this letter is to set forth the terms and conditions of the Swap Transaction entered into between National City Bank ("NCB") and The Duriron Company, Inc. ("Counterparty") on the Trade Date specified below (the "Swap Transaction"). This letter agreement constitutes a "Confirmation" as referred to in the Swap Agreement Specified below.

1. The definitions and provisions contained in the 1991 ISDA Definitions (as published by the International Swap Dealers Association, Inc.) (the "Definitions") are incorporated into this Confirmation.

If you and we are parties to a Master Agreement and NCB Schedule to the Master Agreement that sets forth the general terms and conditions applicable to Swap Transactions between us (a "Swap Agreement"), this confirmation supplements, forms part of, and is subject to, such Swap Agreement. If you and we are not yet parties to a Swap Agreement, this Confirmation will supplement, form a part of, and be subject to, a Swap Agreement upon its execution and delivery by you and us.

All provisions contained or incorporated by reference in such Swap Agreement shall govern this Confirmation except as expressly modified below. In the event of any inconsistency between this Confirmation and the Definitions or Swap Agreement, this Confirmation will govern. In addition, if a Swap Agreement has not been executed, this Confirmation will itself evidence a complete binding agreement between you and us as to the terms and conditions of the Swap Transaction to which this Confirmation relates.

This Confirmation will be governed by and construed in accordance with the laws of the State of Ohio, without reference to choice of law doctrine, provided that this provision will be superseded by any choice of law provision in the Swap Agreement.

2. This Confirmation constitutes a Rate Swap Transaction under the Swap Agreement and the terms of the Rate Swap Transaction to which this Confirmation relates are as follows:

Notional Amount:	USD 25,000,000.00
Amortization Schedule:	Not Applicable
Trade Date:	November 8, 1996
Effective Date:	December 2, 1996
Termination Date:	December 1, 2006

Fixed Amounts:

Fixed Rate Payer:	The Duriron Company, Inc.
Fixed Rate:	6.753%
Fixed Rate Day Count Fraction:	Actual/360
Fixed Rate Payer Payment Dates:	Quarterly on the 1st of March, June, September and December, commencing with March 1, 1997 through and including Termination Date. Dates subject to adjustment in accordance with the Modified Following Business Day Convention.

Floating Amounts:

Floating Rate Payer:	NCB
Floating	Index Rate: Three (3) Month LIBOR, as determined two (2) London Banking Days preceding the Settlement Dates, as published on page 3750 on TELERATE, as of 11:00 a.m., London time.
Floating Rate Day Count Fraction:	Actual/360
Floating Rate for Initial Calculation Period:	To be determined

Floating Index Rate Reset Dates:	First day of each Calculation Period starting on December 2, 1996. Dates subject to adjustment in accordance with the Modified Following Business

	Day Convention.
Floating Rate Payer Payment Dates:	Monthly on the 1st of March, June, September and December, commencing with March 1, 1997 through and including Termination Date. Dates subject to adjustment in accordance with the Modified Following Business Day Convention.
Calculation Agent:	National City Bank
Business Days:	NYC, LON
Payment Instructions:	NCB will make payments to The Duriron Company, Inc. by transfer to the account of The Duriron Company at BankOne Dayton, (ABA# 042200305, Acct. #906291278, Attn: The Duriron Company, Inc.) The Duriron Company, Inc. will make payments to NCB by wire transfer from the account of The Duriron Company, Inc. to NCB according to the following instructions: National City Bank ABA #041000124 Attention: Investment Operations GL Acct. #299305 F/F/C-Derivatives Desk

Please confirm your acceptance of the above terms by executing this letter agreement and sending a return fax to my attention at (216) 566-1887.

FOR: NATIONAL CITY BANK	FOR: THE DURIRON COMPANY, INC.
BY: /S/ MARK J. RINGEL (FOR JAD)	BY: /S/ G. L. SMITH
J. ANDREW DUNHAM	GREG SMITH
SR. VICE PRESIDENT	TREASURER

Transaction introduced
by NatCity Investment Inc.

EXHIBIT 4.10

KEYBANK NATIONAL ASSOCIATION

CONFIRMATION

Date: October 28, 1996

To: The Duriron Company, Inc.
Greg Smith

From: KeyBank National Association

The purpose of this letter agreement is to set forth the terms and conditions of the Swap Transaction entered into between KeyBank National Association ("KeyBank") and The Duriron Company, Inc. ("Counterparty") on the Trade Date specified below (the "Swap Transaction"). This letter agreement constitutes a "Confirmation" as referred to in the Swap Agreement Specified below.

1. The definitions and provisions contained in the 1991 ISDA Definitions (as published by the International Swap Dealers Association, Inc.) (the "Definitions") are incorporated into this Confirmation.

If you and we are parties to a Master Agreement that sets forth the general terms and conditions applicable to Swap Transactions between us (a "Swap Agreement"), this confirmation supplements, forms a part of, and is subject to, such Swap Agreement. If you and we are not yet parties to a Swap Agreement, this Confirmation will supplement, form a part of, and be subject to, a Swap Agreement upon its execution and delivery by you and us. All provisions contained or incorporated by reference in such Swap Agreement shall govern this Confirmation except as expressly modified below. In the event of any inconsistency between this Confirmation and the Definitions or the Swap Agreement, this Confirmation will govern. In addition, if a Swap Agreement has not been executed, this Confirmation will itself evidence a complete binding agreement between you and us as to the terms and conditions of the Swap Transaction to which this Confirmation relates.

This Confirmation will be governed by and construed in accordance with the laws of the State of Ohio, without reference to choice of law doctrine, provided that this provision will be superseded by any choice of law provision in the Swap Agreement.

2.This Confirmation constitutes a Rate Swap Transaction under the Swap Agreement and the terms of the Rate Swap Transaction to which this Confirmation relates are as follows:

Notional Amount:	$25,000,000
Trade Date:	October 28, 1996
Effective Date:	December 2, 1996

Termination Date:	December 1, 2006
Amortization:	None
Fixed Amounts:	
Fixed Rate Payer:	Counterparty
Fixed Rate Payer Payment Dates:	Each March 1, June 1, September 1, and December 1 commencing with March 1, 1997 through and including the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.
Fixed Rate:	6.7308%
Fixed Rate Day Count Fraction:	Actual/360
Floating Amounts:	
Floating Rate Payer:	KeyBank
Floating Rate Payer Payment Dates:	Each March 1, June 1, September 1, and December 1, commencing with March 1, 1997 through and including the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.
Floating Rate for initial Calculation Period:	To Be Determined
Floating Rate Option:	USD-LIBOR-BBA
Designated Maturity:	3-month

Spread:	None
Floating Rate Day Count Fraction:	Actual/360
Reset Dates:	The first day of each Floating Rate Payer Calculation Period

Calculation Agent:	KeyBank National Association
Payment Instructions:	Please Provide

Please confirm the foregoing correctly sets forth the terms of our Agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us.

Very truly yours,

KEYBANK NATIONAL ASSOCIATION

By: /s/ Gillian M. Doyle

Accepted and Confirmed as
of the Trade Date:

THE DURIRON COMPANY, INC.

By: /s/Gillian M. Doyle

Gillian M. Doyle
Treasurer 10/28/96

Exhibit 10.5

BRUCE E. HINES
Senior Vice President and CAO

P.O. Box 8820
Dayton, Ohio 45401
Telephone: (937) 476-6101
Fax: (937) 476-6294

January 2, 1997

Mr. William M. Jordan
8237 Rhineway Drive
Dayton, Ohio 45458

Dear Bill:

The Duriron Company, Inc. (the "Company") considers the establishment and maintenance of a sound and vital management to be essential to protecting and enhancing the best interests of the Company and its shareholders. In this connection, the Company recognizes that, as is the case with many publicly held corporations, the possibility of a change in control may exist; and that the mere possibility of a change in control can raise distracting and disrupting uncertainties and questions among management personnel, can interfere with their whole-hearted attention and devotion to the performance of their duties, and can even lead to their departure, all to the detriment of the best interests of the Company and its shareholders. Accordingly, the Board of Directors of the Company (the "Board") has determined that the best interests of the Company and its shareholders would be served by assuring to certain executives of the Company, including yourself, the protection provided by an agreement which defines the respective rights and obligations of the Company and the executive in the event of termination of employment subsequent to a change in control of the Company.

In order to induce you to remain in the employ of the Company, this letter agreement sets forth the severance benefits which the Company agrees will be provided to you in the event your employment with the Company or, in the case of a transaction described in clause (iii) or (iv) of paragraph 2, with the successor to the Company (a "Successor") is terminated subsequent to a "change in control of the Company" (as defined in paragraph 2) under the circumstances described below. This letter agreement replaces the similar prior agreement between you and the Company which expired December 31, 1996.

Except where the context otherwise indicates, the term "Company" hereinafter includes the Company and any Successor.

1. OPERATION AND TERM OF AGREEMENT. This agreement, although effective immediately, shall not become operative unless and until there has been a change in control of the Company. None of the provisions of this agreement shall be applicable to any termination of your employment, however occurring, which is effective prior to a change in control of the Company. This agreement shall continue until December 31, 2001, subject to extension beyond that date by mutual consent, or until your normal retirement date (your "Normal Retirement Date") under the Company's Pension Plan for Salaried Employees or a successor plan, whichever is sooner. If your Normal Retirement Date is after December 31, 2001, the Company will review this agreement with you before December 31, 2001, for the purpose of determining whether or not an extension

beyond December 31, 2001 is mutually agreeable and, if so, on what basis and for how long.

2. CHANGE IN CONTROL. No benefits shall be payable hereunder unless there shall have been a change in control of the Company, as set forth below, and your employment with the Company shall thereafter have been terminated in accordance with paragraph 3 below. For purposes of this agreement, a "change in control of the Company" shall mean any change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); provided that, without limitation, such a change in control shall be deemed to have occurred if (i) any "person" (as such term is defined in Sections 13(d) and 14(d)(2) of the Exchange Act) other than the Company or an entity then controlled by the Company is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities; (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board cease for any reason to constitute at least a majority thereof unless the election, or the nomination for election by the Company's shareholders, of each new Director was approved by a vote of at least two-thirds of the Directors then still in office who were Directors at the beginning of the period; (iii) the Company merges or consolidates with another corporation and the Company or an entity controlled by the Company immediately prior to the merger or consolidation is not the surviving entity; or (iv) a sale, lease, exchange, or other disposition of all or substantially all of the assets of the Company takes place and an entity (or entities) controlled by the Company is (are) not the transferee(s) of such assets.

3. TERMINATION FOLLOWING CHANGE IN CONTROL. If any of the events described in paragraph 2 constituting a change in control of the Company shall occur during the term of this agreement, then upon any subsequent termination of your employment at any time within two years following the occurrence of such event, regardless of the stipulated expiration date of this agreement, you shall be entitled to the compensation and benefits provided by this agreement, as set forth in paragraph 5, unless such termination is because of your death.

4. NOTICE AND DATE OF TERMINATION. (A) Any termination of your employment subsequent to a change in control of the Company shall be consummated by written Notice of Termination given to the other party. For purposes of this agreement, "Notice of Termination" shall mean a notice which indicates the specific termination provision or provisions in this agreement relied upon, if any, and sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment.

(B) "Date of Termination" shall mean (i) if your employment is terminated by the Company, the effective date specified in the Notice of Termination; or (ii) if your employment is terminated for any other reason, the date on which Notice of Termination is given or the effective date specified in the Notice, whichever is later. For purposes of this agreement, termination of your employment shall be deemed to have occurred within two years following the occurrence of a change in control of the Company if the Date of Termination is within such two year period.

5. COMPENSATION AND BENEFITS TO BE PROVIDED. (A) The compensation and benefits to be provided to you pursuant to paragraph 3 of this agreement upon termination of your employment with the Company under specified circumstances within two years following a change in control of the Company

include the following:

(i) Subject to the provisions of paragraph 9 hereof, the Company shall pay to you as severance pay in a lump sum in cash on the fifteenth day following the Date of Termination, the following amounts:

(a) Your full salary (whether deferred or not) through the Date of Termination at your annual base salary rate in effect at the time Notice of Termination is given; and also the amount of the award or awards, if any, with respect to any completed period or periods which has been earned (whether

deferred or not) by or awarded to you pursuant to any incentive compensation plan or arrangement but which has not yet been paid to you.

(b) In lieu of any further salary and incentive compensation payments to you for periods subsequent to the Date of Termination, an amount (the "Additional Compensation Payment") equal to 300% of the sum of your annual base salary at the rate in effect as of the Date of Termination (or, if higher, at the rate in effect at the time of the change in control) plus the average annual amount awarded to you under any incentive compensation plans or arrangements for the two fiscal years immediately preceding the fiscal year during which the Date of Termination occurs (whether or not fully paid).

(c) With respect to each option granted to you under the Company's 1979 or 1989 Stock Option Plan or any other stock option plan adopted by the Company (an "Option") which is then outstanding, whether or not then fully exercisable, and the exercise price of which is less than the Fair Market Value of a share of Common Stock of the Company ("Company Shares") on the Date of Termination, an amount in cash equal to the excess of such Fair Market Value over the exercise price. As used in this subparagraph, "Fair Market Value" shall mean (1) the mean between the representative closing bid and asked quotations for Company Shares in the over-the-counter market on the Date of Termination (or last trading date prior thereto) as reported by the National Association of Securities Dealers, Inc. through NASDAQ; or (2) in the event the Company Shares are listed on any exchange or in the NASD National Market System, the last sale price on such exchange or System on the Date of Termination (or last trading date prior thereto) or, if there are no sales on such date, the mean between the representative bid and asked prices for Company Shares on such exchange or System at the close of business on such date; or (3) in the event that there is then no public market for the Company Shares or that trading in the Company Shares is sporadic and the mean between any bid and asked prices is not representative of fair market value, the fair market value of the Company Shares determined in accordance with Section 20.2031-2(f) of the Treasury Regulations or any successor provision thereto. Any Option for which payment is made as prescribed in this subparagraph (c) shall be canceled effective upon the making of such payment. Notwithstanding the foregoing, if you give to the Company, prior to your receipt

of payment pursuant to this subparagraph (c), written instructions to

the effect that you do not wish to receive payment for your Option(s) (or any one or more of them) as provided herein (because, for example, of the possible triggering of liability under Section 16 of the Exchange Act), then, to the extent specified by you, such payment for such Option(s) shall not be made, and such Option(s) shall remain in effect in accordance with its (their) terms.

(d) Anything in any incentive compensation plan or arrangement, or any action taken by the Board or any committee of the Board pursuant thereto to the contrary notwithstanding, any awards, whether in cash or Company Shares, made under any such plan or arrangement prior to the Date of Termination which have been credited to your account but the payment of which has been deferred.

(e) All legal fees and expenses reasonably incurred by you in good faith as a result of such termination (including all such fees and expenses, if any, incurred in contesting or disputing any such termination or in seeking to obtain or enforce any right or benefit provided by this agreement).

(ii) The Company shall, at its expense, maintain in full force and effect for your continued benefit all life insurance, medical, health and accident plans, programs and arrangements in which you were entitled to participate at the time of the change in control, provided that your continued participation is possible under the terms of such plans, programs and arrangements. In the event that the terms of any such plan, program or arrangement do not permit your continued participation or that any such plan, program or arrangement has been or is discontinued or the benefits thereunder have been or are materially reduced, the Company shall arrange to provide, at its expense, benefits to you which are substantially similar to those which you were entitled to receive under such plan, program or arrangement at the time of the change in control. The Company's obligation under this subparagraph (ii) shall terminate on the earliest of the following dates: (a) the third anniversary date of the Date of Termination; (b) your Normal Retirement Date; or (c) the date an essentially equivalent and no less favorable benefit is made available to you at no cost by a subsequent employer. At the end of the applicable period of coverage set forth above, you shall have the option to have assigned to you, at no cost and with no apportionment of prepaid premiums, any assignable insurance owned by the Company and relating specifically to you.

(iii) In the event that because of their relationship to you, members of your family or other individuals are covered by any plan,

program, or arrangement described in subparagraph (ii) above immediately prior to the Date of Termination, the provisions set forth in subparagraph (ii) shall apply equally to require the continued coverage of such persons; provided, however, that if under the terms of any such plan, program or arrangement, any such person would have ceased to be eligible for coverage during the period in which the Company is obligated to continue coverage for you, nothing set forth herein shall obligate the Company to continue to provide coverage for such person beyond the date such coverage would have ceased even if you had remained an employee of the Company.

(iv) The Company shall pay a supplemental monthly retirement benefit ("Supplemental Pension Benefit") to you which is equal to the excess, if any, of (a) the aggregate amount which would have been payable to you monthly under all noncontributory pension and retirement plans, agreements, and other arrangements of the Company had you remained an employee of the Company [at an annual compensation rate equal to one-third of the Adjusted Additional Compensation Payment (computed as hereinafter provided) to which you would be entitled under subparagraph 5(A)(i)(b)] until the earlier of your Normal Retirement Date or the second anniversary date of the Date of Termination, over (b) the aggregate amount actually payable to you monthly under such plans, agreements or arrangements. Calculation of the amounts described in (a) and (b) above shall be made assuming the same form of payment and that you have elected the maximum preretirement death benefit payable under The Duriron Company, Inc. Pension Plan for Salaried Employees or a successor plan (the "Qualified Plan"). Payment of any Supplemental Pension Benefit shall be made to you in the same form and at the same time as payment of benefits under the Qualified Plan. "Adjusted Additional Compensation Payment" shall be computed in the same fashion as Additional Compensation Payment except that there shall be excluded, in such computation, any compensation payable under the Long Term Incentive Plan.

(v) The Company shall enable you to purchase the automobile, if any, which the Company was providing for your use at the time Notice of Termination was given at the wholesale value of such automobile at such time.

(B) You shall not be required to mitigate the amount of any payment provided for in subparagraphs 5(A)(i) or 5(A)(iv) by seeking other employment or otherwise, nor shall the

amount of any payment provided for in such subparagraphs be reduced by any compensation earned by you after the Date of Termination as the result of employment by another employer or otherwise.

6. RIGHTS AS FORMER EMPLOYEE. Nothing contained in this agreement shall be construed as preventing you, and shall not prevent you, following any termination of your employment whether pursuant to this agreement or otherwise, from thereafter participating in any benefit or insurance plans, programs or arrangements (including without limitation, any retirement plans or programs) in the same manner and to the same extent that you would have been entitled to participate as a former employee of the Company had this agreement not have been executed.

7. SUCCESSORS. The Company shall require any Successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by

agreement in form and substance satisfactory to you, to expressly assume and agree to perform this agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

This agreement shall inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you should die while any amounts would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, shall be paid to such beneficiary or beneficiaries as you shall have designated by written notice delivered to the Company prior to your death or, failing such written notice, to such beneficiary or beneficiaries as you shall have designated to receive benefits to be distributed under the Qualified Plan.

8. NON-COMPETITION. (A) If you should voluntarily terminate your employment within two years following a change in control of the Company, then for a period of two years after the Date of Termination, you shall not on your own account, or as a shareholder, employee, officer, director, consultant or otherwise, engage directly or indirectly in any business or enterprise which is in Competition with the Company.

(B) The provisions of subparagraph (A) above shall not apply if, in your Notice of Termination, you release the Company from any obligations under paragraph 5 other than those set forth in subparagraphs 5(A)(i)(a) and (d).

(C) For all purposes of this agreement (i) the words "Competition with the Company" shall be deemed to include competition with the Company or any subsidiary of the Company, or their respective successors or assigns, and (ii) a business or enterprise shall be deemed to be in Competition with the Company only if it is engaged, in any state in the United States in which the Company's products are then marketed or in any foreign country in which the Company's products are then marketed, in manufacturing, designing, engineering, assembling or distributing products for use in the chemical processing industries which are similar in nature or function to the products of the Company. Notwithstanding the foregoing, nothing herein contained shall prevent you from (i) being employed by or serving as an officer of or consultant to any subsidiary or division of a business or enterprise in Competition with the Company so long as such subsidiary or division is not itself in Competition with the Company; or (ii) purchasing and holding for investment less than 10% of the shares of any corporation the shares of which are regularly traded either on a national securities exchange or in the over-the-counter market.

9. GROSS-UP OF PAYMENTS DEEMED TO BE EXCESS PARACHUTE PAYMENTS. (A) The Company and you acknowledge that, following a change in control of the Company, one or more payments or distributions to be made by the Company to or for your benefit (whether paid or payable or distributed or distributable pursuant to the terms of this agreement, under some other plan, agreement, arrangement or otherwise) (a "Payment") may be determined to be an "excess parachute payment" that is not deductible by the Company for federal income tax purposes and with respect to which you will be subject to an excise tax because of Sections 280G and 4999, respectively, of the Internal Revenue Code (hereinafter referred to respectively as "Section 280G" and "Section 4999"). It is the Company's intention to fully protect you against and compensate you for any application of such excise tax by making to you Gross-Up Payments as provided in this paragraph 9. In furtherance and not in limitation of the foregoing, the Gross-Up Payments will be sufficient to fully protect and compensate you even if the amounts determined to constitute excess parachute

payments are increased due to your deferral from time to time of compensation payable to you by the Company.

(B) If your employment is terminated after a change in control of the Company occurs, the Company shall make an initial determination whether any Payment would be an excess parachute payment and shall communicate its determination, together with detailed supporting calculations, to you within 20 days after the Date of Termination. The Company's determination and calculations will be final and binding upon you unless you notify the Company within 21 days after you receive the Company's determination and

calculations that you dispute the same. If, within 10 days after you so notify the Company (or within such longer period as you and the Company may agree), the Company and you are unable to agree upon the determination and calculations, then the Company and you shall, within 3 days thereafter, choose a nationally recognized accounting firm (the "Accounting Firm") to deliver its determination (and supporting calculations) concerning the matter(s) in dispute. The Accounting Firm's determination shall be delivered to the Company and you within 20 days after such Firm's appointment and shall be final and binding on all parties. With respect to your costs incurred in contesting the Company's determination and calculations, if the final determination by the Accounting Firm is more than 2% different from the determination proposed by the Company, then the Company shall pay or reimburse all costs incurred by you with respect to such determination. In all other cases, you shall pay all such costs. All costs incurred by the Company in connection with such determination and contest, and the costs of the Accounting Firm's determination, shall be borne by the Company. The Company and you shall cooperate with each other and the Accounting Firm, and shall provide necessary information so that the Company, you and the Accounting Firm may make all appropriate determinations and calculations.

(C) If it is determined (pursuant to subparagraph (B) or otherwise) that any Payment gives rise, directly or indirectly, to liability on your part for excise tax under Section 4999 (and/or any penalties and/or interest with respect to any such excise tax), the Company shall make additional cash payments (the "Gross-Up Payments") to you, from time to time and at the same time as any Payment constituting an excess parachute payment is paid or provided to you (or as promptly thereafter as is possible), in such amounts as are necessary to put you in the same position, after payment of all federal, state and local taxes (whether income taxes, excise taxes under Section 4999 or otherwise, for other taxes, and taking into account all such taxes payable with respect to the Gross-Up Payments) and any and all penalties and interest with respect to any such excise tax, as you would have been in after payment of all federal, state and local income taxes if the Payments had not given rise to an excise tax under Section 4999 and no such penalties or interest had been imposed. For purposes of determining the amount of any Gross-Up Payments, you will be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year that the payment is to be made, and state and local income taxes at the highest marginal rate of taxation in the state and locality of your residence, net of the maximum reduction in federal income taxes that could be obtained by deducting such state and local taxes.

(D) Pending a final determination of the amount of any Gross-Up Payment payable to you, you shall have the right to require the Company to pay to you all or any

portion of such amount as preliminarily determined and calculated by the Company. Such payment shall be made by the Company within two days after receipt of notice from you requiring the same.

(E) If the Internal Revenue Service determines that any payment gives rise, directly or indirectly, to liability on your part for excise tax under Section 4999 (and/or any penalties and/or interest with respect to any such excise tax) in excess of the amount, if any, previously determined by the Company or the Accounting Firm, as the case may be, the Company shall make further additional cash payments to you not later than the due date of any payment indicated by the Internal Revenue Service with respect to such matters, in such amounts as are necessary to put you in the same position, after payment of all federal, state and local taxes (whether income taxes, excise taxes under Section 4999 or otherwise, or other taxes, and taking into account all such taxes payable with respect to the Gross-Up Payments) and any and all penalties and interest with respect to any such excise tax, as you would have been in after payment of all federal, state and local income taxes if the Payments had not given rise to an excise tax under Section 4999 and no such penalties or interest had been imposed.

(F) If the Company desires to contest any determination by the Internal Revenue Service with respect to the amount of excise tax under Section 4999, you shall, upon receipt from the Company of an unconditional written undertaking to indemnify and hold you harmless (on an after-tax basis) from any and all adverse consequences that might arise from the contesting of that determination, cooperate with the Company in that contest at the Company's sole expense. Nothing in this subparagraph (F) shall require you to incur any expense other than expenses with respect to which the Company has paid you sufficient sums so that after your payment of the expense and taking into account the payment by the Company with respect to that expense and any and all taxes that may be imposed upon you as a result of your receipt of that payment, the net effect is no cost to you. Nothing in this subparagraph (F) shall require you to extend the statute of limitations with respect to any item or issue in your tax returns other than, exclusively, the excise tax under Section 4999. If, as a result of the contest of any assertion by the Internal Revenue Service with respect to excise tax under Section 4999, you receive a refund of a Section 4999 excise tax previously paid and/or any interest with respect thereto, you shall promptly pay to the Company such amount as will leave you, net of the repayment and all tax effects, in the same position, after all taxes and interest, that you would have been in if the refunded excise tax had never been paid.

10. NOTICES. All notices required or permitted to be given under this agreement shall be in writing and shall be mailed (postage prepaid by either registered or certified mail) or delivered, if to the Company, addressed to

The Duriron Company, Inc.
3100 Research Boulevard
P.O. Box 8820
Dayton, Ohio 45401-8820

Attention: Chief Administrative Officer

and if to you, addressed to

Mr. William M. Jordan
8237 Rhineway Drive
Dayton, Ohio 45458

Either party may change the address to which notices to such party are to be directed by giving written notice of such change to the other party in the manner specified in this paragraph. All notices, including without limitation, any Notice of Termination, shall be deemed to have been given upon the date of actual receipt by the recipient party.

11. ARBITRATION. (A) Any dispute or controversy arising out of or relating to this agreement shall be settled by arbitration in Dayton, Ohio, in accordance with the rules then obtaining of the American Arbitration Association, and judgment may be entered on the arbitrator's award in any court having jurisdiction.

(B) Anything herein to the contrary notwithstanding, in the event of your breach or threatened breach of any provision of paragraph 8 hereof, the Company shall be entitled, if it so elects, to institute and prosecute proceedings in any court of competent jurisdiction to obtain an injunction restraining you from the conduct, activities or actions which would be in violation of such provision.

12. MISCELLANEOUS. No provision of this agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing, signed by you and such officer of the Company as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or of compliance by such other party with, any condition or provision of this agreement

to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this agreement.

13. GOVERNING LAW. The validity, interpretation, construction and performance of this agreement shall be governed by the laws of the State of Ohio, without giving effect to the principles of conflicts of law thereof.

14. VALIDITY. The invalidity or unenforceability of any provision of this agreement shall not affect the validity or enforceability of any other provision, which shall remain in full force and effect.

If this letter correctly sets forth our agreement on the subject matter hereof, please so confirm by signing and returning the enclosed copy.

Very truly yours,

THE DURIRON COMPANY, INC.

By

Bruce E. Hines
Senior Vice President and
Chief Administrative Officer

Confirmed and agreed to:

- ---------------------------
WILLIAM M. JORDAN

Exhibit 10.6

W. M. JORDAN
Chairman, President and CEO

P.O. Box 8820
Dayton, Ohio 45401
Telephone: (937) 476-6182
Fax: (937) 476-6294

January 2, 1997

Dear :

The Duriron Company, Inc. (the "Company") considers the establishment and maintenance of a sound and vital management to be essential to protecting and enhancing the best interests of the Company and its shareholders. In this connection, the Company recognizes that, as is the case with many publicly held corporations, the possibility of a change in control may exist; and that the mere possibility of a change in control can raise distracting and disrupting uncertainties and questions among management personnel, can interfere with their whole-hearted attention and devotion to the performance of their duties, and can even lead to their departure, all to the detriment of the best interests of the Company and its shareholders. Accordingly, the Board of Directors of the Company (the "Board") has determined that the best interests of the Company and its shareholders would be served by assuring to certain executives of the Company, including yourself, the protection provided by an agreement which defines the respective rights and obligations of the Company and the executive in the event of termination of employment subsequent to a change in control of the Company.

In order to induce you to remain in the employ of the Company, this letter agreement sets forth the severance benefits which the Company agrees will be provided to you in the event your employment with the Company or, in the case of a transaction described in clause (iii) or (iv) of paragraph 2, with the successor to the Company (a "Successor") is terminated subsequent to a "change in control of the Company" (as defined in paragraph 2) under the circumstances described below. This letter agreement replaces the similar prior agreement between you and the Company which is scheduled to expire December 31, 1996.

Except where the context otherwise indicates, the term "Company" hereinafter includes the Company and any Successor.

1. OPERATION AND TERM OF AGREEMENT. This agreement, although effective immediately, shall not become operative unless and until there has been a change in control of the Company. None of the provisions of this agreement shall be applicable to any termination of your employment, however occurring, which is effective prior to a change in control of the Company. This agreement shall continue until December 31, 2001, subject to extension beyond that date by mutual consent, or until your Normal Retirement Date, as defined in subparagraph 5(A)(i)(b), whichever is sooner. If your Normal Retirement Date is after December 31, 2001, the Company will review this agreement with you before December 31, 2001, for the purpose of determining whether or not an extension beyond December 31, 2001 is mutually agreeable and, if so, on what basis and for how long.

2. CHANGE IN CONTROL. No benefits shall be payable hereunder unless

there shall have been a change in control of the Company, as set forth below, and your employment with the Company shall thereafter have been terminated in accordance with paragraph 3 below. For purposes of this agreement, a "change in control of the Company" shall mean any change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"); provided that, without limitation, such a change in control shall be deemed to have occurred if (i) any "person" (as such term is defined in Sections 13(d) and 14(d)(2) of the Exchange Act) other than the Company or an entity then controlled by the Company is or becomes the beneficial owner, directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities; (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board cease for any reason to constitute at least a majority thereof unless the election, or the nomination for election by the Company's shareholders, of each new Director was approved by a vote of at least two-thirds of the Directors then still in office who were Directors at the beginning of the period; (iii) the Company merges or consolidates with another corporation and the Company or an entity controlled by the Company immediately prior to the merger or consolidation is not the surviving entity; or (iv) a sale, lease, exchange, or other disposition of all or substantially all of the assets of the Company takes place and an entity (or entities) controlled by the Company is (are) not the transferee(s) of such assets.

3. TERMINATION FOLLOWING CHANGE IN CONTROL. (A) If any of the events described in paragraph 2 constituting a change in control of the Company shall occur during the term of this agreement, then upon any subsequent termination of your employment at any time within two years following the occurrence of such event, regardless of the stipulated expiration date of this agreement, you shall be entitled to the compensation and benefits provided by this agreement, as set forth in paragraph 5, unless such termination is (i) by the Company because of your Disability or for Cause, or (ii) because of your Retirement, or (iii) by you other than for Good Reason, or (iv) because of your death.

(B) As used in this agreement, the terms "Disability", "Cause", "Retirement" and "Good Reason" shall have the meanings set forth below:

(i) DISABILITY. "Disability" shall mean your inability to perform the duties required of you on a full-time basis for a period of six consecutive months because of physical or mental illness or other physical or mental disability or incapacity, followed by the Company giving you thirty days' written notice of its intention to terminate your employment by reason thereof, and your failure because of physical or mental illness or other physical or mental disability or incapacity to resume the full-time performance of your duties within such period of thirty days and thereafter perform the same for a period of two consecutive months.

(ii) CAUSE. "Cause" shall mean (a) the willful and continued failure by you to substantially perform your duties with the Company (other than any such failure resulting from your physical or mental illness or other physical or mental incapacity), after a demand for substantial performance is delivered to you by the Board which specifically identifies the manner in which the Board believes that you have not substantially performed your duties, or (b) the willful engaging by you in gross misconduct materially and demonstrably injurious to the Company. For purposes of this subparagraph, no act, or failure to act, on your part shall be considered "willful" unless done, or omitted to be done, by you not in good faith and without reasonable belief that your action or omission was in the best interests of the Company. Notwithstanding the foregoing, Cause shall not be deemed to exist unless and until there shall have been delivered to you a copy of a resolution duly adopted by the affirmative vote of not less than three-fourths of the number

of Directors then in office at a meeting of the Board called and held for that purpose (after reasonable notice to you and an opportunity for you, together with your counsel, to be heard before the Board), finding that in the good faith opinion of the Board you were guilty of conduct set forth above in clauses (a) or (b) of the first sentence of this subparagraph and specifying the particulars thereof in detail.

(iii) RETIREMENT. "Retirement" shall mean cessation of your employment in accordance with the Company's retirement policy (including early retirement with your written consent) generally applicable to its salaried employees, or in accordance with any other retirement arrangement with respect to you established with your written consent.

(iv) GOOD REASON. "Good Reason" shall mean:

(a) The assignment to you, without your written consent, of any duties inconsistent with your position, duties, responsibilities and status with the Company immediately prior to a change in control of the Company, or a change in your responsibilities, as in effect immediately prior to a change in control of the Company, which materially diminishes your responsibilities with the Company when considered as a whole; provided, however, that the foregoing shall not constitute Good Reason if done in connection with termination of your

employment because of your Retirement, or by the Company because of your Disability or for Cause, or by you other than for Good Reason.

(b) A reduction by the Company of your then current annual base salary or, if higher, your annual base salary as in effect at the time of the change in control of the Company.

(c) Failure by the Company to continue in effect any benefit, incentive compensation, pension, employee stock ownership, stock option, life insurance, medical, health and accident, or disability plan in which you are participating at the time of a change in control of the Company or plans providing you with substantially similar benefits, or the taking of any action by the Company which would adversely affect your participation in or materially reduce your benefits under any of such plans or deprive you of any material fringe benefit enjoyed by you at the time of the change in control of the Company, or the failure by the Company to provide you with the number of paid vacation days to which you would then be entitled in accordance with the Company's vacation policy in effect at the time of the change in control of the Company.

(d) The relocation of the Company's principal executive offices to a location outside Montgomery County, Ohio, if at the time of a change in control of the Company you are based at the Company's principal executive offices.

(e) The Company's requiring you to be based anywhere other than the location where you are based at the time of a change in control of the Company, if the same requires you to relocate your principal residence; or, in the event you consent to being based anywhere other than such location, the failure by the Company to pay (or reimburse you for) all reasonable moving expenses incurred by you relating to a change of your principal residence in connection with such relocation and to indemnify you against any loss [defined as the

excess of (A) the higher of (1) your aggregate investment in such residence or (2) the fair market value of such residence, as determined by a real estate appraiser designated by you and reasonably satisfactory to the Company, over (B) the actual sale price of such residence after the deduction from such sale price of all real estate brokerage charges and related selling expenses] realized upon the sale of such residence in connection with any such change of residence.

(f) The Company's requiring you to perform duties or services which necessitate absence overnight from your place of residence, because of travel involving the business or affairs of the Company, to a degree not substantially consistent with the extent of such absence necessitated by such travel during the period of twelve months immediately preceding a change in control of the Company.

(g) The failure of the Company to obtain the assumption of this agreement by any Successor as provided in paragraph 7 hereof.

(h) The Company's termination of your employment without satisfying any applicable requirements of paragraph 4 and subparagraph (ii) above.

(C) During any period of time within two years following the occurrence during the term of this agreement of a change in control of the Company, if you fail to perform your duties as a result of physical or mental illness or other physical or mental disability or incapacity, you shall continue to receive, regardless of the stipulated expiration date of this agreement, your full salary at your annual base salary rate then in effect, together with all incentive compensation [including, without limitation, awards under the Company's Annual Incentive Compensation Plan for Senior Executives (the "Annual Incentive Plan") and Long Term Incentive Plan] paid during or for such period, until you return to work or your employment with the Company is terminated; provided, however, that any amount otherwise payable for any period of time pursuant to this subparagraph (C) shall be reduced by any payment or payments you receive for such period of time under any employee salary continuation plan or employee disability insurance plan maintained by the Company no part of the cost of which was paid or is payable by you.

(D) If subsequent to a change in control of the Company your employment is terminated by the Company for Cause, the Company shall pay you your full salary through the Date of Termination at your annual base salary rate in effect at the time Notice of Termination is given, and you shall also receive all accrued or vested benefits of any kind to which you are, or would otherwise have been, entitled through the Date of Termination (as defined in paragraph 4), and the Company shall thereupon have no further obligation to you under this agreement.

4. NOTICE AND DATE OF TERMINATION. (A) Any termination of your employment subsequent to a change in control of the Company, unless by you other than for Good Reason or because of your Retirement or death, shall be consummated by written Notice of Termination given to the other party. For purposes of this agreement, "Notice of Termination" shall mean a notice which indicates the specific termination provision or provisions in this agreement relied upon, if any, and sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment.

(B) "Date of Termination" shall mean (i) if your employment is terminated by the Company for Cause, the date specified in the Notice of Termination or the date on which the meeting of the Board referred to in subparagraph 3(B)(ii) is concluded, whichever date is the later; or (ii) if your

employment is terminated for any other reason, the date on which Notice of Termination is given or the effective date specified in the Notice, whichever is later. For purposes of this agreement, termination of your employment shall be deemed to have occurred within two years following the

occurrence of a change in control of the Company if the Date of Termination is within such two year period.

5. COMPENSATION AND BENEFITS TO BE PROVIDED. (A) The compensation and benefits to be provided to you pursuant to paragraph 3 of this agreement upon termination of your employment with the Company under specified circumstances within two years following a change in control of the Company include the following:

(i) Subject to the provisions of paragraph 9 hereof, the Company shall pay to you as severance pay in a lump sum in cash on the fifteenth day following the Date of Termination, the following amounts:

(a) Your full salary through the Date of Termination at your annual base salary rate in effect at the time Notice of Termination is given; and also the amount of the award or awards, if any, with respect to any completed period or periods which has been earned by or awarded to you pursuant to any incentive compensation plan or arrangement but which has not yet been paid to you.

(b) In lieu of any further salary and incentive compensation payments to you for periods subsequent to the Date of Termination, an amount (the "Additional Compensation Payment") equal to 300% of the sum of your annual base salary at the rate in effect as of the Date of Termination (or, if higher, at the rate in effect at the time of the change in control) plus the average annual amount awarded to you under any incentive compensation plans or arrangements for the two fiscal years immediately preceding the fiscal year during which the Date of Termination occurs (whether or not fully paid).

(c) With respect to each option granted to you under the Company's 1979 or 1989 Stock Option Plan or any other stock option plan adopted by the Company (an "Option") which is then outstanding, whether or not then fully exercisable, and the exercise price of which is less than the Fair Market Value of a share of Common Stock of the Company ("Company Shares") on the Date of Termination, an amount in cash equal to the excess of such Fair Market Value over the exercise price. As used in this subparagraph, "Fair Market Value" shall mean (1) the mean between the representative closing bid and asked quotations for Company Shares in the over-the-counter market on the Date of Termination (or last trading date prior thereto) as reported by the National Association of Securities Dealers, Inc. through NASDAQ; or (2) in the event the Company Shares are listed on any exchange or in the NASD National Market System, the last sale price on such exchange or System on the Date of Termination (or last trading date prior thereto) or, if there are no sales on such date, the mean between the representative bid and asked prices for Company Shares on such exchange or System at the close of business on such date; or (3) in the event that there

is then no public market for the Company Shares or that trading in the Company Shares is sporadic and the mean between any bid and asked prices is not representative of fair market value, the fair market value of the Company Shares determined in accordance with Section 20.2031-2(f) of the Treasury Regulations or any successor provision thereto. Any Option for which payment is made as prescribed in this subparagraph (c) shall be canceled effective upon the making of such payment. Notwithstanding the foregoing, if you give to the Company, prior to your receipt of payment pursuant to this subparagraph (c), written instructions to the effect that you do not wish to receive payment for your Option(s) (or any one or more of them) as provided herein (because, for example, of the possible triggering of liability under Section 16 of the Exchange Act), then, to the extent specified by you, such payment for such Option(s) shall not be made, and such Option(s) shall remain in effect in accordance with its (their) terms.

(d) Anything in any incentive compensation plan or arrangement, or any action taken by the Board or any committee of the Board pursuant thereto to the contrary notwithstanding, any awards, whether in cash or Company Shares, made under any such plan or arrangement prior to the Date of Termination which have been credited to your account but the payment of which has been deferred.

(e) All legal fees and expenses reasonably incurred by you in good faith as a result of such termination (including all such fees and expenses, if any, incurred in contesting or disputing any such termination or in seeking to obtain or enforce any right or benefit provided by this agreement).

(ii) The Company shall, at its expense, maintain in full force and effect for your continued benefit all life insurance, medical, health and accident plans, programs and arrangements in which you were entitled to participate at the time of the change in control, provided that your continued participation is possible under the terms of such plans, programs and arrangements. In the event that the terms of any such plan, program or arrangement do not permit your continued participation or that any such plan, program or arrangement has been or is discontinued or the benefits thereunder have been or are materially reduced, the Company shall arrange to provide, at its expense, benefits to you which are substantially similar to those which you were entitled to receive under such plan, program or arrangement at the time of the change in control. The Company's obligation under this subparagraph (ii) shall terminate on the earliest of the following dates: (a) the third anniversary date of the Date of Termination; (b) your Normal Retirement Date; or (c) the date an essentially equivalent and no less favorable benefit is made available to you at no cost by a subsequent employer. At the end of the applicable period of coverage set forth above, you shall have the option to have assigned to you, at no cost and with no apportionment of prepaid premiums, any assignable insurance owned by the Company and relating specifically to you.

(iii) In the event that because of their relationship to you, members of your family or other individuals are covered by any plan, program, or arrangement described in subparagraph (ii) above immediately prior to the Date of Termination, the provisions set forth in subparagraph (ii) shall apply equally to require the continued coverage of such persons; provided, however, that if under the terms of any such plan, program or arrangement, any such person would have ceased to be eligible for coverage during the period in which the Company is obligated to continue coverage for you, nothing set forth herein shall obligate the Company to continue to provide coverage for such person beyond the date such coverage would have ceased even if you had remained an employee of the Company.

(iv) The Company shall pay a supplemental monthly retirement benefit ("Supplemental Pension Benefit") to you which is equal to the excess, if any, of (a) the aggregate amount which would have been payable to you monthly under all noncontributory pension and retirement plans, agreements, and other arrangements of the Company had you remained an employee of the Company [at an annual compensation rate equal to one-third of the Adjusted Additional Compensation Payment (computed as hereinafter provided) to which you would be entitled under subparagraph 5(A)(i)(b)] until the earlier of your Normal Retirement Date or the second anniversary date of the Date of Termination, over (b) the aggregate amount actually payable to you monthly under such plans, agreements or arrangements. Calculation of the amounts described in (a) and (b) above shall be made assuming the same form of payment and that you have elected the maximum preretirement death benefit payable under The Duriron Company, Inc. Pension Plan for Salaried Employees or a successor plan (the "Qualified Plan"). Payment of any Supplemental Pension Benefit shall be made to you in the same form and at the same time as payment of benefits under the Qualified Plan. "Adjusted Additional Compensation Payment" shall be computed in the same fashion as Additional Compensation Payment except that there shall be excluded, in such computation, any compensation payable under the Long Term Incentive Plan.

(v) The Company shall enable you to purchase the automobile, if any, which the Company was providing for your use at the time Notice of Termination was given at the wholesale value of such automobile at such time.

(B) Notwithstanding anything to the contrary set forth in paragraph 3 above, (i) if an event constituting Good Reason shall occur, you shall be entitled to the compensation and benefits described in subparagraph 5(A) above only if you give a Notice of Termination with respect thereto within one year after the occurrence of such event (and within two years after the change in control of the Company); and (ii) upon your giving of such Notice of Termination, you shall be entitled to such compensation and benefits regardless of whether there has been an intervening termination of your employment by the Company because of your Disability or for Cause.

(C) You shall not be required to mitigate the amount of any payment provided for in subparagraphs 5(A)(i) or 5(A)(iv) by seeking other employment or otherwise, nor shall the amount of any payment provided for in such subparagraphs be reduced by any compensation earned by you after the Date of Termination as the result of employment by another employer or otherwise.

6. RIGHTS AS FORMER EMPLOYEE. Nothing contained in this agreement shall be construed as preventing you, and shall not prevent you, following any termination of your employment whether pursuant to this agreement or otherwise, from thereafter participating in any benefit or insurance plans, programs or arrangements (including without limitation, any retirement plans or programs) in the same manner and to the same extent that you would have been entitled to

participate as a former employee of the Company had this agreement not have been executed.

7. SUCCESSORS. The Company shall require any Successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance satisfactory to you, to expressly assume and agree to perform this agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

This agreement shall inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you should die while any amounts would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, shall be paid to such beneficiary or beneficiaries as you shall have designated by written notice delivered to the Company prior to your death or, failing such written notice, to such beneficiary or beneficiaries as you shall have designated to receive benefits to be distributed under the Qualified Plan.

8. NON-COMPETITION. (A) If you should for Good Reason terminate your employment within two years following a change in control of the Company, then for a period of two years after the Date of Termination, you shall not on your own account, or as a shareholder, employee, officer, director, consultant or otherwise, engage directly or indirectly in any business or enterprise which is in Competition with the Company.

(B) The provisions of subparagraph (A) above shall not apply if, in your Notice of Termination, you release the Company from any obligations under paragraph 5 other than those set forth in subparagraphs 5(A)(i)(a) and (d).

(C) For all purposes of this agreement (i) the words "Competition with the Company" shall be deemed to include competition with the Company or any subsidiary of the Company, or their respective successors or assigns, and (ii) a business or enterprise shall be deemed to be in Competition with the Company only if it is engaged, in any state in the United States in which the

Company's products are then marketed or in any foreign country in which the Company's products are then marketed, in manufacturing, designing, engineering, assembling or distributing products for use in the chemical processing industries which are similar in nature or function to the products of the Company. Notwithstanding the foregoing, nothing herein contained shall prevent you from (i) being employed by or serving as an officer of or consultant to any subsidiary or division of a business or enterprise in Competition with the Company so long as such subsidiary or division is not itself in Competition with the Company; or (ii) purchasing and holding for investment less than 10% of the shares of any corporation the shares of which are regularly traded either on a national securities exchange or in the over-the-counter market.

9. GROSS-UP OF PAYMENTS DEEMED TO BE EXCESS PARACHUTE PAYMENTS. (A) The Company and you acknowledge that, following a change in control of the Company, one or more payments or distributions to be made by the Company to or for your benefit (whether paid or payable or distributed or distributable pursuant to the terms of this agreement, under some other plan, agreement, arrangement or otherwise) (a "Payment") may be determined to be an "excess parachute payment" that is not deductible by the Company for federal income tax purposes and with respect to which you will be subject to an excise tax because of Sections 280G and 4999, respectively, of the Internal Revenue Code (hereinafter referred to respectively as "Section 280G" and "Section 4999"). It is the Company's intention to fully protect you against and compensate you for any application of such excise tax by making to you Gross-Up Payments as provided in this paragraph 9. In furtherance and not in limitation

of the foregoing, the Gross-Up Payments will be sufficient to fully protect and compensate you even if the amounts determined to constitute excess parachute payments are increased due to your deferral from time to time of compensation payable to you by the Company.

(B) If your employment is terminated after a change in control of the Company occurs, the Company shall make an initial determination whether any Payment would be an excess parachute payment and shall communicate its determination, together with detailed supporting calculations, to you within 20 days after the Date of Termination. The Company's determination and calculations will be final and binding upon you unless you notify the Company within 21 days after you receive the Company's determination and calculations that you dispute the same. If, within 10 days after you so notify the Company (or within such longer period as you and the Company may agree), the Company and you are unable to agree upon the determination and calculations, then the Company and you shall, within 3 days thereafter, choose a nationally recognized accounting firm (the "Accounting Firm") to deliver its determination (and supporting calculations) concerning the matter(s) in dispute. The Accounting Firm's determination shall be delivered to the Company and you within 20 days after such Firm's appointment and shall be final and binding on all parties. With respect to your costs incurred in contesting the Company's determination and calculations, if the final determination by the Accounting Firm is more than 2% different from the determination proposed by the Company, then the Company shall pay or reimburse all costs incurred by you with respect to such

determination. In all other cases, you shall pay all such costs. All costs incurred by the Company in connection with such determination and contest, and the costs of the Accounting Firm's determination, shall be borne by the Company. The Company and you shall cooperate with each other and the Accounting Firm, and shall provide necessary information so that the Company, you and the Accounting Firm may make all appropriate determinations and calculations.

(C) If it is determined (pursuant to subparagraph (B) or otherwise) that any Payment gives rise, directly or indirectly, to liability on your part for excise tax under Section 4999 (and/or any penalties and/or interest with respect to any such excise tax), the Company shall make additional cash payments (the "Gross-Up Payments") to you, from time to time and at the same time as any Payment constituting an excess parachute payment is paid or provided to you (or as promptly thereafter as is possible), in such amounts as are necessary to put you in the same position, after payment of all federal, state and local taxes (whether income taxes, excise taxes under Section 4999 or otherwise, for other taxes, and taking into account all such taxes payable with respect to the Gross-Up Payments) and any and all penalties and interest with respect to any such excise tax, as you would have been in after payment of all federal, state and local income taxes if the Payments had not given rise to an excise tax under Section 4999 and no such penalties or interest had been imposed. For purposes of determining the amount of any Gross-Up Payments, you will be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year that the payment is to be made, and state and local income taxes at the highest marginal rate of taxation in the state and locality of your residence, net of the maximum reduction in federal income taxes that could be obtained by deducting such state and local taxes.

(D) Pending a final determination of the amount of any Gross-Up Payment payable to you, you shall have the right to require the Company to pay to you all or any portion of such amount as preliminarily determined and calculated by the Company. Such payment shall be made by the Company within two days after receipt of notice from you requiring the same.

(E) If the Internal Revenue Service determines that any payment gives rise, directly or indirectly, to liability on your part for excise tax under Section 4999 (and/or any penalties and/or interest with respect to any such excise tax) in excess of the amount, if any, previously determined by the Company or the Accounting Firm, as the case may be, the Company shall make further additional cash payments to you not later than the due date of any payment indicated by the Internal Revenue Service with respect to such matters, in such amounts as are necessary to put you in the same position, after payment of all federal, state and local taxes (whether income taxes, excise taxes under Section 4999 or otherwise, or other taxes, and taking into account all such taxes payable with respect to the Gross-Up Payments) and any and all penalties and interest with respect to any such excise tax, as you would have been in after payment of all federal, state and local income taxes if the Payments had not given rise to an excise tax under Section 4999 and no such penalties or interest had been imposed.

(F) If the Company desires to contest any determination by the Internal Revenue Service with respect to the amount of excise tax under Section 4999, you shall, upon receipt from the Company of an unconditional written undertaking to indemnify and hold you harmless (on an after-tax basis) from any and all adverse consequences that might arise from the contesting of that determination, cooperate with the Company in that contest at the Company's sole expense. Nothing in this subparagraph (F) shall require you to incur any expense other than expenses with respect to which the Company has paid you sufficient sums so that after your payment of the expense and taking into account the payment by the Company with respect to that expense and any and all taxes that may be imposed upon you as a result of your receipt of that payment, the net effect is no cost to you. Nothing in this subparagraph (F) shall require you to extend the statute of limitations with respect to any item or issue in your tax returns other than, exclusively, the excise tax under Section 4999. If, as a result of the contest of any assertion by the Internal Revenue Service with respect to excise tax under Section 4999, you receive a refund of a Section 4999 excise tax previously paid and/or any interest with respect thereto, you shall promptly pay to the Company such amount as will leave you, net of the repayment and all tax effects, in the same position, after all taxes and interest, that you would have been in if the refunded excise tax had never been paid.

10. NOTICES. All notices required or permitted to be given under this agreement shall be in writing and shall be mailed (postage prepaid by either registered or certified mail) or delivered, if to the Company, addressed to

The Duriron Company, Inc.
3100 Research Boulevard
P.O. Box 8820
Dayton, Ohio 45401-8820

Attention: Chief Executive Officer

and if to you, addressed to

Either party may change the address to which notices to such party are to be directed by giving written notice of such change to the other party in the manner specified in this paragraph. All notices, including without limitation,

any Notice of Termination, shall be deemed to have been given upon the date of actual receipt by the recipient party.

11. ARBITRATION. (A) Any dispute or controversy arising out of or relating to this agreement shall be settled by arbitration in Dayton, Ohio, in accordance with the rules then obtaining of the American Arbitration Association, and judgment may be entered on the arbitrator's award in any court having jurisdiction.

(B) Anything herein to the contrary notwithstanding, in the event of your breach or threatened breach of any provision of paragraph 8 hereof, the Company shall be entitled, if it so elects, to institute and prosecute proceedings in any court of competent jurisdiction to obtain an injunction restraining you from the conduct, activities or actions which would be in violation of such provision.

12. MISCELLANEOUS. No provision of this agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing, signed by you and such officer of the Company as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or of compliance by such other party with, any condition or provision of this agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this agreement.

13. GOVERNING LAW. The validity, interpretation, construction and performance of this agreement shall be governed by the laws of the State of Ohio, without giving effect to the principles of conflicts of law thereof.

14. VALIDITY. The invalidity or unenforceability of any provision of this agreement shall not affect the validity or enforceability of any other provision, which shall remain in full force and effect.

If this letter correctly sets forth our agreement on the subject matter hereof, please so confirm by signing and returning the enclosed copy.

Very truly yours,

THE DURIRON COMPANY, INC.

By_____

William M. Jordan
Chairman, President and
Chief Executive Officer

Confirmed and agreed to:

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EXHIBIT 10.14
AMENDED TO CONFORM
TO RULE 16b-3
OCTOBER 23, 1996

THE DURIRON COMPANY, INC.

1989 STOCK OPTION PLAN

SECTION 1. PURPOSES.

The purposes of this 1989 Stock Option Plan (the "Plan") are (i) to provide incentives to directors, officers and other key employees of the Company upon whose judgment, initiative and efforts the long-term growth and success of the Company is largely dependent; (ii) to assist the Company in attracting and retaining directors and key employees of proven ability; and (iii) to increase the identity of interests of such directors and key employees with those of the Company's shareholders.

SECTION 2. DEFINITIONS.

For purposes of the Plan:

(a) "Acquisition Transaction" means a transaction of the type described in Section 8(b)(ii).

(b) "Affiliate" means a person controlling, controlled by or under common control with the Company.

(c) "Board of Directors" means the board of directors of the Company.

(d) "Change in Composition of the Board" means an event of the type described in Section 8(b)(iv).

(e) "Change in Control" means a transaction of the type described in Section 8(b)(iii).

(f) "Committee" means the Compensation Committee of the Board of Directors.

(g) "Code" means the Internal Revenue Code of 1986, as amended.

(h) "Company" means The Duriron Company, Inc., a New York corporation, and its successors in interest.

(i) "Current Market Value" means the mean of the representative closing bid and asked quotations in the over-the-counter market on the date the value of a Share is to be determined, as reported by the National Association of Securities Dealers, Inc. through NASDAQ or, if no quotations are reported for such date, the next preceding date for which quotations are reported; or in the event the Shares are listed on any exchange or on the NASDAQ National Market System, the last sale price on such exchange or in the over-the-counter market as reported by the National Association of Securities Dealers, Inc. through NASDAQ on the date the value of a Share is to be

determined or, if there are no sales on such date, the next preceding date for which a sale is reported.

(j) "Director Option" means the type of stock option described in Section 9.

(k) "Fair Market Value" means the average of the means of the representative closing bid and asked quotations in the over-the-counter market during the period beginning twenty-one days prior to and ending on the date the value of a Share is to be determined, as reported by the National Association of Securities Dealers, Inc. through NASDAQ or, in the event the Shares are listed on any exchange or on the NASDAQ National Market System, the average of the last sale prices of the Shares on such exchange or in the over-the-counter market as reported by the National Association of Securities Dealers, Inc. through NASDAQ during such period.

(l) "Incentive Stock Option" means an option granted under the Plan which qualifies as an incentive stock option under Section 422A of the Code.

(m) "Limited Right" means a right granted under Section 8(a) of the Plan.

(n) "Nonqualified Option" means an option granted and described under the Plan which does not qualify as an Incentive Stock Option under Section 422A of the Code and which is not a Director Option.

(o) "Qualified Domestic Relations Order" means a qualified domestic relations order as defined in the Internal Revenue Code or Title I of the Employee Retirement Income Security Act, or the rules thereunder.

(p) "Share" or "Shares" means the shares of Common Stock, $1.25 par value, of the Company.

(q) "Stock Appreciation Right" means a right granted and described under Section 8(d) of the Plan.

(r) "Subsidiary" means any entity 50% or more of the voting control of which is owned, directly or indirectly, by the Company.

(s) "Tender Offer" means a tender offer or a request or invitation for tenders or an exchange offer subject to regulation under Section 14(d) of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, as the same may be amended, modified or superseded from time to time.

SECTION 3. SHARES SUBJECT TO THE PLAN.

(a) NUMBER OF SHARES. Subject to adjustment as provided in Section 11, the maximum number of Shares that may be issued and/or delivered under the Plan upon the exercise of options is 750,000. Such Shares may be either authorized and unissued or treasury Shares, if any. Any Shares subject to an option, which for any reason has (i) terminated, (ii) expired or (iii) has been canceled prior to being fully exercised or being canceled through payment of either a Limited Right or Stock Appreciation Right, may again be subject to option under the Plan.

(b) Subject to adjustment as provided in Section 11, the maximum number of Limited Rights or Stock Appreciation Rights which may be exercised under the Plan is 750,000. In any case, any Limited Rights or Stock Appreciation Rights granted under the Plan which for any reason (i) terminate, (ii) expire or (iii) have been canceled prior to being fully exercised may again be granted under the Plan, provided that the option to which Limited Rights or Stock Appreciation Rights relate has not been exercised.

(c) The aggregate maximum number of Limited Rights, Stock Appreciation Rights and options exercised hereunder shall not exceed 750,000.

SECTION 4. ADMINISTRATION.

The Plan shall be administered by the Committee which shall be comprised in a manner that satisfies all applicable legal requirements, including satisfying the Non-Employee Director standard set forth in Rule 16b-3, if applicable. In addition, as applicable, the Committee will be constituted in a manner consistent with the "outside director" standard set forth in the regulations under Section 162(m) of the Code.

The Committee shall have and exercise all the power and authority granted to it under the Plan. Subject to Section 9 and other applicable provisions of the Plan, the Committee shall in its sole discretion determine the persons to whom, and the times at which, Incentive Stock Options, Nonqualified Options, Stock Appreciation Rights and Limited Rights shall be granted; the number of Shares to be subject to each option; the option price per Share; and the term of each option. In making such determinations, the Committee may take into consideration each employee's present and/or potential contribution to the success of the Company and its Subsidiaries and any other factors which the Committee may deem relevant and proper. Subject to the provisions of the Plan, the Committee shall also interpret the Plan; prescribed, amend and rescind rules and regulations relating to the Plan; correct defects, supply omissions and reconcile any inconsistencies in the Plan; and make all other determinations necessary or advisable for the administration of the Plan. Such determinations of the Committee shall be conclusive. A majority of the Committee shall constitute a quorum for meetings of the Committee, and the act of a majority of the Committee at a meeting, or an act reduced to or approved in writing by all members of the Committee, shall be the act of the Committee.

SECTION 5. ELIGIBILITY.

From time to time during the term of the Plan, the Committee may grant one or more Incentive Stock Options and/or Nonqualified Options to any person who is then an officer or other key employee or director of the Company or a Subsidiary.

SECTION 6. TERMS AND CONDITIONS OF OPTIONS.

(a) WRITTEN AGREEMENT. The terms of each option granted under the Plan shall be set forth in a written agreement, the form of which shall be approved by the Committee.

(b) TERMS AND CONDITIONS OF GENERAL APPLICATION. The following terms and provisions shall apply to all options granted under the Plan.

(1) No option may be granted under the Plan at an option price per Share which, when combined with the value of any consideration provided by the holder of

the option, is less than 50% of the Current Market Value of the underlying Shares on the date of grant.

(2) No option may be exercised more than ten years after the date of grant.

(3) Except as otherwise provided in the Plan, no option shall be exercisable within one year after the date of grant. At the time an option is granted, the Committee may provide that after such one year period, the option may be exercised with respect to all Shares thereto, or may be exercised with respect to only a specified number of Shares over a specified period or periods.

(4) An option may be exercised only if the holder thereof has been continuously employed by the Company or a Subsidiary since the date of grant. Whether authorized leave of absence or absence for military or governmental service shall constitute a termination of employment shall be determined by the Committee, after consideration of the provisions of Section 1.421-7(h) of the regulations issued under the Code, if appropriate.

(5) At the time an option is granted, or at such other time as the Committee may determine, the Committee may provide that, if the holder of the option ceases to be employed by the Company or a Subsidiary for any reason (including retirement or disability) other than death, the option will continue to be exercisable by the holder (to the extent it was exercisable on the date the holder ceased to be employed) for such additional period (not to exceed the remaining term of such option) after such termination of employment as the Committee may provide.

(6) At the time an option is granted, the Committee may provide that, if the holder of the option dies while employed by the Company or a Subsidiary or while entitled to the benefits of any additional exercise period established by the Committee with respect to such option in accordance with Section 6(b)(5), then the option will continue to be exercisable (to the extent it was exercisable on the date of death) by the person or persons (including the holder's estate) to whom the holder's rights with respect to such option shall have passed by will or by the laws of descent and distribution for such additional period after death (not to exceed the remaining term of such option) as the Committee may provide.

(7) At the time an option is granted, the Committee may provide for any restrictions or limitations on the transferability of the Shares issuable upon the exercise of such options as it may deem appropriate.

(c) ADDITIONAL PROVISIONS APPLICABLE TO INCENTIVE STOCK OPTIONS. The following additional terms and provisions shall apply to Incentive Stock Options granted under the Plan, notwithstanding any provision of Section 6(b) to the contrary:

(1) No Incentive Stock Option may be granted at an option price per Share which is less than the Current Market Value of the Share on the date of grant.

(2) No Incentive Stock Option shall be granted to an officer or other employee who possesses directly or indirectly (within the meaning of Section 424(d) of the Code) at the time of grant more than 10% of the voting power of all classes of Shares of the Company or of any parent corporation or any Subsidiary of the Company unless (i) the option price is at least 110% of the Current Market Value of the Shares subject to the option on the date the option is granted and (ii) the option is not exercisable after the expiration of five years from the date of grant.

(3) The aggregate Current Market Value (determined as of the time an Incentive Stock Option is granted) of Shares with respect to which Incentive Stock Options are exercisable for the first time by any individual in any calendar year (under the Plan and all other plans of the Company and any Subsidiary) shall not exceed $100,000, or such other maximum amount permitted by the Code.

(d) WAIVER OF TERMS. Subject to the ten-year limitation in Section 6(b)(2), the Committee may waive or modify at any time, either before or after the granting of an option, any condition or restriction with respect to the exercise of such option imposed by or pursuant to this Section 6 in such circumstances as the Committee may, in its discretion, deem appropriate (including, without limitation, in the event the holder retires with the approval of the Company, or in the event of a proposed Acquisition Transaction, a Change in Control, Tender Offer for Shares, or other similar transaction involving the Company).

(e) ACCELERATION UPON CERTAIN EVENTS. In the event of (i) a Tender Offer (other than an offer by the Company) for Shares, if the offeror acquires Shares pursuant thereto, (ii) an Acquisition Transaction, (iii) a Change in Control or (iv) a Change in Composition of the Board, all outstanding options granted hereunder shall become exercisable in full (whether or not otherwise exercisable), effective on the date of the first purchase of Shares pursuant to the Tender Offer, or the date of shareholder approval of the Acquisition Transaction, or the date of filing of the Schedule 13D reflecting the Change in Control (or, if not made, the date upon which such filing becomes delinquent), or the date of the Change in Composition of the Board, as the case may be (the occurrence of any such event is hereinafter referred to as an "Acceleration").

SECTION 7. EXERCISE OF OPTIONS.

(a) NOTICE OF EXERCISE. The holder of an option granted under the Plan may exercise all or part of such option by giving written notice of exercise to the Committee or its designee; provided, however, that an option may not be exercised for a fraction of a Share. No holder of an option nor such holder's legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any Shares covered by such option unless and until certificates for such Shares are issued in accordance with the Plan.

(b) PAYMENT OF OPTION PRICE. The option price for Shares with respect to which an option is exercised shall be paid in full at the time such notice is given. An option shall be deemed exercised on the date the Company's Chief Financial Officer or its Treasurer receives written notice of exercise, together with full payment for the Shares

purchased. The option price shall be paid to the Company either in cash or by delivery of Shares having a Current Market Value equal to the option price (or a combination of cash and Shares such that the sum of the Current Market Value of the Shares plus the cash equals the option price). Additionally, the Company, at its discretion, may accept payment for Nonqualified Options by canceling such partial number of Shares, of the total number of Shares covered under such exercise, as are necessary to deliver upon such exercise a net number of Shares which have a Current Market Value on the date of exercise equal to the excess of the aggregate Current Market Value of all such Shares (prior to such partial cancellation) over the aggregate purchase price for all such Shares (prior to such partial cancellation).

(c) PAYMENT IN CANCELLATION OF OPTION. The Committee shall have the authority in its sole discretion to authorize the payment to the holder of an option granted under the Plan (with consent of such holder or, in the event of an Acceleration of options, without such consent), in exchange for the cancellation of all or a part of such holder's option, of cash equal to the excess of the aggregate Fair Market Value on the date of such cancellation of the Shares with respect to which the option is being canceled over the aggregate option price of such Shares; provided, however, that if an Acceleration of options granted hereunder has occurred, for purposes of this subparagraph, "Fair Market Value" on the date of such cancellation shall be calculated in the same manner as the "exercise value" of a Limited Right would be calculated under Section 8(c) with respect to such date (whether or not any Limited Rights are actually outstanding). Notwithstanding the foregoing, in the case of a Director Option, such payment in exchange for cancellation of the option shall be made only in the event of an Acceleration of Options.

(d) SPECIAL PAYMENT PROVISIONS FOR NONQUALIFIED OPTIONS. Upon the exercise of a Nonqualified Option, the Company, at the discretion of the Committee, may pay the exercising party a cash lump sum which is equivalent to the net tax savings to the Company, as determined by the Committee, arising from the tax deduction available to the Company through such exercise, where applicable, under the Code. Additionally, the holder of a Nonqualified Option may elect to have the Company retain from the Shares to be issued upon the exercise of such option Shares having a Fair Market Value on the date of exercise equal to all or any part of the federal, state and local withholding tax payments (whether mandatory or permissive) to be made by the holder with respect to the exercise of the option (up to a maximum amount determined by the holder's top marginal tax rate) in lieu of making such payments in cash.

SECTION 8. LIMITED RIGHTS AND STOCK APPRECIATION RIGHTS.

(a) GRANT OF LIMITED RIGHTS. The Committee may grant Limited Rights with respect to any option granted under the Plan either at the time the option is granted or at any time thereafter prior to the exercise, cancellation, termination or expiration of such option. The number of Limited Rights covered by any such grant shall not exceed, but may be less than, the number of Shares covered by the related option. The term of any Limited Right shall be the same as the term of the option to which it relates. The right of a holder to exercise a Limited Right shall be canceled if and to the extent a related option is exercised or canceled, and the

right of a holder to exercise an option shall be canceled if and to the extent a related Limited Right is exercised.

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(b) EVENTS PERMITTING EXERCISE OF LIMITED RIGHTS. A Limited Right shall be exercisable only if and to the extent that the related option is exercisable; provided, however, that notwithstanding the foregoing, a Limited Right shall not be exercisable unless the Current Market Value of a Share on the date of exercise exceeds the exercise price of a Share subject to the related option. A Limited Right which is otherwise exercisable may be exercised only during the following periods:

(i) during a period of 30 days following the date of expiration of a Tender Offer (other than an offer by the Company) for Shares, if the offeror acquires Shares pursuant to such Tender Offer;

(ii) during a period of 30 days following the date of approval by the shareholders of the Company of a definitive agreement: (x) for the merger or consolidation of the Company into or with another corporation, if the Company will not be the surviving corporation or will become a subsidiary of another corporation or (y) for the sale of all or substantially all of the assets of the Company (each of the foregoing transactions is hereinafter referred to as an "Acquisition Transaction");

(iii) during a period of 30 days following the date upon which the Company is provided a copy of a Schedule 13D (filed pursuant to Section 13(d) of the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder) indicating that any "person" or "group" (as such terms are defined in Section 13(d)(3) of such act) has become the holder of 20% or more of the outstanding voting Shares of the Company (the foregoing transaction hereinafter referred to as a "Change of Control"); and

(iv) during a period of 30 days following a Change in the Composition of the Board of Directors such that individuals who were members of the Board of Directors on the date two years prior to such change (or who were elected, or were nominated for election, by the Company's shareholders with the affirmative vote of at least two-thirds of the directors then still in office who were directors at the beginning of such two year period) no longer constitute a majority of the Board of Directors (such a change in composition is hereinafter referred to as a "Change in Composition of the Board").

(c) EXERCISE OF LIMITED RIGHTS. Upon exercise of a Limited Right, the holder thereof shall receive from the Company a cash payment equal to the excess of: (x) the aggregate "exercise value" on the date of exercise (determined as provided below) of that number of Shares as is equal to the number of Limited Rights being exercised over (y) the aggregate exercise price under the related option of that number of Shares as is equal to the number of Limited Rights being exercised. A holder

shall exercise a Limited Right by giving written notice of such exercise to the Committee or its designee. A Limited Right shall be deemed exercised on the date the Committee or its designee receives such written notice.

The "exercise value" of a Limited Right on the date of exercise shall be:

(i) in the case of an exercise during a period described in Section 8(b)(i), the highest price per Share paid pursuant to any Tender Offer which is in effect

any time during the 60-day period prior to the date on which the Limited Right is exercised;

(ii) in the case of an exercise during a period described in Section 8(b)(ii), the greater of: (x) the highest sale price of a Share during the 30-day period prior to the date of shareholder approval of the Acquisition Transaction, as reported on the NASDAQ System or any subsequent stock exchange ("Successor Exchange") where the Shares are traded in lieu of the NASDAQ System, or (y) the highest fixed or formula per Share price payable pursuant to the Acquisition Transaction (if determinable on the date of exercise);

(iii) in the case of an exercise during a period described in Section 8(b)(iii), the greater of: (x) the highest sale price of a Share during the 30-day period prior to the date the Company is provided with a copy of the Schedule 13D, as reported on the NASDAQ System or Successor Exchange, or (y) the highest acquisition price of a Share shown on such Schedule 13D; and

(iv) in the case of an exercise during a period described in Section 8(b)(iv), the highest sale price of a Share during the 30-day period prior to the date of the Change in Composition of the Board, as reported on the NASDAQ System or Successor Exchange.

Notwithstanding the foregoing, in no event shall the exercise value of a Limited Right issued in connection with an Incentive Stock Option exceed the maximum permissible exercise value for such a right under the Code and the regulations and interpretations issued pursuant thereto. Any securities or property which form part or all of the consideration paid for Shares pursuant to a Tender Offer or Acquisition Transaction shall be valued at the higher of (1) the valuation placed on such securities or property by the person making such Tender Offer or the other party to such Acquisition Transaction, or (2) the value placed on such securities or property by the Committee.

(d) GRANT OF STOCK APPRECIATION RIGHTS. The Committee may grant Stock Appreciation Rights with respect to any option granted under the Plan either at the time the option is granted or at any time thereafter prior to the exercise, cancellation, termination or expiration of such option. The aggregate number of Stock Appreciation Rights covered by any such grant shall not exceed, but may be less than, the number of Shares covered by the related option. The term of any Stock Appreciation Right shall be the same as the term of the option to which it relates. The right of a holder to exercise a Stock Appreciation Right shall be canceled

if and to the extent a related option is exercised or canceled, and to the extent a related Limited Right is exercised. In no event shall both a Stock Appreciation Right and Limited Right be both paid in connection with an option to which they both relate. The exercise, cancellation or termination of a Stock Appreciation Right covering any Shares shall automatically terminate the Limited Right corresponding to such Shares with the converse being equally true, and the right of a holder to exercise an option shall be canceled if and to the extent a related Stock Appreciation Right is exercised.

(e) EVENTS PERMITTING EXERCISE OF STOCK APPRECIATION RIGHTS. A Stock Appreciation Right shall be exercisable only if and to the extent that the related option is exercisable; provided, however, that notwithstanding the foregoing, a Stock Appreciation Right

shall not be exercisable unless the Current Market Value of a Share on the date of exercise exceeds the exercise price of a Share subject to the related option.

(f) EXERCISE OF STOCK APPRECIATION RIGHTS. Upon exercise of a Stock Appreciation Right, the holder thereof shall receive from the Company a cash payment equal to the excess of (x) the aggregate Current Market Value on the date of exercise of that number of Shares as is equal to the number of Stock Appreciation Rights being exercised over (y) the aggregate exercise price under the related option of that number of Shares as is equal to the number of Stock Appreciation Rights being exercised. A holder shall exercise a Stock Appreciation Right by giving written notice of such exercise to the Committee or its designee. A Stock Appreciation Right shall be deemed exercised on the date the Committee or its designee receives such written notice. If a Stock Appreciation Right and its corresponding option have not be exercised, canceled, terminated or expired on the last day of the term of such Stock Appreciation Right, the holder of such Stock Appreciation Right will automatically receive a cash payment from the Company in an amount, if any, that would be payable if the Stock Appreciation Right is exercised on such date.

Notwithstanding the foregoing, in no event shall the exercise value of a Stock Appreciation Right issued in connection with an Incentive Stock Option exceed the maximum permissible exercise value for such a right under the Code and the regulations and interpretations issued pursuant thereto.

SECTION 9. DIRECTOR OPTIONS.

(a) At least six months prior to the commencement of each calendar year during the term of the Plan, the Committee shall cause each eligible director to be furnished with an appropriate form which enables the director to elect to receive payment in the form of stock options under this plan ("Director Options") of a minimum of 20% and up to a maximum of 100% (in increments of 10%) of the annual retainer fee to be earned by such director for service on the Board of Directors during the following calendar year.

(b) If an eligible director has elected to receive all or a portion of the annual retainer fee as Director Options as provided in this Section, then, on January 1 of such year in which such fee would otherwise be earned, the Company shall grant to such

director a Director Option covering that number of Shares determined by dividing the compensation to be so received by the difference between the Fair Market Value of a Share on such date and $1.25 (rounded to the nearest whole Share).

(c) The option price of a Director Option shall be $1.25 per Share.

(d) All directors of the Company shall be eligible to receive Director Options.

(e) Subject to the limitations hereinafter set forth, a Director Option granted hereunder shall extend for a term of ten years. A Director Option shall first become exercisable on January 1 of the year immediately following the year of grant; provided; however, that a Director Option shall become exercisable if the holder ceases to be a director. The exercise of Stock Appreciation Rights relating to any Director Option is subject to Section 8(e).

(f) All rights of a director in any Director Option shall expire upon the earlier of the end of its normal term or five years after the date of his termination as a director for any reason including the removal, resignation or retirement of the director; provided, however, that in the event of death of the director, the provisions of the following paragraph shall govern. In the event a director ceases to be a director for any reason other than the death of the director or retirement because of disability, all rights exercisable shall expire to the extent that any portion of such Director Option is attributable to a portion of the director's annual retainer which was not earned due to termination.

(g) Any Director Option granted a director under the Plan and outstanding on the date of his death may be exercised by the personal representative of the director's estate or by the person or persons to whom the Director Option is transferred pursuant to the director's will, in accordance with the laws of descent and distribution or pursuant to a Qualified Domestic Relations Order at any time prior to the specified expiration date of such Director Option or the first anniversary of the director's death, whichever is the first to occur. Upon the occurrence of the earlier event, the Director Option shall then terminate.

(h) No Director Option shall include related Limited Rights and Stock Appreciation Rights, unless the Company receives a favorable ruling from the Internal Revenue Service or an opinion from tax counsel (satisfactory to the Company) that the inclusion of such Limited Rights or Stock Appreciation Rights with a Director Option shall not cause the recognition of taxable income by the director prior to the exercise of the Director Option, Limited Right, or Stock Appreciation Right. Upon satisfaction of the foregoing condition, Director Options thereafter issued shall include Limited Rights and Stock Appreciation Rights. The number of Limited Rights and Stock Appreciation Rights included in any such Director Option shall equal the number of Shares covered by such option at the time the Limited Rights and Stock Appreciation Rights attach.

(i) Except as specifically provided in this Section 9, Director Options shall be subject to the terms and conditions of

Nonqualified Options (and Limited Rights and Stock Appreciation Rights, if applicable) stated in this Plan.

SECTION 10. NON-TRANSFERABILITY.

Options, Stock Appreciation Rights and Limited Rights may not be sold, pledged, assigned, hypothecated, or transferred other than by will or the laws of descent and distribution and may be exercised during the lifetime of the grantee only by such grantee or by his guardian or legal representative unless approved by the Committee under such terms and conditions as the Committee may then designate. All grants under the Plan, with the exception of Incentive Stock Options, may be transferred pursuant to a Qualified Domestic Relations Order.

SECTION 11. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION.

In the event of a change in outstanding Shares by reason of a Share dividend, recapitalization, merger, consolidation, split-up, combination or exchange of Shares, extraordinary dividend paid as part of a restructuring plan, or the like, the maximum number of Shares subject to option during the existence of the Plan, the number of Stock Appreciation Rights and Limited Rights

which may be granted under the Plan, the number of Shares subject to, and the option price of, each outstanding option, the number of Stock Appreciation Rights and Limited Rights outstanding, the Current Market Value of a Share on the date a Stock Appreciation and/or a Limited Right is granted, and the like shall be appropriately adjusted by the Company (disregarding any fractional Shares resulting therefrom), whose determination in each case shall be conclusive.

SECTION 12. CONDITIONS UPON GRANTING AND EXERCISE OF OPTIONS, STOCK APPRECIATION RIGHTS AND LIMITED RIGHTS AND ISSUANCE OF SHARES.

No option, Stock Appreciation Right or Limited Right shall be granted, and no option, Stock Appreciation Right or Limited Right shall be exercised and Shares shall not be issued or delivered upon the exercise of an option unless the grant and exercise thereof, and the issuance and/or delivery of Shares pursuant thereto, or the payment therefore, shall comply with all relevant provisions of state and federal law, including, without limitation, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the rules and regulations promulgated thereunder, and the requirement of any stock exchange upon which the Shares then may be listed.

SECTION 13. AMENDMENT AND TERMINATION OF PLAN.

(a) AMENDMENT. The Committee may from time to time amend the Plan, or any provision thereof, in such respects as the Committee may deem advisable; provided, however, that any such amendment shall be approved by the holders of Shares entitling them to exercise a majority of the voting power of the Company if such approval is required under applicable law; or:

(i) if such amendment would increase the aggregate number of Shares which may be issued and/or delivered under the Plan;

(ii) if such amendment would modify the requirements as to eligibility for participation in the Plan.

(b) TERMINATION. The Committee may at any time terminate the Plan.

(c) EFFECT OF AMENDMENT OR TERMINATION. No amendment or termination of the Plan shall adversely affect any option or Limited Right or Stock Appreciation Right previously granted under the Plan without the consent of the holder thereof.

SECTION 14. NOTICES.

Each notice relating to this Plan shall be in writing and delivered in person or by mail to the proper address. Each notice to the Committee shall be delivered or sent to the principal business office of the Company and addressed as follows: "Attention: Compensation Committee." Each notice to the holder of an option or other person or persons then entitled to exercise an option shall be addressed to such person or persons at the holder's address as set forth in the records of the Company. Anyone to whom a notice may be given under this Plan may designate a new address by written notice to the party to that effect.

SECTION 15. BENEFIT OF PLAN.

This Plan shall inure to the benefit of and be binding upon each successor and assign of the Company. All rights and obligations imposed upon the holder of an option and all rights granted to the Company under this Plan shall be binding upon such holder's heirs, legal representatives and successors.

SECTION 16. PRONOUNS AND PLURALS.

All pronouns shall be deemed to refer to the masculine, feminine, singular or plural, as the identity of the person or persons may require.

SECTION 17. SHAREHOLDER APPROVAL AND TERM OF PLAN.

The Plan shall become effective upon its approval by the affirmative vote (either in person or by proxy) of the holders of a majority of the Shares at the Company's 1989 Annual Meeting of Shareholders. The Plan shall expire on December 31, 1998, unless sooner terminated in accordance with Section 13.

EXHIBIT 10.15
AMENDED AND RESTATED
TO CONFORM TO RULE 16b-3
OCTOBER 23, 1996

THE DURIRON COMPANY, INC.

1989 RESTRICTED STOCK PLAN

ARTICLE 1. GENERAL PROVISIONS

SECTION 1. PURPOSE.

The purpose of The Duriron Company, Inc. 1989 Restricted Stock Plan (the "Plan") is to provide certain compensation to eligible directors and employees in the form of Shares which are restricted in accordance with the terms and conditions set forth below. The Plan is designed to encourage the continued high level of performance of such directors and employees by increasing the identity of interest of such directors and employees with the shareholders of the Company. The Plan is intended to be an unfunded program established for the purpose of providing compensation for eligible directors and a select group of management employees and is exempt from Parts 1 through 4 of Title I of the Employee Retirement Income Security Act of 1974, as amended.

SECTION 2. DEFINITIONS.

For purposes of the Plan, the following terms shall have the following meanings:

(a) "Board of Directors" means the board of directors of the Company.

(b) "Change in Control" means the occurrence of any of the following: (i) any "person" or "group" within the meaning of Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Act"), becomes the "beneficial owner" (as defined in Rule 13d-3 under the Act) of 20% or more of the then outstanding voting Shares of the Company, or (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors (and any new director whose election by the Board of Directors or whose nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority thereof, or (iii) any merger or consolidation of the Company into or with another corporation, if the Company will not be the surviving corporation or will become a subsidiary of another corporation, or any sale of all or substantially all the assets of the Company.

(c) "Committee" means the Compensation Committee of the Board of Directors.

(d) "Company" means The Duriron Company, Inc., a New York corporation and its successors in interest. When used with reference to employment, "Company" also includes any business organization,

50% or more of the voting control of which is owned or controlled directly or indirectly, by the Company.

(e) "Eligible Director" means any director of the Company on a Grant Date who is not also an employee of the Company.

(f) "Eligible Employee" means any employee of the Company selected by the Committee.

(g) "Grant Date" means the date on which Restricted Shares are to be granted pursuant to Article II, Section 1.

(h) "Market Value" means the average of the means of the representative closing bid and asked quotations in the over the-counter market during the period beginning twenty-one days prior to and ending on the date the value of a Share is to be determined, as reported by the National Association of Securities Dealers, Inc. through NASDAQ; or, in the event the Shares are listed on any exchange or on the NASDAQ National Market System, the average of the last sale prices of the Shares on such exchange or in the over-the-counter market as reported by the National Association of Securities Dealers, Inc. through NASDAQ during such period.

(i) "Meeting" shall mean the Annual Meeting of the Shareholders of the Company.

(j) "Participant" means any individual who holds Restricted Shares granted under the Plan.

(k) "Restriction Period" means, (i) in the case of Eligible Employees, a period of whole years, not less than one (1) nor more than ten (10), as determined by the Committee at the time of grant, from the date the Restricted Shares are granted and, (ii) in the case of Eligible Directors, the period between the Grant Date (as defined in Article II (1)(a)) and,

(1) in the case of an Eligible Director who receives 600 Restricted Shares at the 1993 meeting and thereafter, (i) the immeiately following Meeting for 200 Restricted Shares, (ii) the second immediately following Meeting for 200 Restricted Shares, and (iii) the third immediately following Meeting for the balance of 200 Restricted Shares;

(2) in the case of an Eligible Director who receives 400 Restricted Shares at the 1993 meeting and thereafter, (i) the immediately following Meeting for 200 Restricted Shares and (ii) the second immediately following Meeting for the balance of 200 Restricted Shares;

(3) in the case of an Eligible Director who receives 200 Restricted Shares at the 1993 meeting and thereafter, the immediately following Meeting for all such Restricted Shares;

(4) in the case of an Eligible Director who received 212 Restricted Shares at the 1993 Meeting, (i) the 1994 Meeting for 106 of such Restricted Shares and (ii) the 1995 Meeting for the remaining 106 Restricted Shares; and

(5) in the case of an Eligible Director who received 96 Restricted Shares at the 1993 Meeting, the 1994 Meeting for all such 96 Restricted Shares.

(6) in the case of an Eligible Director, who received a grant of Restricted Shares prior to the 1993 Annual Meeting, the date determined under this Article I, Section 2(k) in its form prior to this Amendment Number 1 to the Plan, which prior form is incorporated herein by reference for and as applicable to such prior grants.

SECTION 3. ADMINISTRATION.

(a) The Plan shall be administered by the Committee. Subject to the express provisions of the Plan, the Committee shall have authority to construe and interpret the Plan, to prescribe, amend, and rescind rules and regulations relating to the Plan, and to make all other determinations necessary or advisable for administering the Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent it shall deem expedient to carry it into effect. The determination of the Committee on any matters within the scope of this section shall be conclusive. A majority of the Committee shall constitute a quorum for meetings of the Committee, and the act of a majority of the Committee at a meeting, or an act reduced to or approved in writing by all members of the Committee, shall be the act of the Committee.

(b) The Committee may waive or lessen at any time any condition or restriction (including, without limitation, any of the restrictions set forth in Article I, Section 5) with respect to any Restricted Shares issued pursuant to the Plan; provided, however, that if such Restricted Shares are granted to a member of the Committee, such member shall not participate in the Committee's decision.

SECTION 4. SHARES SUBJECT TO THE PLAN.

Subject to adjustment as provided in Section 1 of Article IV, the maximum number of Shares which may be granted as Restricted Shares under the Plan is two hundred twenty-five thousand (225,000). Shares granted as Restricted Shares under the Plan may be authorized and unissued Shares or Shares held in the Company's treasury, if any. Any Shares which are granted as Restricted Shares under the Plan and which are thereafter forfeited by the Participant may again be granted under the Plan as Restricted Shares.

SECTION 5. TERMS AND CONDITIONS OF RESTRICTED SHARES.

(a) Subject to the other provisions of this Section 5, Restricted Shares issued pursuant to the Plan shall be subject to the following restrictions:

(i) the Participant shall not be entitled to receive delivery of the certificate for such Restricted Shares until the expiration of the Restriction Period;

(ii) such Restricted Shares shall not be sold, transferred, assigned, pledged or otherwise encumbered or disposed of during the Restriction Period;

(iii) all such Restricted Shares shall be forfeited and all right

of the Participant to such Restricted Shares shall terminate without further obligations on the part of the Company if the Participant ceases to be an employee of the Company (in the case of a Participant who receives Restricted Shares as an Eligible Employee) or as a director (in the case of a Participant who receives Shares as an Eligible Director) prior to the end of the Restriction Period; and

(iv) such other lawful restrictions as the Committee, in its discretion, imposes at the time of the grant, provided that the Committee may not place any additional restrictions on Restricted Shares granted to Eligible Directors under Article II.

Upon the forfeiture of Restricted Shares, such Shares shall be returned to the status of authorized and unissued Shares.

(b) Notwithstanding the provisions of paragraph (a) of this Section 5, in the event a Participant ceases to be an employee of the Company (in the case of a Participant who received Restricted Shares as an Eligible Employee) or as a director (in the case of a Participant who received Shares as an Eligible Director) prior to the end of a Restriction Period as a result of such Participant's death, disability or normal retirement in accordance with the Company's policies, then the restrictions set forth in paragraph (a) of this Section 5 shall immediately cease to apply.

(c) In the event a Participant who received Restricted Shares as an Eligible Employee ceases to be an employee prior to the end of a Restriction Period as a result of such Participant's early retirement in accordance with the Company's policies, such Restricted Shares shall not be forfeited, provided the prior consent of the Committee is obtained; however, the restrictions set forth in paragraphs (a)(i) and (a)(ii) of this Section 5 shall continue until the earlier of the end of the Restriction Period or the date of such Participant's attainment of normal retirement age in accordance with the Company's policies; provided that, in any event, all such Restricted Shares shall be forfeited and all rights of the Participant to such Restricted Shares shall terminate without further obligations on the part of the Company if the Participant, directly or indirectly, individually or as an agent, officer, director, employee, shareholder (excluding being the holder of any stock which represents less than 1% interest in a corporation), partner or in any other capacity whatsoever engages, prior to the time such restrictions cease to apply, in any activity competitive with or adverse to the Company's business or in the sale, distribution, production or attempted sale or distribution of any goods, products or services then sold or being developed by the Company.

(d) Upon the occurrence of a Change in Control, all of the restrictions set forth in this Section 5 shall immediately cease to apply to all Restricted Shares issued pursuant to the Plan.

(e) At the end of the Restriction Period, or at such earlier time as is provided for in this Section 5, the restrictions applicable to the Restricted Shares pursuant to this Section 5 shall cease, and a share certificate for the number of Restricted Shares with respect to which the restrictions have

ceased shall be delivered, free of all such restrictions and all restrictive legends, to the Participant or the Participant's beneficiary or estate, as the case may be.

(f) If required by the Committee, each grant of Restricted Shares shall be evidenced by a written agreement between the Company and the Participant. In addition, the Committee may, in connection with and as a condition to a grant of Restricted Shares, require the Participant to execute and deliver to the Company share assignment forms, endorsed in favor of the Company, to be used by the Company in connection with any forfeiture or other transfer of Restricted Shares to the Company.

SECTION 6. SHARE CERTIFICATES; RIGHTS AS A SHAREHOLDER.

(a) Upon the grant of Restricted Shares pursuant to Article II or Article III of the Plan, the Company shall issue a share certificate registered in the name of the Participant bearing the following legend and any other legend required by any federal or state securities laws:

> "The transferability of this certificate and the Common Stock represented hereby are subject to the restrictions, terms and conditions (including forfeiture and restrictions against sale, assignment, transfer, pledge, hypothecation and other disposition) set forth in The Duriron Company, Inc. 1989 Restricted Stock Plan. Copies of such Plan will be mailed to any shareholder without charge within five days after receipt of written request therefore addressed to Secretary, The Duriron Company, Inc., 3100 Research Boulevard, Dayton, Ohio, 45420."

Each such Share certificate shall be retained by the Company until the restrictions set forth in Article I, Section 5(a) cease to apply to the Shares represented by such certificate.

(b) Upon the issuance of a Share certificate with respect to Restricted Shares pursuant to paragraph (a) of this Section 6, the Participant shall, subject to all of the terms, conditions and restrictions set forth in the Plan, have all of the rights of a holder of Shares, including the right to vote and to receive dividends and other distributions with respect thereto.

ARTICLE II. RESTRICTED SHARES FOR ELIGIBLE DIRECTORS

SECTION 1. GRANT OF RESTRICTED SHARES TO ELIGIBLE DIRECTORS.

(a) The Company has granted Restricted Shares to Eligible Directors prior to the 1993 Annual Meeting pursuant to the provisions of this Article II, Section 1 in effect prior to this Amendment Number 1 to this restated Plan, which provisions are incorporated

by reference as applicable to such prior grants. On the date of the 1993 Meeting and on the date of each Meeting thereafter during the term of the Plan, (each such date, including 1993 Meeting, is hereinafter referred to as a "Grant Date"), the

Company, in consideration of past and future service by the Eligible Director, shall grant 600 Restricted Shares to each then Eligible Director who is elected to a three year term of the Board of Directors on the Grant Date. Additionally, on the date of the 1993 Meeting, the Company granted 212 Restricted Shares to each then Eligible Director who had two years remaining in his term of office at that time. The Company similarly granted, on the date of the 1993 Meeting, 96 Restricted Shares to each then Eligible Director who had one year remaining in his term of office at that time. Finally, the Company shall, on each Grant Date, grant 400 Restricted Shares to each then Eligible Director, who is elected to a two (2) year term at the Meeting held on such Grant Date and 200 Restricted Shares to each then Eligible Director who is then elected to a one year term at such Meeting.

ARTICLE III. RESTRICTED SHARES FOR ELIGIBLE EMPLOYEES

SECTION 1. GRANT OF RESTRICTED SHARES TO ELIGIBLE EMPLOYEES.

From time to time during the term of the Plan, the Committee may determine that a portion of the total compensation for prior and future service to be paid to an Eligible Employee, pursuant to the Company's incentive compensation programs, shall be paid by granting to such Eligible Employee, on the approximate date the compensation was to be awarded, a number of Restricted Shares determined by dividing the amount of such compensation to be so paid by the Market Value of a Share on the date the compensation was to be awarded (rounded to the nearest whole share). The Committee, at its discretion, may authorize additional grants of Restricted Shares to Eligible Employees for prior and future service, subject to other applicable provisions of this Plan. The Committee, also at its discretion, may delegate its authority to the Company's Chief Executive Officer to so award Restricted Shares in an amount not to exceed 5,000 shares per calendar year to Eligible Employees of the Company, provided that any such grant shall be limited to 1,000 shares per Eligible Employee per calendar year, and further provided that the Chief Executive Officer shall not be authorized to award any grants to any officers of the Company. The Chief Executive Officer shall, on an annual basis, report all such awards to the Committee, and the Committee's ratification and approval of such awards shall be presumed in the absence of express action by the Committee to the contrary.

SECTION 2. RETURN OF RESTRICTED SHARES TO SATISFY WITHHOLDING OBLIGATIONS.

With the approval of the Committee, an employee of the Company who holds Restricted Shares may elect to return to the Company a number of such Restricted Shares with respect to which the restrictions have lapsed having a Market Value on the Tax Date equal to all or any part of the federal, state and local withholding tax (whether mandatory or permissive) applicable to the lapse of restrictions on such employee's Restricted Shares (up to a maximum amount determined by the employee's top marginal tax rate) in lieu of the Company withholding such amounts in cash. The Committee may establish from time to time rules or limitations with respect to the right of a holder to elect to return Restricted Shares with respect to which the restrictions have lapsed in satisfaction of withholding payments.

ARTICLE IV. MISCELLANEOUS

SECTION 1. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION.

Upon any change in the outstanding Shares by virtue of a share dividend or split, recapitalization, merger, consolidation, combination or exchange of Shares or other similar change, the number of Restricted Shares which may be granted under the Plan (or the class of shares which may be granted as Restricted Shares) shall be adjusted appropriately by the Company, whose determination with respect to such adjustment shall be conclusive, subject to the provisions concerning a Change of Control stated in Section 5(d). Unless the Committee shall otherwise determine, any securities and other property received by a Participant in connection with or as a result of any such change with respect to Restricted Shares (excluding dividends paid in cash) shall be deposited promptly with the Company to be held in custody until the restrictions cease to apply to the Restricted Shares to which such securities or other property relates. Notwithstanding the foregoing, however, in the event any rights to purchase Shares are issued pursuant to the Company's Shareholder Rights Plan (or any successor plan) with respect to Restricted Shares, such rights shall cease to be subject to the restrictions applicable to the underlying Restricted Shares at such time, if any, as such rights become exercisable.

SECTION 2. COMPLIANCE WITH LAWS.

The issuance or delivery of Shares pursuant to the Plan shall be subject to, and shall comply with, any applicable requirements of federal and state securities laws, rules and regulations (including, without limitation, the provisions of the Securities Act of 1933, the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder), any securities exchange upon which the Shares may be listed and any other law or regulation applicable thereto. The Company shall not be obligated to issue or deliver any Shares pursuant to the Plan if such issuance or delivery would, in the opinion of the Committee, violate any such requirements. The foregoing shall not, however, be deemed to require the Company to effect any registration of Shares under any such law or regulation, although the Company may elect to do so.

SECTION 3. AMENDMENT AND TERMINATION.

(a) The Board of Directors may from time to time amend the Plan, or any provision thereof, in such respects as the Board of Directors may deem advisable; provided, however, that any such amendment must be approved by the holders of Shares entitling them to exercise a majority of the voting power of the Company if such amendment would:

(i) materially increase the aggregate number of Shares which may be issued and/or delivered;

(ii) materially modify the requirements as to eligibility for participation in the Plan.

(b) The Plan shall terminate following, and no additional Restricted Shares shall be granted under the Plan after, the date of the 1998 Meeting, provided, however, that the Board of Directors may earlier terminate the Plan at any time.

(c) No amendment to or termination or expiration of the Plan shall

adversely affect any Restricted Shares previously granted under the Plan without the consent of the holder thereof.

SECTION 4. NOTICES.

Each notice relating to the Plan shall be in writing and delivered in person or by mail to the proper address. Each notice shall be deemed to have been given on the date it is delivered or mailed. Each notice to the Committee shall be addressed as follows: The Duriron Company, Inc., 3100 Research Boulevard, Dayton, Ohio, 45420. Attention: Secretary. Each notice to a Participant shall be addressed to the Participant's address as set forth in the records of the Company. Anyone to whom a notice may be given under this Plan may designate a new address by written notice to the Company or to the Participants, as the case may be.

SECTION 5. BENEFITS OF PLAN.

The Plan shall inure to the benefit of, and shall be binding upon, each successor and assign of the Company. All rights and obligations imposed upon a Participant and all rights granted to the Company under this Plan shall be binding upon such Participant's heirs, legal representatives and successors. Nothing in the Plan shall be deemed to create any obligation on the part of the Company to nominate any director for re-election or to continue the employment of any employee, nor shall anything in the Plan be construed to give any Eligible Employee any contract or other right to participate in this Plan in any way which is not approved in advance by the Committee.

SECTION 6. TAXES.

The Company shall have the right to require prior to the issuance or delivery of any Restricted Shares, payment by the Participant of any taxes required by law with respect to the issuance or delivery of such Restricted Shares.

SECTION 7. GOVERNING LAW.

All grants of Restricted Shares shall be made and accepted in the State of Ohio. The laws of the State of Ohio shall control the interpretation and performance of the provisions of the Plan; provided, however, that the laws of the State of New York shall govern the issuance of Shares pursuant to the Plan.

SECTION 8. EFFECTIVE DATE OF THE PLAN.

The effective date of the Plan was April 1, 1989.

ARTICLE V. PARTICIPANT DEFERRAL OF RESTRICTED SHARES

SECTION 1. FORMS OF DEFERRAL

(a) Participants who are either Eligible Directors of the Company or who are participants in the Company's Equity Incentive Plan ("Eligible Participants" or "Eligible Participant") shall be eligible to defer receipt of Restricted Shares received.

(b) An Eligible Participant may execute an election with the Company to defer the receipt of the Restricted Shares granted pursuant to the Plan through completion of a form (Exhibit "A," Exhibit "B"

or "Exhibit "C" whichever is applicable) or a substantially similar document to be delivered to and be subject to acceptance by the Secretary of the Company. An election to defer Restricted Shares shall be effective upon such acceptance and shall apply only to Restricted Shares which either have not yet been granted or which vest in the following calendar year or thereafter, provided, in the case of previously granted Restricted Shares, such election is made and accepted prior to August 31 of the year preceding such vesting. This election to defer to Restricted Shares (which shall be called "Deferred Shares" hereafter upon such election) shall remain in effect until terminated or changed as provided in this Plan.

(c) A Participant may terminate any agreement to accept receipt of Deferred Shares relating to future grants by giving notice of termination to the Company. Any such termination shall be effective only with respect to grants of Restricted Shares which occur on or after the date of the termination notice.

SECTION 2. ACCOUNTS FOR DEFERRED RESTRICTED SHARES.

(a) The Company will establish a separate account for each Participant who has Deferred Shares in which the Deferred Shares will be maintained. The Company will create this account through a trust (the "Trust") established by the Company, with the applicable trustee (the "Trustee") maintaining the Deferred Shares pursuant to the Trust.

(b) Notwithstanding Article I, Section 6(a), which shall not apply except as follows, the Company shall fund such account, in the case of Deferred Shares where the deferral election is made prior to granting of the Deferred Shares, by providing appropriate instructions and sufficient cash to the Trustee, on or about the date of the grant, to purchase such Deferred Shares for this account on the open market. The Company shall reimburse the Trustee for any associated brokerage or other transaction fees in making this purchase.

(c) In the case of Deferred Shares in which the deferral election is properly made after the date of grant but prior to the date of vesting, the Company shall fund such account by transferring (and causing the Participant to assign) such Deferred Shares to the Trustee for holding pursuant to the terms of the Trust, with the provisions of Article I, Section 6(a) and 6(b) being inapplicable to these Deferred Shares.

(d) Any dividends paid on the Deferred Shares in this account ("Dividends") will be credited to a deferred cash account to be established under the Trust in which the amount of the Dividends will be recorded for the benefit of the Participant, with interest to be credited to the Dividends in the following manner. The Company will credit to each such cash account, as of the first day of each calendar quarter, interest on the amount then credited to such account, including all previous credits to such account by operation of this Section, computed at an annual rate equal to the average composite bond yield for Single A bonds, rounded to the nearest 1/10 of 1%, as published for the month last preceding the beginning of such calendar quarter in the Standard & Poor's Indexes of the Securities Markets.

(e) Any Deferred Shares hereunder and any amount credited to either the cash or Deferred Shares Trust accounts of a Participant, or as any interest or any Dividends paid on such Deferred Shares, will represent only an unsecured promise of the Company to pay or deliver the amount so credited in accordance with the terms of this Article of the Plan. Neither a Participant nor any beneficiary of a Participant will acquire any right, title, or interest in any asset of the Company as a result of any amount of cash or Deferred Shares credited to a Participant's account or accounts. At all times, a Participant's rights with respect to the amount credited to his/her account or accounts will be only those of an unsecured creditor of the Company. The Company will not be obligated or required in any manner to restrict the use of any of its assets as a result of any amount credited to a Participant's account or accounts. No right or benefit under the Plan shall be subject to anticipation, alienation, sale, assignment, pledge, lien, encumbrance or charge, and any attempt to take any such action shall be void.

(f) The Trustee will have voting rights on all Deferred Shares prior to their distribution.

SECTION 3. DISTRIBUTION OF DEFERRED SHARES.

(a) Deferred Shares will be distributed only in accordance with the following sections, pursuant to the election specified by the Participant. Attached form marked Exhibit A shall be used with regard to Deferred Shares covering 1993, 1994 and 1995 grants to Eligible Directors, and the attached form marked Exhibit B (or any substantially similar documents acceptable to the Committee) shall be used with regard to Deferred Shares granted to participants in the Equity Incentive Plan, while Exhibit C shall be used in all other cases.

(i) In the event a Participant leaves service from the Company's Board of Directors or employment from the Company, as the case may be, for any reason, any Deferred Shares and the interest and Dividends on these Deferred Shares previously or currently credited to his/her account will be distributed commencing within 60 calendar days of his/her termination in accordance with the method of distribution elected by the Participant.

(ii) The Participant may elect to receive such distribution in a lump sum, in equal annual installments (not exceeding ten), or in some designated combination thereof.

(iii) If the election is a lump sum, then interest and Dividends, will be credited to the account through the date of distribution, and the entire amount of Dividends, with applicable interest, will be paid, and the entire Deferred Shares account balance will be transferred in kind, to the Participant within 60 days of his/her termination.

(iv) If installments have been elected, any Dividends, with applicable interest, will be calculated through the date of termination and added to the account. The resulting deferred cash total shall be divided equally by the number of installments elected and the first payment made within 60 days of termination. The second and all subsequent installment payments shall be made between January 1 and 30 of each following year. Interest will continue to accrue to the account

on the balance remaining in the Participant's Dividend account

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until all installments have been paid. Interest will be paid annually with each installment payment. With regard to the Deferred Shares, the aggregate number of Deferred Shares held in the separate account for Deferred Shares will be divided by the number of installments elected and allocated in equal whole number proportions to be distributed with each such installment payment (with any remainder after such equal division to be included in the first installment). All Deferred Shares so allocated will be distributed in kind with each applicable installment, which shall be paid simultaneously with any deferred cash distribution installments. Certificates representing the applicable amount of Deferred Shares held for the then longest time in the Deferred Shares account of the Trust will be delivered with each installment, where applicable. Dividends from any undistributed Deferred Shares will continue to accrue to the Director's Dividend account, receive applicable interest credit and will be paid with the next applicable installment payment of deferred cash.

(v) If any portion of a Participant's deferred account remains unpaid at his/her death, then after his/her death such amount will be paid (i) to his/her beneficiary(ies) in accordance with the method of distribution elected by the Participant (following the procedure for lump sum and installment payments set forth above), or (ii), if the Participant has not designated a beneficiary or if the beneficiary predeceases the Participant, to the Participant's estate in a lump sum. Should a beneficiary die after the Participant has terminated service but before the entire Deferred Shares have been disbursed, the balance of the cash benefit will be paid to the beneficiary's estate in a lump sum, and the Deferred Shares benefit will be transferred to such estate in kind.

(vi) Notwithstanding anything to the contrary above, no Deferred Shares shall be paid to the Participant until expiration or termination of the applicable Restriction Period or, if earlier, until the provisions of Article I, Section 5(a) cease to apply to such Shares.

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EXHIBIT 10.32

THE DURIRON EMPLOYEE PROTECTION PLAN

[GRAPHIC OMITTED]

AS UPDATED AND REVISED EFFECTIVE MARCH 1, 1997

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THE DURIRON EMPLOYEE PROTECTION PLAN (AS REVISED MARCH 1, 1997)

1. WHAT IS THIS PLAN?

An "Employee Protection Plan" to provide severance benefits to certain U.S. employees terminated after a "corporate takeover" of the Company. A "corporate takeover" means a change of control of the Company through a stock acquisition, a merger or some other method which arises from action which was not invited in advance by the Company's Board of Directors. The decision of the Board members (in office prior to the "corporate takeover") as to whether such action was invited shall be final and govern whether the following severance benefits apply.

2. DOES THIS MEAN THAT THE COMPANY EXPECTS A CORPORATE TAKEOVER?

No. However, we have all seen unexpected corporate takeovers of numerous other companies. Many corporate takeovers have resulted in the layoffs of employees. In order to protect employees in the event of a corporate takeover, the Company is providing the Employee Protection Plan. In a sense, the Employee Protection Plan is like fire insurance: you probably will never need it, but it is very valuable to have "just in case."

3. WHAT EMPLOYEES ARE ELIGIBLE TO PARTICIPATE IN THE EMPLOYEE PROTECTION PLAN?

All U.S. employees of the Company, except any union employees whose collective bargaining agreement with the Company does not include the Plan.

4. ARE ANY BENEFITS PAYABLE UNDER THE EMPLOYEE PROTECTION PLAN PRIOR TO A CORPORATE TAKEOVER?

No.

5. AFTER A CORPORATE TAKEOVER, WHAT MUST HAPPEN FOR ME TO RECEIVE BENEFITS?

In general, you must either be fired or laid off. Also, you would receive benefits if you "resign for cause." This would mean that your resignation was caused by (i) a salary decrease, (ii) an involuntary transfer to another geographical location or (iii) a significant demotion in your responsibilities.

6. HOW ARE MY BENEFITS DETERMINED UNDER THE EMPLOYEE PROTECTION PLAN?

Benefits would be computed based upon your base salary, age and length of service at time of termination or time of the corporate takeover, whichever is more. The following formula applies:

a. 120 hours of salary credit for each full year of service.
b. 20 hours of salary credit per full year of age after age 40.
c. 160 hours of salary credit for each $10,000 increment of annual base salary or portion thereof.

All hours of salary credit would be added together to calculate your personal benefit.

An example of a benefit computation is shown at the end of this announcement.

7. HOW ARE EMPLOYEE PROTECTION PLAN BENEFITS ACTUALLY PAID?

In a cash lump sum after employment termination. Standard payroll withholding taxes would apply.

8. IS THERE A MAXIMUM BENEFIT PAYABLE?

Yes. The maximum benefit would be 3,120 hours of salary credit. This is equivalent to about 1.5 years of your salary.

9. CAN THE EMPLOYEE PROTECTION PLAN EVER BE TAKEN AWAY?

The Plan, including benefit amounts, may be amended by the Company at any time prior to a corporate takeover. In fact, this revision amends the original version of the Plan which was published in 1989. However, if the Company ever learns through any public announcement of any corporate takeover proposal which leads to an actual corporate takeover of the Company which was not invited in advance by the Board, the Plan becomes irrevocable. The new owners of the Company would be legally obligated for a period of two years after the corporate takeover to honor the Plan. After this two year period, the Plan could be eliminated by the new owner.

10. COULD I BE DISCHARGED DURING THE TWO YEAR PERIOD AFTER A CORPORATE TAKEOVER AND NOT RECEIVE A PLAN BENEFIT?

Not unless you are discharged for committing a "serious act." "Serious acts" are intentional actions within your direct control which are unlawful or endanger employee safety or harm the Company's reputation.

11. DO OTHER COMPANIES PROVIDE BENEFITS LIKE THE EMPLOYEE PROTECTION PLAN?

Yes, but usually it is only for their top level executives through so-called "golden parachutes." The Company is a leader in providing this benefit to employees other than executives. The Company believes that, under Total Quality, each employee makes a significant contribution. Thus, this Plan provides security to

employees after a corporate takeover in the way that many other companies do only for their top executives.

12. IS THERE ANY COST TO ME FOR THIS BENEFIT?

No. The Company bears all costs. You would only need, prior to receiving payment, to give the Company a general release of any claims against the Company, except vested retirement rights.

13. WOULD I RECEIVE ANY PAYMENTS IF I VOLUNTARILY RESIGN OR RETIRE AFTER A CORPORATE TAKEOVER?

No. But if you are forced to retire, you would receive both retirement benefits and Employee Protection Plan benefits.

14. HOW CAN I FIND OUT MORE ABOUT THE EMPLOYEE PROTECTION PLAN?

Questions about the Plan may be directed to your local Human Resources manager.

15. BENEFIT COMPUTATION EXAMPLE:

ASSUME:

- 43 old employee
- 10 years service
- salary of $20,800 ($10.00 per hour)
- laid off after corporate takeover

CALCULATION:

- AGE: 43 - 40 = 3
  3 x 20 = 60 credit hours

- SERVICE: 120 x 10 (service years) = 1,200 credit hours

- SALARY: $20,800 means 3 x 160 = 480 credit hours

- TOTAL CREDIT HOURS: (60 + 1,200 + 480) =1,740 credit hours

- TOTAL SEVERANCE BENEFIT: (1,740 x $10.00) = $17,400 (less taxes)

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SUBSIDIARIES: EXHIBIT (22)

The Duriron Company, Inc. has direct or indirect subsidiaries all of which (i) are beneficially owned or controlled; (ii) do business under the name under which they are organized and (iii) are included in the consolidated financial statements of the Company. The name and jurisdiction of incorporation of each such subsidiary is set forth below.

Name of Subsidiary (a)	Jurisdiction In Which Incorporated
Automax Inc.	Ohio
Duriron Canada Inc.	Canada
S.A. Durco Europe N.V.	Belgium
Durco Process Equipment Ltd.	United Kingdom
Durco GmbH	Germany
Durco France S.A.R.L.	France
Duriron Foreign Sales Corporation	Virgin Islands
Durco Ireland Limited	Ireland
Valtek Incorporated	Utah
Valtek Controls Ltd.	Canada
Valtek Australia Pty. Ltd.	Australia
Durco Valtek (Asia Pacific) Pte. Ltd.	Singapore
Durco Europe S.A. - Coordination Centre	Belgium
Durco B.V. Holland	Holland
Davco Equipment Inc.	Ohio
Durco Valtek, S.A.	Spain
Duriron S.r.l.	Italy
Kammer Ventile GmbH	Germany
Kammer Vannes S.A.	Switzerland
Automax U.K. Ltd.	United Kingdom
Automax S.a.r.l.	France
Automax S.r.l.	Italy
Sereg Vannes S.A.	France
Durametallic Corporation	Michigan
Pac-Seal Inc. International	Michigan
Metal Fab Machine Corporation	Florida
Durametallic Mexicana S.A. de C.V.	Mexico
Durametallic do Brasil	Brazil
Durametallic Canada Inc.	Canada
Durametallic Uruguay	Uruguay
Durametallic Pty. Ltd.	New Zealand
Durametallic Corporation Australia Pty. Ltd.	Australia
Durametallic G.m.b.H.	Germany
Durametallic Europe N.V.	Belgium
Durametallic Argentina S.A.	Argentina
Durametallic Australia Holding Company	Michigan
Durametallic Europe Holding Company	Michigan
Arabian Seals Company, Ltd. (b)	Saudi Arabia
Korea Seal Master Company, Ltd. (b)	Korea
Durametallic (India) Ltd. (b)	India
Durametallic Asia Pte. Ltd. (b)	Singapore
Durametallic Malaysia Sdn. Bhd. (c)	Malaysia

[ERNST & YOUNG LETTERHEAD]

EXHIBIT 23.1

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statements pertaining to the 1979 and 1989 Stock Option Plans (Forms S-8 No. 2-66089 and No. 33-28497, respectively), The Duriron Company, Inc. Savings and Thrift Plan and the Valtek Incorporated Retirement Plan and Trust (Form S-8 No. 33-72372), and the Registration Statement (Form S-4 No.33-62527) of The Duriron Company, Inc. and in the related prospectuses of our report dated February 5, 1997, with respect to the consolidated financial statements and schedule of The Duriron Company, Inc. included in this Annual Report (Form 10-K) for the year ended December 31, 1996.

/s/ Ernst & Young LLP

Dayton, Ohio
March 7, 1997

Ernst & Young LLP is a member of Ernst & Young International, Ltd.

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