PROXY MATERIAL

HELDOR INDUSTRIES, INC.

1 CORY ROAD
MORRISTOWN, NEW JERSEY, 07960

Notice of Annual Meeting of Stockholders to be held on June 10, 1983

The Annual Meeting of Stockholders of Heldor Industries, Inc. (the "Company") will be held on Friday, June 10, 1983, at 10:00 A.M. (New York time) at the American Stock Exchange, 86 Trinity Place, New York, New York, to consider and act upon the following matters:

1. Electing ten Directors to serve for the ensuing year.
2. Ratifying and approving the non-qualifying 1982 Stock Option Plan.
3. Transacting such other business as may properly come before the meeting or any adjournment or adjournments of the meeting.

Stockholders of record at the close of business on April 22, 1983 will be entitled to notice of and to vote at the meeting. The stock transfer books of the Company will remain open.

All stockholders are cordially invited to attend the meeting.

By order of the Board of Directors

Robert S. Evans, Assistant Secretary
May 16, 1983

Whether or not you expect to attend the meeting, please complete, date and sign the enclosed Proxy and mail it promptly in the enclosed envelope in order to assure representation of your shares. No postage need be affixed if mailed in the United States.

PROXY STATEMENT

HELDOR INDUSTRIES, INC.

1 CORY ROAD
MORRISTOWN, NEW JERSEY, 07960

Proxy Statement for the Annual Meeting of Stockholders

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Heldor Industries, Inc. (the "Company") for use at the Annual Meeting of Stockholders to be held on June 10, 1983, and at any adjournment of that meeting. All proxies will be voted in accordance with the instructions contained in the proxy and if no choice is specified will be voted in favor of the proposals set forth in the Notice of Meeting. Any proxy may be revoked at any time before it is exercised by written or oral request to the Secretary of the Company.

The Board of Directors has fixed April 22, 1983 as the record date for the determination of stockholders entitled to vote at this meeting. At the close of business on April 15, 1983, there were outstanding and entitled to vote 3,153,487 shares of Common Stock of the Company. Each share is entitled to one vote.

To the knowledge of the Company, beneficial owners of more than 5% of the Company's common stock are: Harold J. ("Duke") Ellington, Helen Ellington, Clara Glennon, Donald Gough and Thomas H. Mahon, Jr. All directors and officers of the Company own 1,348,669 shares or 43.3% of the outstanding Common Stock as of January 26, 1983.

The affirmative vote of the holders of a majority of the Common Stock present or represented at the meeting is required for the election of Directors and for approval of the other matters which are to be submitted to the stockholders at the meeting.

The Annual Report of the Company for the fiscal year ended October 31, 1982 has been mailed to stockholders under separate cover previously. This Proxy Statement is expected to be sent to stockholders on or about May 16, 1983.

Election of Directors

The persons named in the enclosed proxy (John deElorza, Robert S. Evans and William J. Barrett) will vote, as permitted by the By-Laws of the Company, to fix the number of Directors at ten and to elect as Directors the ten nominees named below, all of whom are presently Directors of the Company, unless authority to vote for the election of Directors is withheld by marking the proxy to that effect.

Each Director will be elected to hold office until the next annual meeting of stockholders and until his successor is elected and qualified. If for any reason any nominee would become unavailable for election, the person acting under the proxy may vote the proxy for election of a substitute. It is not presently contemplated that any of the nominees will be unavailable.

The following table sets forth the name of each nominee and positions and offices held by him, the year in which he became a director of the Company, his principal occupation and business experience for the last five years, the names of other publicly-held companies in which he serves as Director, the number of shares of Common Stock of the Company which he reported as being beneficially owned by him on February 2, 1983 and the percentage of all outstanding shares of Common Stock owned by him on such date.

Name, Principal Occupation, Business Experience and Directorships	*First Became Director*	*Common Stock Beneficially Owned Directly or Indirectly*	*Percent of Common Stock Outstanding*
William J. Barrett, Age 43 Director, Mr. Barrett has been a Senior Vice President and Director of Janney Montgomery Scott Inc., investment bankers, since January, 1978. He presently serves on the Boards of Directors of Patrick Industries, Inc., a manufacturer and distributor of wall and ceiling panels, RMS Electronics, Inc., a CATV electronics products manufacturer and distributor, Frederick's of Hollywood, Inc., a specialty garment retailer, Exploration Surveys, Inc., a geophysical services company, Ceron Resources Corporation, a natural resources development company and Thunander Corporation, a wholesale tool and parts distributor.	1981	15,832 (1)	.5%
Stephen Bassett, Age 44 Director, Mr. Bassett is President of Paeco, Inc. a manufacturer of building products, a position he has held for more than 15 years. Mr. Bassett founded Paeco, which was acquired by Great American Industries, Inc., a diversified manufacturing company, and has been a division of that company for the past five years.	1981	5,809 (2)	.02%
Kenneth Boyles, Age 67 Director, Mr. Boyles has served as Executive Vice President-Senior Loan Officer and a Director of The National State Bank, Elizabeth, New Jersey for more than 30 years. Mr. Boyles also serves on the Boards of Directors of Worldwide Energy Corp., an oil and gas company, and Supermarkets General Corporation, a retailing conglomerate.	1981	5,000 (3)	.02%
Robert A. Ellington, Age 36 Vice President and Director	1971	75,697 (4)	2.4%
Harold J. ("Duke") Ellington, Age 71 Chairman of the Board, Chief Executive Officer and Director	1964	448,390 (5)	14.4%
John deElorza, Age 63 Director, Mr. deElorza has been a consultant since 1965 when he founded John deElorza Associates, a management consulting firm, and has been a consultant to Company for the past seven years. He is a Director and Secretary/Treasurer of Continental Plastics & Chemicals, Inc., a manufacturer of vinyl sheeting, and presently serves on the Board of Directors of RMS Electronics, Inc., a CATV electronics products manufacturer and distributor.	1980	52,050 (6)	1.7%
Robert S. Evans, Age 46 Assistant Secretary and Director, Mr. Evans is engaged in the private practice of law in New Haven, Connecticut. From 1981-1983 he was a partner in the law firm of Evans, Sklarz & Early, and prior thereto was a partner of the firm of Evans, Evans, Sklarz, Feldman & Early since 1960.	1980	5,533 (7)	.2%
Donald F. Gough, Age 55 Vice President-Purchasing and Director	1965	254,098 (8)	8.2%

Name, Principal Occupation, Business Experience and Directorships	*First Became Director*	*Common Stock Beneficially Owned Directly or Indirectly*	*Percent of Common Stock Outstanding*
Thomas H. Mahon, Jr., Age 66 Vice Chairman of the Board, Mr. Mahon was President of the Company until his retirement on December 3, 1982	1964	266,653 (9)	8.6%
Richard P. Polizzotto, Age 41 Mr. Polizzotto has been President and Chief Operating Officer of the Company since January 17, 1983 and has been a member of the Company's Board of Directors since December, 1982. From 1980 to 1982 he served as President of Airwick of Canada, a household products distributor, prior to which he served in various capacities with Airwick Industries, Inc. including Vice President of Airwick Pool Products, Inc., which has since been acquired by the Company and is now known as Richardson Industries, Inc.	1982	5,000 (10)	.02%
All officers and directors as a group (13 persons)		1,348,669 (11)	43.3%

The number of shares stated as being owned beneficially includes shares believed to be held beneficially by spouses, minor children, grandchildren and other relatives of the Directors; the inclusion in this Proxy Statement of these shares, however, does not constitute an admission by the Directors that they are the direct or indirect beneficial owners of such shares. As a result of their respective ownership of the Common Stock and positions with the Company, Mr. H. J. ("Duke") Ellington, Mrs. Ellington, Mrs. Glennon, Mr. Mahon, Jr. and Mr. Gough may individually be deemed to control the Company.

All shares are owned beneficially and of record unless otherwise indicated.

(1) Includes 6,666 shares into which Mr. Barrett has the right to convert $40,000 principal amount of the Company's Debentures and 1,666 shares into which Mr. Barrett's wife may convert $10,000 principal amount of the Company's Debentures, which Debentures Mr. Barrett disclaims beneficial ownership of, and also includes 7,500 shares which may be acquired upon exercise of a stock option granted by the Company to Mr. Barrett.

(2) Includes 500 shares into which Mr. Bassett has the right to convert $3,000 principal amount of the Company's Debentures, and also includes 5,000 shares which may be acquired upon exercise of a stock option granted by the Company to Mr. Bassett.

(3) Shares which may be acquired upon exercise of a stock option granted by the Company to Mr. Boyles.

(4) Includes 5,000 shares into which Mr. Ellington has the right to convert $30,000 principal amount of the Company's Debentures.

(5) Includes 269,399 shares owned by Mr. Ellington's wife, as to which shares Mr. Ellington disclaims beneficial ownership. Includes 1,666 shares into which Mr. Ellington's wife has the right to convert $10,000 principal amount of the Company's Debentures, beneficial ownership of which Debentures Mr. Ellington disclaims.

(6) Includes 6,000 shares into which Mr. deElorza has the right to convert $30,000 principal amount of the Company's Debentures, and also includes 7,500 shares which may be acquired upon exercise of a stock option granted by the Company to Mr. deElorza.

(7) Includes 333 shares into which Mr. Evans has the right to convert $2,000 principal amount of the Company's Debentures, and also includes 5,000 shares which may be acquired upon exercise of a stock option granted by the Company to Mr. Evans.

(8) Includes 34,684 shares owned by Mr. Gough's wife as to which shares Mr. Gough disclaims beneficial ownership.

(9) Includes 15,089 shares owned by Mr. Mahon's wife, as to which shares Mr. Mahon disclaims beneficial ownership and 1,666 shares into which Mr. and Mrs. Mahon have the right to convert $10,000 principal amount of the Company's Debentures.

(10) Includes 5,000 shares to which Mr. Polizzotto has absolute right in accordance with his employment contract but which have not yet been issued.

(11) Includes 26,666 shares into which various officers and directors or their spouses have the right to convert an aggregate of $136,000 principal amount of the Company's Debentures, and 36,000 shares issuable upon exercise of stock options.

H. J. "Duke" Ellington and Robert Ellington are father and son. Thomas Mahon, Jr. and H. J. Ellington are brothers-in-law.

The Company has a standing Audit Committee composed of Messrs. Boyles, Barrett and deElorza, which held three meetings during the last fiscal year. The principal functions of the

Audit Committee are to review and approve major accounting policy changes affecting the Company's operating results; review the arrangements for and scope of the independent audit and the results of the audit engagement; review the Company's internal controls; review the scope of non-auditing services performed by the independent auditors and review the independence of the auditors.

The Executive Committee is composed of Messrs. H. J. Ellington, Richard P. Polizzotto, Robert Ellington, John deElorza, Donald Gough and Thomas H. Mahon, Jr. The Executive Committee held one meeting during the last fiscal year. Its principal purpose is to act upon emergency items between meetings of the Board subject to ratification by the Board. The Compensation Committee is composed of Messrs. Bassett, Robert Ellington and Gough and held two meetings during 1982. The principal functions of the Compensation Committee are to review remuneration arrangements for management and key employees of the Company and to make salary recommendations. The Company has no standing nominating committee.

During 1982 the Company's Board of Directors held five meetings. All Directors attended the five Board meetings and at least 75% of the meetings of the committees of the Board on which they serve.

Remuneration of Officers and Directors

The following table sets forth the aggregate direct remuneration and contingent forms of remuneration paid or accrued by the Company during the fiscal year ended October 31, 1982 to each executive officer or director whose aggregate direct remuneration during the year exceeded $50,000 and to all officers and directors as a group:

		Cash and Cash Equivalent Forms of Remuneration		
Name of Individual	*Capacity in which Remuneration was Received*	*Salaries, Fees Directors' Fees Commissions and Bonuses*	*Securities or Property, Insurance Benefits or Reimbursement and Personal Benefits (1)*	*Aggregate Contingent Forms of Remuneration*
Harold J. ("Duke") Ellington	Chairman of the Board and Chief Executive Officer	$105,000 (2)		
Thomas H. Mahon, Jr.	President (3) (5)	$ 76,000 (2)		
Donald F. Gough	Senior Vice President	$ 76,000 (2)		
Richard E. Roy	Vice President-Finance	$ 57,000 (2)		
Robert A. Ellington	Executive Vice President	$ 76,000 (2)		
All officers and directors as a group (13 persons)		$488,000 (2) (4)		

(1) The Company furnishes automobiles to certain of its officers. The Company is unable to determine without unreasonable effort or expense the specific amount of benefit resulting from any personal use of such automobiles, but has concluded after reasonable inquiry that the aggregate amount of these and all other such personal benefits does not exceed $10,000 for any officer or director or 10% of the amount shown in the table for any person named.

(2) See "Employment Agreements", below, with respect to continuing compensation arrangements.

(3) Mr. Mahon retired as President of the Company on December 3, 1982.

(4) During the past fiscal year Messrs. Bassett, Barrett and Boyles received a fee of $500 per each Board meeting and $250 per each Committee meeting. Directors otherwise receive no additional remuneration for their services as Directors.

(5) On December 6, 1982, the Board of Directors authorized an employment contract with Richard P. Polizzotto, the Company's President and Chief Operating Officer, similar to other contracts, at an initial salary of $85,200 per annum, plus annual bonuses to be set at the discretion of the Board of Directors, through October 31, 1984. Moreover, as an inducement for him to enter into employment, the Company agreed to issue to Mr. Polizzotto 5,000 shares of Common Stock.

Stock Option Plan—1981

In January, 1981, the Board of Directors and stockholders of the Company adopted a stock option plan permitting the grant of options to officers and employees of the Company for the purchase of up to an aggregate of 100,000 shares of the Company's Common Stock. Under the terms of the plan, options may be granted by a committee appointed by the Board of Directors to key employees of the Company, which options are to have an exercise price of not less than the fair market value of the shares on the date of grant. At the discretion of the Board or the committee, any option may include a stock appreciation right ("SAR") which provides that upon exercise of the SAR an optionee may receive the excess of the fair market value per share on the date such SAR is exercised over the option price per share provided in the related underlying option in cash, shares of Common Stock or a combination of shares and cash at the discretion of the committee. With certain limited exceptions, the options are exercisable in four equal cumulative annual installments beginning with the second year after the date of grant of the options. Members of the committee who are also key employees of the Company are eligible to receive stock options or SAR's if granted by a majority of the committee members who are not employees of the Company or otherwise eligible to receive stock options or SAR's. On April 8, 1982 options were granted under the plan to Richard E. Roy for 6,000 shares and to Robert J. Kennedy and George Ponder for 5,000 shares each.

In accordance with the authority granted the Board of Directors in paragraph eleven of the plan, the Board adopted certain technical changes in the plan. These changes were required for qualifying the plan under the applicable section of the Internal Revenue Code.

Stock Option Plan—1982

In April, 1982, subject to stockholder ratification, the Company adopted a non-qualifying stock option plan with provisions substantially identical to the 1981 Stock Option Plan except that options may be granted to directors who are not officers of the Company and at a price which is not less than 75 percent of the fair market value of the shares on the date of grant. To date, options with stock appreciation rights have been granted to Messrs. Barrett and deElorza for 7,500 shares each and to Messrs. Bassett, Boyles and Evans for 5,000 shares each. All options are at $4.75 per share representing the closing price of the stock on April 8, 1982.

The purpose of the 1982 Stock Option Plan is to encourage Common Stock ownership of the Company by directors, officers, and other key employees of the Company who are primarily responsible for the successful management and profitable growth of the business. Adoption of the 1982 Stock Option Plan requires approval by a majority of the votes that could be cast by stockholders who are present in person or by proxy at the meeting. It is believed that the plan will advance the interests of the Company by providing additional incentive for superior performance by such persons and will enhance the ability of the Company to attract and retain directors, officers and employees of the highest caliber. Accordingly, the Board of Directors recommends approval of the plan. A copy of the Plan, Exhibit A, is attached hereto.

Stock Options And Stock Appreciation Rights

The following table shows, as to certain directors and officers of the Company and as to all directors and officers of the Company as a group, the following information with respect to stock options and stock appreciation rights ("SARs") in tandem therewith (if any): (i) the title and aggregate amount of securities subject to options granted during the specified period, (ii) the average per share option exercise price thereof, (iii) the title and aggregate amount of securities subject to all such options or rights outstanding as of the end of the specified period, and (iv) the potential (unrealized) value of such outstanding options and rights as of the end of the specified period (market value less any exercise or base price).

	William J. Barrett	*Stephen Bassett*	*Kenneth J. Boyles*	*John deElorza*	*Robert S. Evans*	*Richard E. Roy*	*All Directors and Officers as a group*
Granted — November 1, 1981 to October 31, 1982:							
Number of options without SARs	—	—	—	—	—	—	—
Number of options with SARs	7,500	5,000	5,000	7,500	5,000	6,000	36,000
Average per share exercise price (1)	$4.75	$4.75	$4.75	$4.75	$4.75	$4.75	$4.75
Outstanding at October 31, 1982							
Number of options without SARs	—	—	—	—	—	—	—
Number of options with SARs	7,500	5,000	5,000	7,500	5,000	6,000	36,000
Potential (unrealized) value—(market value less exercise or base price) (1)	$1.50)	$(1.50)	$(1.50)	$(1.50)	$(1.50)	$(1.50)	$(1.50)

As of October 31, 1982, the market price of the Company's Common Stock was $3.25.

Retirement Savings Plan

Effective November 1, 1982, the Company established a tax-advantaged salary reduction plan available to all qualified employees which provides for certain matching Company contributions at levels determined at the beginning of each plan year and additional contributions based upon the Company's results of operations.

As an inducement to the recruitment and retention of qualified personnel, the Board of Directors of the Company has authorized a supplementary life insurance and retirement package. The final terms of this program are expected to be determined during the Company's fiscal year ending October 31, 1983.

Executive Compensation Plan

The Company has adopted, subsequent to October 31, 1982, an Executive Compensation Plan designed to provide annual retirement income to key employees, upon retirement or to their heirs at death, to be funded through the purchase of life insurance.

Mr. Mahon, the Company's former President, is receiving retirement benefits under this plan.

Employment Agreements

The Company has entered into employment agreements with Messrs. Harold "Duke" Ellington, Robert Ellington, and Gough subject to termination for illness. The agreements provide for a two year term commencing November 1, 1981. Present annual salaries are $105,000, $76,000 and $76,000 respectively, plus annual bonuses to be set by the Board, and contain a covenant not to compete with the Company for a period of one year following termination of the agreement. Moreover, the Company has entered into an employment agreement with Richard E. Roy, Vice President-Finance, for the period from March 1, 1982 until February 28, 1983 at the initial annual salary of $57,000 plus similar provisions. Mr. Roy's contract has been extended to October 31, 1983.

Certain Transactions

Hedrick Associates, Inc. ("Hedrick"), a common carrier, all of the outstanding stock of which is owned by Sheila and Edward Hedrick, daughter and son-in-law of Helen and Harold J. ("Duke") Ellington, performs freight cartage services for the Company. The charges for such services were $360,000 (1978), $446,000 (1979), $661,000 (1980), $983,000 (1981) and $1,187,000 (1982).

During fiscal 1982 Hedrick was entirely responsible for the Company's shipping to all 32 of its locations, representing approximately 70% of the revenues of Hedrick. Hedrick's rates are regulated by the Interstate Commerce Commission and the Company believes that the fees heretofore and currently paid to Hedrick were and are at least as favorable to the Company as those available from non-affiliated persons.

The Company paid consulting and sales fees to John Ellington, the son of Helen and Harold J. ("Duke") Ellington, in the amounts of $31,200 (1978), $35,000 (1979), $35,000 (1980) and $12,000 (1981). The Company has paid John Ellington a consulting fee of $12,000 for the fiscal year ending October 31, 1982 and the Company has renewed this arrangement for the Company's 1983 fiscal year. John Ellington advises the Company on matters concerning pool installation and manufacturing procedures.

Effective November 1, 1980, the Company entered into a four year consulting agreement, subject to termination for illness, with John deElorza, a director of the Company. The agreement provides for a monthly fee of $3,200 and contains a covenant not to compete with the Company for a period of one year following the termination of the agreement.

For the fiscal year ending October 31, 1982, the Company paid or accrued fees aggregating $111,813 to the law firm of Evans, Sklarz and Early for legal services, including matters related to acquisitions and the Company's public offering of securities. Mr. Evans, Assistant Secretary and Director of the Company, was a partner of that firm during such period.

During the year ending October 31, 1982, the Company paid fees aggregating $157,000 to Janney Montgomery Scott Inc. for investment banking services related to the acquisition of its Richardson subsidiary and the acquisition of certain assets from Kratz Engineering. Mr. Barrett, a Director of the Company, is Senior Vice President and a Director of Janney Montgomery Scott Inc.

Selection of Independent Public Accountants

The Company is now considering proposals from independent public accounting firms including the present auditors, Coopers & Lybrand, for the fiscal year ending October 31, 1983. A decision is expected by the summer of 1983.

The firm of Coopers & Lybrand has served as the Company's independent auditors since 1974. The Company has been advised by Coopers & Lybrand that neither it nor any of its members has had any relationship with the Company or any of its affiliates since the date of its appointment which would affect such independence.

Other Matters

The management does not know of any other matters which may come before the Meeting. However, if any other matters are properly presented to the Meeting, it is the intention of the persons named in the accompanying proxy to vote, or otherwise act, in accordance with their judgement on such matters.

All costs of solicitation of proxies will be borne by the Company. In addition to solicitations by mail, the Company's Directors, officers and regular employees, without additional remuneration, may solicit proxies by telephone, telegraph and personal interviews. Brokers, custodians and fiduciaries will be requested to forward proxy soliciting material to the owners of stock held in their names and the Company will reimburse them for out-of-pocket expenses in this connection.

Deadline for Submission of Stockholder Proposals

Proposals of stockholders intended to be presented at the 1984 Annual Meeting of Stockholders must be received by the Company at its principal office in Morristown, New Jersey not later than December 24, 1983 for inclusion in the proxy statement for that meeting.

By order of the Board of Directors.

Robert S. Evans, Assistant Secretary
May 16, 1983

The Board of Directors hopes that stockholders will attend the Meeting. Whether or not you plan to attend, you are urged to complete, date, sign and return the enclosed Proxy in the accompanying envelope. Prompt response will greatly facilitate arrangements for the Meeting and your cooperation will be appreciated. Stockholders who attend the Meeting may vote their stock personally even though they have sent in their Proxies.

EXHIBIT A

HELDOR INDUSTRIES, INC.

FISCAL 1982 STOCK OPTION PLAN

1. *Purpose of Plan.* This Fiscal 1982 Stock Incentive Plan (the "Plan") is intended as an incentive, to retain for Heldor Industries, Inc. (the "Company") and its subsidiaries and divisions, persons of training, experience and ability, to attract new employees or others whose services are considered unusually valuable, to encourage the sense of proprietorship of such persons, and to stimulate the active interest of such persons in the development and financial success of the Company.

2. *Administration of Plan.* The Board of Directors ("Board") shall supervise this Plan. Recommendations for the granting of options shall be made by either the President or the Chairman of the Board. Any member of the Board shall be eligible to receive stock options ("Options") and stock appreciation rights ("SARs") under the Plan while serving on the Board. The Board shall have full power and authority to designate participants, to determine the terms and provisions of respective option agreements, (which need not be identical) including, but not limited to, provisions concerning the time or times when and the extent to which the SARs may be exercised and the nature and duration of restrictions as to transferability or constituting substantial risk of forfeiture, and to interpret the provisions and supervise the administration of the Plan.

The Board shall have the authority, subject to shareholder approval of the Plan, to grant in its discretion to the holder of an outstanding Option in exchange for the surrender and cancellation of such Option, a new Option having a purchase price lower than provided in the Option so surrendered and cancelled and containing such other terms and conditions as the Committee may prescribe in accordance with the provisions of the Plan.

All decisions and selections made by the Board pursuant to the provisions of the Plan shall be made by a majority of its members except that any decision with respect to the grant of an Option or SAR to a member of the Board shall be made by a majority of those Board members who are not employees of the Company or otherwise eligible to receive Options of SARs. Any decision reduced to writing and signed by a majority of the members who are authorized to make such decision shall be fully effective as if it had been made by a majority at a meeting duly held.

Each member of the Board shall be indemnified and held harmless by the Company against any cost or expense (including counsel fees) reasonably incurred by him or liability (including any sum paid in settlement of a claim with the approval of the Company) arising out of any act or omission to act in connection with the Plan unless arising out of such member's own fraud or bad faith, to the extent permitted by applicable law. Such indemnification shall be in addition to any rights of indemnification the members may have as directors or otherwise under the by-laws of the Company, any agreement, vote of stockholders or disinterested directors or otherwise.

3. *Designation of Participants.* The persons eligible for participation in the Plan as recipients of Options and SARs shall include any person designated by the Company or by any subsidiary or division of the Company. The Directors of the Company shall be eligible to participate in the Plan as directors. An employee who has been granted an Option or SAR hereunder may be granted additional Options or SARs, if the Committee shall so determine.

4. *Stock Reserved for Plan.* Subject to adjustment as provided in paragraph 6 hereof, up to one hundred thousand shares of Common Stock, no par value ("Stock") of the Company shall be subject to the Plan. The shares subject to the Plan shall consist of unissued shares or previously issued shares reacquired and held by the Company, and such amount of shares shall be and hereby is reserved for sale for such purpose. Any of such shares which may remain unsold and which are not subject to outstanding options at the termination of the Plan shall cease to be reserved for the purpose of the Plan, but until termination of the Plan the Company shall at all times reserve a sufficient number of shares to meet the requirements of the Plan. Should any Option for any reason other than the call of SARs expire or be cancelled prior to its exercise or relinquishment in full, the shares theretofore subject to such Option may again be subjected to an Option under the Plan, except that shares subject to purchase pursuant to any Option or portion thereof relinquished and not required to be issued upon such relinquishment shall not again be available for Options under the Plan.

5. *Option Price.* (a) The purchase price of each share placed under Option shall be not less than 75% of the fair market value of such share on the date the option is granted provided, however, that in no event shall the option price be less than the stated value of the Stock. SARs granted with respect to shares of Stock covered by an outstanding option shall be granted on the basis of the option price for such shares fixed by the initial grant of such Option.

(b) The fair market value of a share on a particular date shall be the closing bid price for the Stock on such date (the valuation date) as reported by NASDAQ, the interdealer quotation system of the National Association of Securities Dealers, Inc. If there were no transactions on the valuation date, but there were transactions within a reasonable period both before or after that date, the fair market value shall be determined by taking a weighted average of the mean between the closing bid price as reported by NASDAQ on the nearest date before and the nearest date after the valuation date. This average must be weighted inversely by the respective numbers of trading days between the transaction dates and the valuation date.

(c) The option price shall be payable upon the exercise of the Option in cash, by check, shares of the Company's Stock (valued at their fair market value) or other form satisfactory to the Committee.

(d) The proceeds of the sale of the Stock subject to option are to be added to the general funds of the Company and used for its corporate purposes.

6. *Adjustments.* (a) If the Company is reorganized, or merged or consolidated with another corporation while unexercised Options remain outstanding under the Plan, there shall be substituted for the shares subject to the unexercised portions of such outstanding Options an appropriate number of shares of each class of stock or other securities of the reorganized or merged or consolidated corporation which were distributed to the shareholder of the Company in respect of such shares; provided, however, that all such Options may be exercised in full by the Person as of the effective date of any such reorganization, merger, or consolidation or of any dissolution or liquidation of the Company without regard to the installment exercise provisions of paragraph 7(a), by the holder giving notice to the Company of his intention to so exercise.

(b) If the outstanding shares of Stock shall at any time be changed or exchanged by declaration of a stock dividend, split-up, combination of shares, or recapitalization, the number and kind of shares subject to this Plan or subject to any Options or SARs theretofore granted, and the option prices, shall be appropriately and equitably adjusted so as to maintain the proportionate number of shares without changing the aggregate option price; provided, however, no adjustment shall be made by reason of the distribution of subscription rights on outstanding stock.

7. *Term and Exercise of Options and Stock Appreciation Rights.* (a) Each Option and SAR granted under this Plan shall be exercisable on the dates and for the number of shares as shall be provided in the option certificate evidencing the Option granted by the Committee and the terms thereof. However, no Option shall be exercisable until after one year from the date of grant, nor after the expiration of ten years from the date of grant.

(b) Options and SARs may be exercised solely by the optionee during his lifetime or after his death by the person or persons entitled thereto under his will or the laws of descent and distribution.

(c) In the event of termination of employment for any reason other than death, disability or retirement, Options and SARs may be exercised only with respect to the number of shares purchasable at the time of such termination and only for a period of 6 months from the date of such termination.

(d) In the event of the death or disability of the optionee after one year of continued employment following the date of grant and while in the employment of the Company, and while Options granted hereunder are still in force and unexpired any unmatured installments of the Options may, in the discretion of the Committee, be accelerated. The Options outstanding in the name of a deceased optionee shall thereupon be exercisable in full within one year from the date of death or disability without regard to the installment exercise provisions of subparagraph (a) of this paragraph 7.

(e) In the event the optionee terminates his employment because of retirement under any deferred compensation agreement or retirement plan of the Company or of any subsidiary or division of the Company or after age 60, while Options granted hereunder are still in force and unexpired, the Committee shall have discretion to permit any unmatured installments of the Options to be accelerated as of the last to occur of the date of retirement or the elapse of one year immediately following the date of grant, and the Options shall thereupon be exercisable in full without regard to the installment exercise provisions of subparagraph (a) of this paragraph 7.

(f) The holders of Options shall not be or have any of the rights or privileges of a shareholder of the Company in respect of any shares purchasable upon the exercise of any part of an Option unless and until certificates representing such shares shall have been issued by the Company to such holders.

(g) The form of option authorized by the Plan may contain such other provisions as the Committee may, from time to time, deem advisable. Without limiting the foregoing, the Committee may, with the consent of the optionee, from time to time cancel all or any portion of any option then subject to exercise, and the Company's obligation in respect of such option may be discharged either by (i) payment to the optionee of an amount in cash equal to the excess, if any, of the fair market value (at the date of such cancellation) of the shares subject to the portion of the option so cancelled over the aggregate purchase price of such shares, (ii) the issuance or transfer to the optionee of shares of Stock with a fair market value (at the date of such transfer) equal to any such excess, or (iii) a combination of cash and shares with a combined value equal to any such excess, all as determined by the Committee in its sole discretion.

(h) Options shall be exercised by the optionee giving written notice to, which exercise shall be effective upon receipt of such notice by (subject, in the case of the exercise of SAR's, rights to the provisions of paragraph 8 hereof and the terms of the respective SAR agreement), the Secretary of the Company at its general offices. The notice shall specify the number of shares with respect to which the Option is being exercised. If a registration statement under the Securities Act of 1933, as amended, containing a prospectus as a part thereof which prospectus is then in compliance with said Act is not then in effect with respect to the shares issuable upon such exercise, it shall be a condition precedent to the exercise of any Option entitling the holder thereof to receive shares of Stock that (i) the person exercising the Option provide the Company with a written undertaking, satisfactory in form and substance to the Committee, that he is acquiring the shares for his own account for investment and not with a view to the distribution thereof and (ii) such exercise be permissible under applicable law.

8. *Stock Appreciation Rights.* (a) At the discretion of the Committee, any Option granted under this Plan may, at the time of such grant or at any time thereafter, include an SAR. The Committee may impose conditions upon

the grant or exercise of the SAR which conditions may include a condition that the SAR may only be exercised in accordance with rules and regulations adopted by the Committee from time to time and a condition that the Optionee satisfy certain performance goals before the SAR may be exercised. Such rules and regulations may govern the right to exercise the SAR granted prior to the adoption or amendment of such rules and regulations as well as SARs granted thereafter.

(b) A "stock appreciation right" is the right of an Optionee, without payment to the Company (except for applicable withholding taxes), to receive the excess of the fair market value per share on the date on which an SAR is exercised over the option price per share as provided in the related underlying Option. An SAR shall pertain to, and be granted only in conjunction with, a related underlying Option granted under this Plan and shall be exercisable and exercised only to the extent that the related Option is exercisable. The number of shares of Stock subject to the SAR shall either become all or partially non-exercisable and shall be all or part of the shares subject to the related Option, as determined by the Committee. The SAR shall either become all or partially non-exercisable and shall be all or partially forfeited if the exercisable portion, or any part thereof, of the related Option is exercised and vice versa.

(c) Subject to any restrictions or conditions imposed by the Committee, an SAR may be exercised by the Optionee as to a number of shares of Stock under its related Option only upon the surrender of a like number of shares of Stock available to the exercisable portion of the related Option. Under the exercise of an SAR and the surrender of the exercisable portion of the related Option, the optionee shall be awarded cash, shares of Stock or a combination of shares and cash at the discretion of the Committee. The award shall have a total value equal to the product obtained by multiplying (1) the excess of the fair market value per share on the date on which the SAR is exercised over the option price per share by (2) the number of shares subject to the exercisable portion of the related Option so surrendered. However, in no event shall payment of the per share value of an SAR exceed 200% of the price per share of the related Option.

(d) The portion of the SAR which may be awarded in cash shall be determined by the Committee from time to time. The number of shares awardable to an optionee with respect to the non-cash portion of an SAR shall be determined by dividing such non-cash portion by the fair market value per share on the exercisable date. No fractional shares shall be issued.

(e) For the purposes of this subparagraph, if there is no sale on the date the SAR is exercised, then the fair market value shall be determined on the next preceeding day on which there is a sale.

(f) The Committee may, in its sole discretion, disapprove the exercise of an SAR or the form of payment elected by any holder of an SAR. In the event the Committee so disapproves, in whole or in part an election by a holder to exercise an SAR or the form of payment thereof, such disapproval shall not affect a holder's right to exercise his option currently or his SAR at a later date to the extent either is otherwise exercisable, or to elect a form of payment at a later date, provided that such later exercise and election shall be similarly subject to the Committee's right of disapproval. In addition, such disapproval shall not affect a holder's right to exercise any other rights or options granted to a holder under the Plan.

9. *Purchase for Investment.* Unless the Options and shares covered by the Plan have been registered under the Securities Act of 1933, as amended, or the Company has determined that such registration is unnecessary, each person exercising an Option under the Plan may be required by the Company to give a representation in writing that he is acquiring such shares for his own account for investment and not with a view to, or for sale in connection with, the distribution of any part thereof.

10. *Effective Date of Plan.* The Plan, subject to the approval of the Company's shareholders, shall be effective as of April 1, 1982.

11. *Amendments or Termination.* The Board of Directors may amend, alter, or discontinue the Plan, except that no amendment or alteration shall be made which would impair the rights of any participant under any Option theretofore granted, without his consent, and except that no amendment or alteration shall be made which, without the approval of the shareholders would:

(a) Increase the total number of shares reserved for the purposes of the Plan, except as is provided in paragraph 6, or decrease the option price provided for in paragraph 5, or change the class of employees eligible to participate in the Plan as provided in paragraph 3; or

(b) Extend the option period provided for in paragraph 7.

12. *Government Regulations.* The Plan, and the granting and exercise of Options and SARs thereunder, and the obligation of the Company to sell and deliver shares or cash under such Options and SARs, shall be subject to all applicable laws, rules, and regulations, including the registration of the shares pursuant to the Securities Act of 1933, and to such approvals by any governmental agencies or national securities exchanges as may be required.

13. *Governing Law.* This Plan shall be deemed made in the State of Connecticut and shall be governed by and construed and enforced in accordance with the laws of such State applicable to contracts made and to be performed in such State without giving effect to the principles of conflict of laws.