Document Number Only K97158

C T CORPORATION SYSTEM

660 East Jefferson Street

Requestor's Name

Tallahassee, Florida 32301

Address

(850) 222-1092

City State Zip Phone

700002576437--7
-06/30/98--01052--021
*****70.00 *****70.00

CORPORATION(S) NAME

Jolt Technology, Inc.
into:
Jolt Acquisition Corporation

FILED
98 JUN 30 PM 3:05
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

( ) Profit
( ) NonProfit
( ) Limited Liability Company
(X) Merger

( ) Foreign
( ) Dissolution/Withdrawal
( ) Mark

( ) Limited Partnership
( ) Reinstatement
( ) Limited Liability Partnership
( ) Annual Report
( ) Fict. Filing
( ) Other
( ) Change of R.A.
( ) UCC-1 UCC-3

( ) Certified Copy
( ) Photo Copies
( ) CUS

( ) Call When Ready
(●) Walk In
( ) Mail Out
( ) Call if Problem
( ) Will Wait
( ) After 4:30
(●) Pick Up

Name Availability
Document Examiner
Updater
Verifier
Acknowledgment
W.P. Verifier

JUN 30 1998

File Today Please

Please Return Extra Copy(s)
Filed Stamp

Thanks, Melanie ☺

Merger
7-1-98
CC

CR2E031 (1-89)

ARTICLES OF MERGER
Merger Sheet

MERGING:

JOLT TECHNOLOGY, INC., a Florida corporation, K97158

INTO

JOLT ACQUISITION CORPORATION, corporation not qualified in Florida.

File date: June 30, 1998

Corporate Specialist: Cheryl Coulliette

Articles of Merger of JOLT TECHNOLOGY, INC., a Florida corporation,
into
JOLT ACQUISITION CORPORATION, a Delaware corporation ("Surviving Corporation"),
with Name of Surviving Corporation Remaining
JOLT ACQUISITION CORPORATION

Pursuant to the provisions of Sections 607.1101 through 607.1107 of the Florida Business Corporation Act and Section 252 of the Delaware General Corporations Law, the undersigned corporations adopt the following articles of merger for the purpose of merging Jolt Technology, Inc. with and into Jolt Acquisition Corporation:

First: The following plan of merger (the "Plan of Merger") was approved by the shareholders of each of the undersigned corporations in the manner prescribed by the Florida Business Corporation Act and the Delaware General Corporation Law:

See Exhibit "A" attached hereto

Second: The Surviving Corporation is Jolt Acquisition Corporation, whose corporate name will remain "Jolt Acquisition Corporation," as provided in the Plan of Merger.

Third: The shareholders of Jolt Technology, Inc. adopted the Plan of Merger on June 19, 1998.

Fourth: The sole shareholder of Jolt Acquisition Corporation adopted the Plan of Merger effective November 25, 1997.

Fifth: The Effective Date of the merger described herein shall be the date on which these Articles of Merger are filed with the Florida Department of State.

FILED
98 JUN 30 PM 2:05
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Dated: June 29, 1998.

JOLT TECHNOLOGY, INC.,
a Florida corporation

By: _____
Name: Mitchell Morhaim
Title: President

JOLT ACQUISITION CORPORATION,
a Delaware corporation

By: _____
Name: Gregory Horton
Title: President

Exhibit A

AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger, dated as of May 28, 1998, is among DDL Electronics, Inc., a Delaware corporation ("*DDL*"), Jolt Technology, Inc., a Florida corporation ("*Jolt*"), Jolt Acquisition Corporation, a Delaware corporation and wholly-owned subsidiary of DDL (such corporation being referred to as "*Sub*") and the shareholders of Jolt identified on the signature page hereof (collectively, the "*Jolt Shareholders*").

WHEREAS, the parties hereto consider it advisable and in the best interests of Jolt, Sub and DDL, and in the best interests of the Jolt Shareholders and of the stockholders of DDL, that the businesses of Jolt and DDL be combined through a merger (the "*Merger*") of Jolt with and into Sub on the terms and conditions set forth in this Agreement (Sub, after the Merger, being the "*Surviving Subsidiary*");

NOW, THEREFORE, the parties hereto do hereby agree as follows:

ARTICLE I

CERTAIN DEFINITIONS

As used in this Agreement, the terms identified in this Article shall have the meanings indicated.

1.1 *Affiliate*: When used with respect to a Person, an "*Affiliate*" of that Person is a Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, that Person, within the meaning of Rule 144(a)(1) under the Securities Act.

1.2 *Affiliate Letter*: That certain agreement restricting transfers of the Merger Consideration by the Jolt Shareholders in the form attached hereto as *Exhibit 1.2*.

1.3 *Agreement*: This Agreement and Plan of Merger, including all of its Schedules, Exhibits, disclosure documents and other documents specifically referred to in this Agreement as having been or to be delivered by a party to this Agreement to another such party in connection with this Agreement or the Merger, including all duly adopted amendments, modifications and supplements to or of this Agreement and such Schedules, Exhibits and other documents.

1.4 *Audited Financial Statements*: The consolidated balance sheets, income statements, statements of stockholders' equity and statements of cash flows or, in each instance, equivalent statements as commonly provided to stockholders, as at December 31, 1996 and for the fiscal year then ended, in the case of Jolt, and as at June 30, 1995, June 28, 1996 and June 27, 1997, and for the fiscal years then ended, in the case of DDL, in each instance as reported on by Auditors.

1.5 *Auditors*: With respect to Jolt, Brunt & Company, P.A., and, with respect to DDL, KPMG Peat Marwick LLP, in each case independent certified public accountants currently retained for the purpose of auditing financial statements of such party.

1.6 *Closing*: The consummation of the transactions contemplated by this Agreement, particularly the Merger, as provided in Article VII hereof.

1.7 *Closing Date*: The date upon which the Closing occurs.

1.8 *Code*: Internal Revenue Code of 1986, as amended to the date as of which any reference thereto is relevant under this Agreement.

1.9 *Counsel to DDL*: McGuire Woods Battle & Boothe, L.L.P; 3700 NationsBank Plaza; 101 S. Tryon Street; Charlotte, North Carolina 28202-4000.

1.10 *Counsel to Jolt*: Berry Moorman P.C., 600 Woodbridge Place, Detroit, Michigan 40726-4302.

1.11 *DDL*: DDL Electronics, Inc., a Delaware corporation. As used in this Agreement, the term "*DDL*" also shall be considered to include Sub, except insofar as the context may require otherwise.

1.12 *DDL Balance Sheet*: The most recent consolidated balance sheet included in the Audited Financial Statements of DDL.

1.13 *DDL Common Stock*: The Common Stock, par value $.01 per share, of DDL.

1.14 *DDL Disclosure Document*: The document delivered by DDL to Jolt containing certain disclosures regarding DDL as described in Article III hereof.

1.15 *DDL Stockholder Rights Plan*: The Rights Agreement dated as of June 10, 1989 between Data-Design Laboratories, Inc. (as predecessor in interest of DDL) and Bank of America, Rights Agent, in the form filed with the SEC as Exhibit No. 1 to DDL's Current Report on Form 8-K dated June 15, 1989.

1.16 *DDL Proxy Statement*: A proxy statement of DDL designed to comply with Regulation 14A under the Exchange Act, prepared by DDL for use in soliciting proxies to approve issuance of the Merger Consideration in the Merger as contemplated by Section 5.1 of this Agreement.

1.17 *DGCL*: The Delaware General Corporation Law, as amended to the date as of which any reference thereto is relevant under this Agreement.

1.18 *Exchange Act*: The Securities Exchange Act of 1934, as amended to the date as of which any reference thereto is relevant under this Agreement.

1.19 *Financial Advisor to DDL*: Needham & Company, Inc.

1.20 *FBCA*: The Florida Business Corporation Act, as amended to the date as of which any reference thereto is relevant under this Agreement.

1.21 *GAAP*: Generally accepted accounting principles, as in effect on the date of any statement, report or determination that purports to be, or is required to be, prepared or made in accordance with GAAP. All references herein to financial statements prepared in accordance with GAAP shall mean in accordance with GAAP consistently applied throughout the periods to which reference is made.

1.22 *Inventories*: The stock of raw materials, work-in-process and finished goods, including but not limited to finished goods purchased for resale, owned and held by the subject Person for manufacturing, assembly, processing, finishing, sale or resale to others from time to time in the ordinary course of the business of such Person in the form in which such inventories then are held or after manufacturing, assembling, finishing, processing, incorporating with other goods or items, refining or the like.

1.23 *Jolt*: Jolt Technology, Inc., a Florida corporation.

1.24 *Jolt Balance Sheet*: The most recent balance sheet included in the Audited Financial Statements of Jolt.

1.25 *Jolt Common Stock*: The Common Stock, par value $1.00 per share, of Jolt.

1.26 *Jolt Disclosure Document*: The document delivered by Jolt to DDL containing certain disclosures regarding Jolt as described in Article IV hereof.

1.27 *Liabilities*: At any point in time (the "*Determination Time*"), the obligations of a Person, whether known or unknown, contingent or absolute, recorded on its books or not, arising or resulting in any way from facts, events, agreements, obligations or occurrences that existed or transpired at a prior point in time, or resulted from the passage of time to the Determination Time, but not including obligations accruing or payable after the Determination Time to the extent (but only to the extent) that such obligations (1) arise under previously existing agreements for services, benefits or other considerations and (2) accrue or become payable with respect to services, benefits or other considerations received by the Person after the Determination Time.

1.28 *Lien*: Any lien, mortgage, security interest, pledge, charge, claim, equity, reservation or other encumbrance of any kind.

1.29 *Material Adverse Change*: With respect to a Person, a material adverse change in the business, condition (financial or otherwise), operations or prospects of such Person.

1.30 *Material Adverse Effect*: With respect to a Person, a material adverse effect on the business, condition (financial or otherwise), operations or prospects of such Person.

1.31 *Merger Consideration*: Four hundred thirty-five point six two four four (435.6244) shares of DDL Common Stock, to be paid in the Merger in exchange for each of the 20,660 shares of Jolt Common Stock issued and outstanding at the Closing Date.

1.32 *NYSE*: The New York Stock Exchange, Inc.

1.33 *Payables*: Liabilities of a party arising from the borrowing of money or the incurring of obligations for merchandise, goods purchased or services rendered.

1.34 *Person*: An individual, a corporation, a partnership, a limited liability company, an association, a joint-stock company, a trust, an unincorporated organization, a government or a political subdivision thereof.

1.35 *Prospectus*: The prospectus relating to the Registration Statement, in the form used in connection with any "offer," "offer to sell," "offer for sale" or "sale" of DDL Common Stock. There may be more than one version of such prospectus.

1.36 *Registration Statement*: A registration statement of DDL on Form S-1 or S-3 under the Securities Act, prepared by DDL to cover the public reoffering and resale, following the Merger, of DDL Common Stock acquired by Jolt Shareholders as Merger Consideration.

1.37 *SEC*: The Securities And Exchange Commission.

1.38 *SEC Report*: A document filed by DDL with the SEC pursuant to the Securities Act or the Exchange Act or issued by DDL as a press release.

1.39 *Securities Act*: The Securities Act of 1933, as amended to the date as of which any reference thereto is relevant under this Agreement.

1.40 *Sub Common Stock*: The Common Stock, no par value, of Sub.

ARTICLE II

THE MERGER

2.1 *The Merger.* At the Effective Time (as defined below), upon the terms and subject to the conditions of this Agreement, the DGCL and the FBCA, Jolt shall be merged with and into Sub. As soon as practicable after satisfaction or waiver of the conditions set forth in Article VII, DDL, Sub and Jolt will effect the Merger by causing to be filed: (a) a Certificate of Merger, prepared as prescribed in Section 252(c) of the DGCL, with the Secretary of State of the State of Delaware, and (b) Articles of Merger, prepared as prescribed in Section 607.1105 of the FBCA, with the Department of State of the State of Florida. The Merger shall become effective at the time of such filings or, if later, at the latest time specified therein (the time the Merger becomes effective being referred to in this Agreement as the "*Effective Time*"). Promptly following the Effective Time, the parties will make all such other filings and recordings, if any, as may be required by the DGCL and the FBCA in furtherance of the Merger. Sub shall be the surviving corporation in the Merger, and the separate corporate existence of Sub, with all its purposes, objects, rights, privileges, powers and franchises, shall continue unaffected and unimpaired by the Merger.

2.2 *Certificate of Incorporation of Jolt.* The Certificate of Incorporation of Sub as in effect immediately prior to the Effective Time shall be the Certificate of Incorporation of the Surviving Subsidiary unless and until amended as provided by law and by such Certificate of Incorporation.

2.3 *Bylaws of Jolt.* The Bylaws of Sub as in effect immediately prior to the Effective Time shall be the Bylaws of the Surviving Subsidiary by virtue of the Merger unless and until amended or repealed as provided by law, by the Certificate of Incorporation of the Surviving Subsidiary and by such Bylaws.

2.4 *Directors and Officers.* At and after the Effective Time, the directors of Jolt at the Effective Time shall be the directors, and the officers of Jolt at such time shall be the officers, of the Surviving Subsidiary, in both cases by virtue of the Merger and until their successors shall have been elected and shall qualify or until otherwise provided by law or by the Certificate of Incorporation or Bylaws of the Surviving Subsidiary; provided, however, that Gregory L. Horton shall be elected to the Board of Directors of Jolt and Richard K. Vitelle shall become Treasurer and Secretary of Jolt.

2.5 *Conversion.* At the Effective Time, by virtue of the Merger and without any action on the part of the holder of any share of Jolt Common Stock or the holder of any share of Sub Common Stock:

(a) All Jolt Common Stock held by Jolt as treasury stock shall be cancelled, and no payment shall be made in respect thereof.

(b) Each issued and outstanding share of Sub Common Stock shall remain issued and outstanding and shall be converted into one share of common stock of the Surviving Subsidiary, which shall constitute the only issued and outstanding shares of capital stock of the Surviving Subsidiary.

(c) Each issued and outstanding share of Jolt Common Stock (other than any share to be cancelled pursuant to subsection (a) or as to which dissenter's rights have been exercised) shall be converted into Merger Consideration.

(d) From and after the Effective Time, the holders of certificates theretofore representing Jolt Common Stock shall cease to have any rights with respect thereto (other than dissenter's rights, if applicable); their sole right shall be to receive Merger Consideration pursuant to subsection (c).

2.6 *Surrender and Payment.* As soon as practicable after the Effective Time, each holder of Jolt Common Stock converted pursuant to Section 2.5(c), upon surrender, for cancellation, to an exchange agent to be designated by DDL (the "*Exchange Agent*"), of one or more certificates previously representing Jolt Common Stock, will be entitled to receive certificates representing Merger Consideration, as provided in Section 2.5(c), in respect of the aggregate number of shares of Jolt Common Stock previously represented by the certificate or certificates surrendered and promptly cancelled after receipt thereof by the Exchange Agent.

2.7 *No Further Transfers.* At the Effective Time the stock transfer books of Jolt shall be closed, and no transfer of any shares of Jolt Common Stock theretofore outstanding shall thereafter be made.

2.8 *Tax Consequences.* The parties hereto intend that the Merger shall constitute a "reorganization" within the meaning of Section 368(a)(1)(A) of the Code by reason of Section 368(a)(2)(D) of the Code and that this Agreement shall constitute a "plan of reorganization" for the purposes of Section 368 of the Code. No consideration that could constitute "other property" within the meaning of Section 356 of the Code is being transferred by, or on behalf of, DDL or Sub in exchange for Jolt's capital stock. Each party hereto agrees and covenants to report the Merger in accordance with such intention that it may be taxed as a reorganization for federal income tax purposes, including filing such returns, reports, information statements and declarations with applicable federal, state, local and other taxing authorities and maintaining such records as are required by applicable law in a manner consistent with such intention.

2.9 *SEC Registration.* The parties agree that the Merger Consideration will not be offered, issued or sold by DDL to the Jolt Shareholders pursuant to a registration statement filed with the SEC. DDL covenants and agrees with the Jolt Shareholders that it will register the Merger Consideration with the SEC for resale by the Jolt Shareholders as soon as possible following the Closing and will file a registration statement with the SEC (covering the resale of the Merger Consideration) not later than sixty days following the Closing.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF DDL AND SUB

DDL and Sub hereby jointly and severally represent and warrant as follows to Jolt and the Jolt Shareholders:

3.1 *Organization and Qualification.* Each of DDL and Sub is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the requisite power and authority to carry on its business as it is now being conducted. Each of DDL and Sub is duly qualified as a foreign corporation to do business, and in good standing, in each jurisdiction where the character of the properties owned or leased by it, or the nature of its activities, is such that qualification as a foreign corporation in that jurisdiction is required by law. DDL has delivered to Jolt true and complete copies of the charter and bylaws of DDL and Sub.

3.2 *Capitalization.* The authorized capital stock of DDL consists of 50,000,000 shares of DDL Common Stock and 1,000,000 shares of preferred stock, par value $1.00 per share. There is no other capital stock authorized for issuance by DDL. At the date of this Agreement, there are validly issued and outstanding 24,613,666 shares of DDL Common Stock and no shares of preferred stock. All such outstanding shares of capital stock are fully paid and nonassessable. No shares of DDL capital stock are reserved for issuance, nor are there outstanding any options, warrants, convertible securities or other rights, agreements or commitments to issue or acquire shares of DDL capital stock, except as disclosed on *Schedule 3.2*.

3.3 *Authority Relative to this Agreement.* This Agreement has been duly and validly executed and delivered by each DDL and Sub and constitutes a legal, valid and binding agreement of each of DDL and Sub, enforceable against each of DDL and Sub in accordance with its terms. Each of DDL and Sub has all requisite power and authority (corporate and otherwise) to enter into this Agreement, and Sub has all requisite power and authority to carry out the Merger contemplated hereby. The Board of Directors of Sub has, subject to the terms and conditions set forth herein: (a) determined that this Agreement and the transactions contemplated hereby, including the Merger, are fair to, and in the best interests of, the sole stockholder of Sub; (b) approved this Agreement and the transactions contemplated hereby, including the Merger, in all respects; and (c) resolved to recommend that DDL, as the sole stockholder of Sub, approve this Agreement and the Merger. The Board of Directors of DDL, at a meeting duly called and held, has, subject to the terms and conditions set forth herein: (d) determined that this Agreement and the transactions contemplated hereby, including the Merger, are fair to, and in the best interests of, DDL and its stockholders; (e) approved this Agreement and the transactions contemplated hereby, including the Merger and the issuance of the Merger Consideration therein, in all respects; and (f) resolved to recommend that the stockholders of DDL approve the issuance of the Merger Consideration in the Merger, *provided, however*, that such recommendation may be withdrawn, modified or amended to the extent that the Board of Directors of DDL, by majority vote, determines it is required to do so in the exercise of its fiduciary duties. The Financial Advisor to DDL has delivered to the Board of Directors of DDL its opinion letter to the effect that the Merger is fair to the stockholders of DDL from a financial point of view. DDL has been authorized by the Financial Advisor to DDL to refer to, and include, such opinion letter in the DDL Proxy Statement.

3.4 *Absence of Breach; No Consents.* The execution and delivery of this Agreement by DDL and Sub do not, and the performance by DDL and Sub of their obligations hereunder will not (a) result in a breach of any of the provisions of the charter or bylaws of DDL; (b) violate any law, rule or regulation of any State or the United States (except for compliance with regulatory or licensing laws all of which, to the extent applicable to DDL and Sub (and to the extent within the control of DDL and Sub), will be satisfied in all material respects prior to the Closing), or of any applicable foreign jurisdiction, or any order, writ, judgment, injunction, decree, determination or award of any court or other authority having jurisdiction over DDL or any of its material properties, or cause the suspension or revocation of any authorization, consent, approval or license presently in effect that affects or binds DDL or any of its material properties, except in any such case where such violation will not have a Material Adverse Effect on DDL; (c) result in a material breach of or default under any material indenture or loan or

credit agreement or other material agreement or instrument to which DDL is a party or by which it or any of its material properties may be affected or bound; (d) require the authorization, consent, approval or license of any Person of such a nature that the failure to obtain the same would have a Material Adverse Effect on DDL; or (e) constitute grounds for the loss or suspension of any material permit, license or other authorization used in the business of DDL.

3.5 *Brokers.* No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with this Agreement or the Merger or any related transaction based upon any agreement, written or oral, made by or on behalf of DDL, except that Saul Reiss, Esq. is entitled to payment of a brokerage fee as disclosed in *Schedule 3.5*.

3.6 *Delivered Documents.* DDL has heretofore delivered to Jolt each of the following:

(a) Annual Report of DDL to its stockholders for its fiscal year ended the date of the DDL Balance Sheet;

(b) Annual Report of DDL on Form 10-K/A as filed with the SEC for DDL's fiscal year ended the date of the DDL Balance Sheet;

(c) proxy statement of DDL relating to its most recent annual meeting of stockholders; and

(d) Quarterly Reports of DDL on Form 10-Q as filed with the SEC for each of the first three fiscal quarters of DDL for its most recent fiscal year, and all other reports of DDL filed with the SEC, to the extent that such reports have been filed with the SEC after the filing of the report referred to in clause (b) above and prior to the date hereof.

Each such document, at the time it was prepared, and all such documents taken together, did not and do not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. All of the financial statements contained in the foregoing documents were prepared from the books and records of DDL. The Audited Financial Statements were prepared in accordance with GAAP and fairly and accurately reflect the financial condition of DDL as at the dates and for the periods indicated. The financial statements of DDL included in the reports referred to in clause (d) above were prepared in a manner not inconsistent with the basis of presentation used in the Audited Financial Statements and fairly present the financial condition of DDL as at and for the periods indicated, subject to normal year-end adjustments.

3.7 *Proxy Statement, Registration Statement and Prospectus.* When the DDL Proxy Statement, as the same may be amended or supplemented, shall be mailed to holders of the DDL Common Stock, and at all times subsequent to such mailing through the time of approval of this Agreement and the Merger by the stockholders of DDL, the DDL Proxy Statement, as then amended or supplemented, will comply in all material respects with the applicable provisions of the Exchange Act and the rules and regulations of the SEC thereunder. At all times material to a stockholder of DDL or a Jolt Shareholder: (a) the DDL Proxy Statement, as the same may be amended or supplemented, will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made, in the light of circumstances under which they were made, not misleading; (b) the Registration Statement, as the same may be amended, will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and (c) the Prospectus, as the same may be supplemented, will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; it being understood and agreed, with respect to each of clauses (a), (b) and (c), that DDL makes no representation or warranty concerning, and shall have no responsibility for, the accuracy or completeness of any information furnished to DDL by Jolt for use in any document filed with the SEC or otherwise disseminated to the public or to stockholders of DDL.

3.8 *Merger Consideration Validly Issued.* At the Effective Time, the Merger Consideration will have been duly authorized and, when issued in connection with the Merger pursuant to the terms hereof, will have been

validly issued and will be fully paid and nonassessable, and no stockholder of DDL will have any preemptive rights of subscription or purchase in respect thereof.

3.9 *Absence of Material Differences From DDL Disclosure Document or SEC Reports.* Except as disclosed in the DDL Disclosure Document or in an SEC Report:

(a) No Material Adverse Change. Since the date of the DDL Balance Sheet, other than as contemplated or caused by this Agreement, there has not been (i) any Material Adverse Change in DDL; or (ii) any damage, destruction or loss, whether covered by insurance or not, having a Material Adverse Effect on DDL;

(b) Taxes. DDL has properly filed or caused to be filed all federal, state, local and foreign income and other tax returns, reports and declarations that are required by applicable law to be filed by it, and has paid or made full and adequate provision for the payment of, all federal, state, local and foreign income and other taxes properly due for the periods covered by such returns, reports, declarations, except such taxes, if any, for which there are adequate reserves in the DDL Balance Sheet. There are no liens on any of the assets of DDL that arose in connection with any delinquency in paying any tax;

(c) Litigation. (i) No material investigation or review by any governmental entity with respect to DDL is pending or, to the best knowledge of DDL, threatened, nor has any governmental entity indicated to DDL an intention to conduct the same; and (ii) there is no action, suit or proceeding pending or, to the best knowledge of DDL, threatened against or affecting DDL at law or in equity, or before any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality;

(d) Employees. There are no employment, consulting, severance or indemnification arrangements, agreements or understandings between DDL and any current or former directors, officers or other employees (or Affiliates thereof) of DDL. The DDL Disclosure Document or an SEC Report identifies each individual whose income from DDL in the fiscal year ended on the date of the DDL Balance Sheet exceeded, or whose income from DDL in the fiscal year begun immediately thereafter is at a rate exceeding, $100,000 per annum, and describes each contractual arrangement for the employment or compensation of each such individual. DDL is not, and following the Closing will not be, bound by any express or implied contract or agreement to employ, directly or as a consultant or otherwise, any person for any specific period of time or until any specific age;

(e) Assets. DDL has good, marketable and insurable title, or valid, effective and continuing leasehold rights in the case of leased property, to all real property and all personal property owned or leased by it or used by it in the conduct of its business in such manner as to create the appearance or reasonable expectation that the same is owned or leased by it, free and clear of all Liens, except Liens for taxes not yet due and minor imperfections of title and encumbrances, if any, which, singly and in the aggregate, are not substantial in amount and do not materially detract from the value of the property subject thereto or materially impair the use thereof;

(f) Accounts Receivable. All accounts receivable of DDL, whether or not reflected in the DDL Balance Sheet, represent transactions in the ordinary course of business and are current and collectible net of any reserves shown on the DDL Balance Sheet (which reserves are adequate and were calculated consistent with past practice);

(g) Inventories. All Inventories of DDL, whether or not reflected in the DDL Balance Sheet, are of a quality and quantity usable and salable in the ordinary course of business, except for obsolete items and items of below-standard quality, all of which, in the aggregate, are immaterial in amount. Items included in such Inventories are carried on the books of DDL, and are valued on the DDL Balance Sheet, at the lower of cost or market and, in any event, at not greater than their realizable value, on an item-by-item basis, after appropriate deduction for costs of completion, marketing costs, transportation expense and allocation of overhead; and

(h) Accounts Payable. The accounts payable reflected on the DDL Balance Sheet do, and those reflected on the books of DDL at the time of the Closing will, reflect all amounts owed by DDL in respect of trade accounts due and other Payables, and the actual Liability of DDL in respect of such obligations was not, and will not be, on either such date, in excess of the amount reflected on the balance sheet or the books of DDL.

3.10 *DDL Stockholder Rights Plan.* DDL has taken all action necessary so that neither the execution of this Agreement nor the consummation of the Merger will cause any person to become an "Acquiring Person" (as such term is defined in the DDL Stockholder Rights Plan).

3.11 *Listing on Exchanges.* The common stock of DDL is currently listed on the new York Stock Exchange ("*NYSE*") and the Pacific Exchange ("*PE*"). DDL is currently not in compliance with the listing requirements that must be met to continue to have its common stock listed on the NYSE. However, DDL has been in communication with the staff of the NYSE regarding DDL's current and anticipated business and financial condition and believes that the NYSE will continue to refrain from taking action to delist the securities of DDL from the NYSE at least until after the Closing Date. DDL has provided Jolt and the Jolt Shareholders with copies of all correspondence between DDL and the NYSE regarding the continued listing of the Jolt common stock on the NYSE.

3.12 *Federal Income Tax Representations.* (a) DDL is not an "investment company" as defined in Section 368(a)(2)(F) of the Code.

(b) DDL owns 100% of the outstanding shares of capital stock and otherwise is in control of Sub within the meaning of Section 368(c) of the Code.

(c) Sub has been formed solely for the purpose of consummating the Merger. Sub has not conducted and will not conduct any business activities or other operations of any kind other than the issuance of its stock to DDL prior to the Merger. Sub will have no liabilities assumed by Jolt and will not transfer to Jolt any assets subject to liabilities in the Merger. No liabilities of any person other than Jolt will be assumed by Sub or DDL in the Merger, and none of the shares of Jolt to be surrendered in the Merger in exchange for DDL Common Stock will be subject to any liabilities.

(d) DDL has no plan, arrangement or intention to cause Sub on or after the Effective Time to issue additional shares of its capital stock that would cause DDL to lose control, or otherwise result in DDL losing control (in both cases within the meaning of Section 368(c) of the Code), of Sub.

(e) Neither DDL nor Sub has any current plan, arrangement or intention to liquidate Sub; to merge Sub with or into another corporation; to sell or otherwise dispose of the stock of Sub; or to sell or otherwise dispose (or cause to be sold or otherwise disposed) of any of Sub's assets, including the assets of Jolt acquired in the Merger, except for dispositions made in the ordinary course of business or transfers described in Section 368(a)(2)(C) of the Code.

(f) DDL has no plan, arrangement or intention to directly or indirectly reacquire any of the DDL Common Stock issued in the Merger.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF JOLT AND THE JOLT SHAREHOLDERS

Jolt and the Jolt Shareholders jointly and severally represent and warrant as follows to DDL and Sub:

4.1 *Organization and Qualification.* Jolt is a corporation duly organized, validly existing and in good standing under the laws of Florida and has the requisite power and authority to carry on its business as it is now being conducted. Jolt is duly qualified as a foreign corporation to do business, and in good standing, in each jurisdiction where the character of the properties owned or leased by it, or the nature of its activities, is such that qualification as a foreign corporation in that jurisdiction is required by law. Jolt has delivered to DDL true and complete copies of the charter and bylaws of Jolt. Jolt has no subsidiaries.

4.2 *Capitalization.* The authorized capital stock of Jolt currently consists of 10,000 shares of Jolt Common Stock, par value $1.00 per share and, on the Closing Date, will consist of 20,660 shares of Jolt Common Stock, par value $1.00 per share. There is no other capital stock authorized for issuance by Jolt. At the date of this Agreement, there are validly issued and outstanding 10,000 shares of Jolt Common Stock and no shares of preferred stock. All such outstanding shares of capital stock are fully paid and nonassessable. No shares of Jolt capital stock are reserved for issuance, nor are there outstanding any options, warrants, convertible securities or other rights, agreements or commitments to issue or acquire shares of Jolt capital stock, except as disclosed on *Schedule 4.2*.

4.3 *Authority Relative to This Agreement.* This Agreement has been duly and validly executed and delivered by Jolt and the Jolt Shareholders and constitutes a legal, valid and binding agreement of Jolt and the Jolt Shareholders, enforceable against Jolt and the Jolt Shareholders in accordance with its terms. Jolt has all requisite power and authority (corporate and otherwise) to enter into this Agreement and to carry out the Merger contemplated hereby. The Board of Directors of Jolt, at a meeting duly called and held, has, subject to the terms and conditions set forth herein: (a) determined that this Agreement and the transactions contemplated hereby, including the Merger, are fair to, and in the best interests of, the Jolt Shareholders; (b) approved this Agreement and the transactions contemplated hereby, including the Merger, in all respects; and (c) resolved to recommend that the Jolt Shareholders approve this Agreement and the Merger, *provided, however*, that such recommendation may be withdrawn, modified or amended to the extent that the Board of Directors of Jolt, by majority vote, determines it is required to do so in the exercise of its fiduciary duties.

4.4 *Absence of Breach; No Consents.* The execution and delivery of this Agreement by Jolt and the Jolt Shareholders do not, and the performance by Jolt and the Jolt Shareholders of their obligations hereunder will not, except as disclosed in *Schedule 4.4*: (a) result in a breach of any of the provisions of the charter or bylaws of Jolt; (b) violate any law, rule or regulation of any State or the United States (except for compliance with regulatory or licensing laws all of which, to the extent applicable to Jolt (and to the extent within the control of Jolt), will be satisfied in all material respects prior to the Closing), or of any applicable foreign jurisdiction, or any order, writ, judgment, injunction, decree, determination or award of any court or other authority having jurisdiction over Jolt, or any of the Jolt Shareholders, or any of its or their material properties, or cause the suspension or revocation of any authorization, consent, approval or license presently in effect that affects or binds Jolt or any of the Jolt Shareholders, or any of its or their material properties, except in any such case where such violation will not have a Material Adverse Effect on Jolt; (c) result in a material breach of or default under any material indenture or loan or credit agreement or other material agreement or instrument to which Jolt or any of the Jolt Shareholders is a party or by which it or they or any of its or their material properties may be affected or bound; (d) require the authorization, consent, approval or license of any Person of such a nature that the failure to obtain the same would have a Material Adverse Effect on Jolt; or (e) constitute grounds for the loss or suspension of any material permit, license or other authorization used in the business of Jolt.

4.5 *Brokers.* No broker, finder or investment banker is entitled to any brokerage, finder's, or other fee or commission in connection with this Agreement or the Merger or any related transaction based upon any agreement, written or oral, made by or on behalf of Jolt or any of the Jolt Shareholders.

4.6 *Delivered Documents.* The representations and warranties of Jolt in this Agreement, and the documents furnished or to be furnished by or on behalf of Jolt or the Jolt Shareholders to DDL incident to this Agreement and the transactions undertaken in respect hereof, taken together, do not and will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading. All of the financial statements included in the foregoing documents were prepared from the books and records of Jolt. The Audited Financial Statements were prepared in accordance with GAAP and fairly and accurately reflect the financial condition of Jolt as at the dates and for the periods indicated. The unaudited financial statements of Jolt included in the foregoing documents were prepared in a manner not inconsistent with the basis of presentation used in the Audited Financial Statements and fairly present the financial condition of Jolt as at and for the periods indicated, subject to normal year-end adjustments. From the date hereof through the Closing Date, Jolt will continue to

prepare financial statements monthly and will promptly deliver the same to DDL, and Jolt agrees that from and after each such delivery the foregoing representations will be applicable to the financial statements so prepared and delivered.

4.7 *Proxy Statement, Registration Statement and Prospectus.* At all times material to a Jolt Shareholder or stockholder of DDL: (a) the information furnished to DDL by Jolt for use in the DDL Proxy Statement, as the same may be amended or supplemented, will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made, in the light of circumstances under which they were made, not misleading; (b) the information furnished to DDL by Jolt for use in the Registration Statement, as the same may be amended, will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and (c) the information furnished to DDL by Jolt for use in the Prospectus, as the same may be supplemented, will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

4.8 *Ownership of Jolt Common Stock.* Each Jolt Shareholder, severally and not jointly, represents and warrants to DDL and Sub that such Person owns the shares of Jolt Common Stock set forth opposite such Person's name on the signature page of this Agreement.

4.9 *Absence of Material Differences From Jolt Disclosure Document.* Except as disclosed in the Jolt Disclosure Document:

(a) No Material Adverse Change. Since the date of the Jolt Balance Sheet, other than as contemplated or caused by this Agreement, there has not been (i) any Material Adverse Change in Jolt; or (ii) any damage, destruction or loss, whether covered by insurance or not, having a Material Adverse Effect on Jolt;

(b) Taxes. Jolt has properly filed or caused to be filed all federal, state, local and foreign income and other tax returns, reports and declarations that are required by applicable law to be filed by it, and has paid, or made full and adequate provision for the payment of, all federal, state, local and foreign income and other taxes properly due for the periods covered by such returns, reports and declarations, except such taxes, if any, for which there are adequate reserves in the Jolt Balance Sheet. There are no Liens on any of the assets of Jolt that arose in connection with any delinquency in paying any tax;

(c) Litigation. (i) No material investigation or review by any governmental entity with respect to Jolt is pending or, to the best knowledge of Jolt or the Jolt Shareholders, threatened, nor has any governmental entity indicated to Jolt an intention to conduct the same; and (ii) there is no action, suit or proceeding pending or, to the best knowledge of Jolt or the Jolt Shareholders, threatened against or affecting Jolt at law or in equity, or before any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality;

(d) Employees. There are no employment, consulting, severance or indemnification arrangements, agreements or understandings between Jolt and any current or former directors, officers or other employees (or Affiliates thereof) of Jolt. The Jolt Disclosure Document identifies each employee whose income from Jolt in the fiscal year ended on the date of the Jolt Balance Sheet exceeded, or whose income from Jolt in the fiscal year begun immediately thereafter is at a rate exceeding, $100,000 per annum, and it describes each contractual arrangement for the employment or compensation of each such individual. Jolt is not, and following the Closing will not be, bound by any express or implied contract or agreement to employ, directly or as a consultant or otherwise, any person for any specific period of time or until any specific age;

(e) Assets. Jolt has valid, effective and continuing leasehold rights in the case of leased property and all personal property owned or leased by it or used by it in the conduct of its business in such a manner as to create the appearance or reasonable expectation that the same is owned or leased by it, free and clear of all Liens, except Liens for taxes not yet due and minor imperfections of title and encumbrances, if any, which, singly and in the aggregate, are not substantial in amount and do not materially detract from the value of the property subject thereto or materially impair the use thereof;

(f) Accounts Receivable. All accounts receivable of Jolt, whether or not reflected in the Jolt Balance Sheet, represent transactions in the ordinary course of business and are current and collectible net of any reserves shown on the Jolt Balance Sheet (which reserves are adequate and were calculated consistent with past practice);

(g) Inventories. All Inventories of Jolt, whether or not reflected in the Jolt Balance Sheet, are of a quality and quantity usable and salable in the ordinary course of business, except for obsolete items and items of below-standard quality, all of which, in the aggregate, are immaterial in amount. Items included in such Inventories are carried on the books of Jolt, and are valued on the Jolt Balance Sheet, at the lower of cost or market and, in any event, at not greater than their net realizable value, on an item-by-item basis, after appropriate deduction for costs of completion, marketing costs, transportation expense and allocation of overhead; and

(h) Accounts Payable. The accounts payable reflected on the Jolt Balance Sheet do, and those reflected on the books of Jolt at the time of the Closing will, reflect all amounts owed by Jolt in respect of trade accounts due and other Payables, and the actual Liability of Jolt in respect of such obligations was not, and will not be, on either such date, in excess of the amount reflected on the balance sheet or the books of Jolt.

4.10 *Certain Tax Matters.*

(a) The assets of Jolt at the Effective Time will constitute at least 90 percent of the fair market value of the net assets and at least 70 percent of the fair market value of the gross assets held by Jolt immediately before the Merger. For this purpose, any amounts paid for expenses of Jolt related to the Merger, any distributions and redemptions (except for regular normal dividends) made in anticipation of the Merger and any amounts paid to dissenting shareholders will be included as assets of Jolt held immediately before the Merger.

(b) Except for any additional liabilities created pursuant to this Agreement or otherwise incurred in respect of the Merger, the liabilities of Jolt assumed by Sub were incurred by Jolt in the ordinary course of its business.

(c) Jolt is not an ''investment company'' as defined in Section 368(a)(2)(F) of the Code.

4.11 *Private Placement.* Each Jolt Shareholder represents and warrants to DDL and to Sub as follows: (a) such Jolt Shareholder will acquire any and all of the Merger Consideration that such Jolt Shareholder acquires not with a view to the resale or other transfer thereof in a distribution, and such Jolt Shareholder has no participation in any such undertaking and no participation in the underwriting thereof; (b) either such Jolt Shareholder is an ''accredited investor'' within the meaning of Rule 501(a) under the Securities Act or else (through such Jolt Shareholder's knowledge and experience in financial and business matters) such Jolt Shareholder is capable of evaluating the merits and risks of investing in DDL and has made an evaluation of such risks; (c) such Jolt Shareholder has been provided by DDL with all information requested of DDL in connection with such Jolt Shareholder's prospective investment in DDL and has been given an opportunity to make such further inquiries as such Jolt Shareholder considers necessary or desirable in that connection; and (d) such Jolt Shareholder understands that an equity investment in DDL involves a high degree of risk of loss of such investment, that there are substantial restrictions on the transferability of any or all of the Merger Consideration under the Merger Agreement as amended hereby, that, for an indeterminate period following the Closing there will be no public market for any Merger Consideration and that, accordingly, it may not be possible readily to liquidate the Merger Consideration.

ARTICLE V

COVENANTS OF DDL

5.1 *Stockholder Approval.* DDL, acting through its Board of Directors, and in accordance with applicable law, covenants and agrees with Jolt that: (a) it will duly call, give notice of, convene and hold a meeting of its stockholders as soon as practicable for the purpose of considering and taking action upon the issuance of the Merger Consideration in the Merger as required by paragraph 312.03 of the NYSE Listed Company Manual; (b) subject to its fiduciary duties under applicable law, as determined in good faith by majority vote, it will include in the DDL Proxy Statement its recommendation that stockholders of DDL vote in favor of the approval of the issuance of the Merger Consideration in the Merger; and (c) it will use its best efforts (i) to obtain and furnish the information required to be included by it in the DDL Proxy Statement (and any preliminary version thereof) and to cause the DDL Proxy Statement to be mailed to its stockholders at the earliest practicable time and, (ii) subject to its fiduciary duties under applicable law, to obtain the necessary approvals by its stockholders of this Agreement and the transactions contemplated hereby, including the Merger.

5.2 *Best Efforts.* Subject to the terms and conditions herein provided and to applicable fiduciary duties, each of DDL and Sub agrees to use its best efforts to take or cause to be taken all such actions necessary, proper or advisable under applicable laws and regulations to satisfy the conditions set forth in Article VII and to consummate the transactions contemplated by this Agreement, including, without limitation: (a) in the preparation and filing of the DDL Proxy Statement, the Registration Statement and the Prospectus and any amendments and supplements to any thereof; and (b) the execution of any additional documents necessary to consummate the transactions contemplated hereby.

5.3 *Expenses.* Whether or not the Merger is consummated, all costs and expenses incurred by DDL in connection with this Agreement and the transactions contemplated hereby shall be paid by DDL and Sub except as otherwise provided herein.

5.4 *Publicity.* Prior to the first to occur of the termination of this Agreement and the second business day following the Effective Time, any written news releases by DDL pertaining to this Agreement or the Merger shall be submitted to Jolt for review and approval prior to release and shall be released only in a form approved by Jolt; *provided, however*, that (a) such approval shall not be unreasonably delayed or withheld, and (b) such review and approval shall not be required of a release or releases by DDL if in DDL's judgment (exercised in consultation with Counsel to DDL) it would prevent the dissemination of information in such time as may be necessary or appropriate to comply with applicable law or NYSE rules (in which case, however, the text of the announcement, if written, or a written summary thereof, if oral, shall be provided promptly to Jolt).

5.5 *Updating of Exhibits and Disclosures.* DDL shall notify Jolt and the Jolt Shareholders of any changes, additions or events that would cause any change in or addition to the DDL Disclosure Document or in or to any Schedules or Exhibits delivered by it under this Agreement promptly after the occurrence of the same and again at the Closing by delivery of appropriate updates to such Schedules and Exhibits. No notification made pursuant to this Section shall be deemed to cure any breach of any representation or warranty made in or in connection with this Agreement unless Jolt specifically agrees thereto in writing.

5.6 *Pooling; Reorganization.* DDL will not knowingly take any actions that would cause the transactions contemplated hereby, including the Merger, to fail to qualify for "pooling-of-interests" accounting treatment consistent with GAAP and the rules and regulations of the SEC or to be treated as a "reorganization" within the meaning of Section 368(a) of the Code.

5.7 *Tax Covenants.* (a) As of the Effective Time and thereafter, DDL will cause Jolt to continue the historic business of Jolt or use a significant portion of the historic business assets of Jolt in a manner that satisfies the continuity of business enterprise requirement described in Section 1.368-1(d) of the regulations under the Code.

(b) DDL shall timely file, or cause Jolt to timely file, as the case may be, with the Internal Revenue Service and any other applicable governmental or taxing authority, complete and accurate statements and documents, and shall maintain, or cause to be maintained, as the case may be, such reports, records, information and documents, with respect to DDL, Sub and Jolt, as required by Section 1.368-3(a) and 1.368-3(c) of the regulations under the Code or other applicable law relative to the Merger and the qualification of the Merger as a tax-free reorganization for federal income tax purposes.

ARTICLE VI

COVENANTS OF JOLT

6.1 *Shareholder Approval.* Jolt, acting through its Board of Directors, and in accordance with applicable law, covenants and agrees with DDL that: (a) it will duly call, give notice of, convene and hold a meeting of its shareholders as soon as practicable for the purpose of considering and taking action upon this Agreement and the Merger as required by the FBCA; and (b) it will use its best efforts, subject to its fiduciary duties under applicable law, to obtain the necessary approvals by its shareholders of this Agreement and the transactions contemplated hereby.

6.2 *Best Efforts.* Subject to the terms and conditions herein provided and to applicable fiduciary duties, Jolt and the Jolt Shareholders agree to use their best efforts to take or cause to be taken all such actions necessary, proper or advisable under applicable laws and regulations to satisfy the conditions set forth in Article VII and to consummate the transactions contemplated by this Agreement, including, without limitation: (a) cooperation in the preparation and filing of the DDL Proxy Statement, the Registration Statement and the Prospectus and any amendments and supplements to any of the foregoing; and (b) the execution of any additional documents necessary to consummate the transactions contemplated hereby.

6.3 *Continuing Investigation; Confidentiality.* Jolt covenants and agrees with DDL that DDL may, prior to the Effective Time and through its own employees and agents, make such investigation of the business and assets of Jolt as DDL considers necessary or desirable, it being understood and agreed that such investigation shall have no effect on any representations or warranties hereunder. Jolt covenants and agrees to permit DDL and its representatives to have, after the date hereof, full access at all reasonable times to the premises and to the books and records of Jolt, and the officers of Jolt will furnish to DDL and its representatives such financial and operating data and other information with respect to the business and assets of Jolt as DDL from time to time may reasonably request. In the event of termination of this Agreement, DDL will deliver to Jolt all documents, work papers and other material so obtained before or after the execution hereof and will not itself use, directly or indirectly, any information so obtained or otherwise obtained from Jolt hereunder, or in connection herewith, and will use its best efforts to have all such information kept confidential and not used in any way detrimental to Jolt.

6.4 *Expenses.* Whether or not the Merger is consummated, all costs and expenses incurred by Jolt in connection with this Agreement and the transactions contemplated hereby shall be paid by Jolt and the Jolt Shareholders except as otherwise provided herein.

6.5 *Publicity.* Prior to the first to occur of the termination of this Agreement and the second business day following the Effective Time, any written news releases by Jolt or any of the Jolt Shareholders pertaining to this Agreement or the Merger shall be submitted to DDL for review and approval prior to release and shall be released only in a form approved by DDL; *provided, however*, that such approval shall not be unreasonably delayed or withheld.

6.6 *Updating of Exhibits and Disclosure Documents.* Jolt and the Jolt Shareholders shall notify DDL of any changes, additions or events that would cause any change in or addition to the Jolt Disclosure Document or in or to any Schedules or Exhibits delivered by any of them under this Agreement promptly after the occurrence of the same and again at the Closing by delivery of appropriate updates to the Jolt Disclosure Document and to all such Schedules and Exhibits. No notification made pursuant to this Section shall be deemed to cure any breach of any representation or warranty made in this Agreement unless DDL specifically agrees thereto in writing.

6.7 *Conduct of Business Pending the Closing.* Jolt covenants and agrees with DDL that, prior to the Closing, unless DDL shall otherwise consent in writing and except as otherwise contemplated by this Agreement:

(a) it will not hold any meetings of its Board of Directors, or any committee thereof, or of its shareholders without inviting a representative selected by DDL to attend the same (although such representative may be required to absent himself or herself during that portion of any such meeting that pertains to issues arising under this Agreement);

(b) it will not (i) amend or restate its charter or bylaws or (ii) split, combine or reclassify any of its securities, or declare, set aside or pay any dividend or other distribution on any of its securities, or make or agree or commit to make any exchange for or redemption of any of its securities payable in cash, stock or property; *provided, however,* that Jolt shall be permitted to declare, set aside or pay any dividend or other distribution on any of its securities payable in cash, stock or property to the extent that: (A) as of Closing, Jolt's interim financial statements reflect total shareholder's equity of at least $1.5 million and (B) as of Closing, Jolt will have at least $600,000 in cash on its balance sheet;

(c) it will not (i) issue or agree to issue any additional shares of, or options, warrants or other rights of any kind to acquire any shares of, its capital stock of any class, whether by purchase or conversion or exchange of other securities, or (ii) enter into any contract, agreement, commitment or arrangement with respect to any of the foregoing, in each case other than to issue Jolt Common Stock to Thomas M. Wheeler as necessary to comply with Section 7.2(a);

(d) its business will be conducted prudently, in the ordinary and usual course, it shall use reasonable efforts to keep intact its business organizations and goodwill, and it shall keep available the services of its officers and employees and maintain good relationships with suppliers, lenders, creditors, distributors, employees, customers and others having business or financial relationships with it;

(e) it will not terminate any material contract, agreement, commitment or understanding;

(f) it will not create, incur or assume any long-term or short-term indebtedness for money borrowed or make any capital expenditures or commitment for capital expenditures in excess of $1,000;

(g) it will not (1) adopt, enter into or amend any bonus, profit sharing, compensation, stock option, warrant, pension, retirement, deferred compensation, employment, severance, termination or other employee benefit plan, agreement, trust fund or arrangement for the benefit or welfare of any officer, director, employee or consultant or (2) agree to any increase in the compensation (including any bonus) payable or to become payable to, or any increase in the contractual term of employment of, any officer, director, employee or consultant;

(h) it will not sell, lease, mortgage, encumber or otherwise dispose of or grant any interest in any of its assets or properties;

(i) it will not enter into any material contract or agreement;

(j) it will not enter into any capital lease, operating lease or rental agreement for a term exceeding one month; and

(k) it will not enter into any agreement, commitment or understanding, whether in writing or otherwise, with respect to any of the matters referred to in subsections (e) through (i) above.

6.8 *Pooling; Reorganization.* Jolt will not knowingly take any actions that would cause the transactions contemplated hereby, including the Merger, to fail to qualify for "pooling-of-interests" accounting treatment consistent with GAAP and the rules and regulations of the SEC or to be treated as a "reorganization" within the meaning of Section 368(a) of the Code.

ARTICLE VII

CONDITIONS TO CONSUMMATION OF THE MERGER

7.1 *Conditions to Obligations of DDL, Sub and Jolt.* The obligations of DDL, Sub and Jolt to effect the Merger shall be subject to satisfaction or waiver of the following conditions at or prior to the Effective Time:

(a) Such parties shall have received a copy, certified by the Secretary of Jolt, of resolutions duly adopted (and not subsequently modified or rescinded) by a majority of the members of the Board of Directors of Jolt by the terms of which resolutions such directors shall have approved this Agreement and recommended the Merger to the Jolt Shareholders and directed the submission of this Agreement and the Merger to a vote of such Shareholders.

(b) Such parties shall have received a copy, certified by the Secretary of Jolt, of resolutions duly adopted (and not subsequently modified or rescinded) by a majority of the shares of Jolt Common Stock present in person or represented by proxy at a meeting of the Jolt Shareholders, a quorum being present throughout such meeting, by the terms of which resolutions such Shareholders shall have approved this Agreement and authorized the Merger.

(c) Such parties shall have received a copy, certified by the Secretary of Sub, of resolutions duly adopted (and not subsequently modified or rescinded) by a majority of the members of the Board of Directors of Sub by the terms of which resolutions such directors shall have approved this Agreement and recommended the Merger to DDL, as the sole stockholder of Sub, and directed the submission of this Agreement and the Merger to a vote of such stockholder.

(d) Such parties shall have received a copy, certified by the Secretary of DDL, of resolutions duly adopted (and not subsequently modified or rescinded) by DDL, as the sole stockholder of Sub, by the terms of which resolutions such sole stockholder shall have approved this Agreement and authorized the Merger.

(e) Such parties shall have received a copy, certified by the Secretary of DDL, of resolutions duly adopted (and not subsequently modified or rescinded) by a majority of the members of the Board of Directors of DDL by the terms of which resolutions such directors shall have approved this Agreement, recommended the Merger and the issuance of the Merger Consideration to the stockholders of DDL and directed the submission of this Agreement, the Merger and the issuance of the Merger Consideration to a vote of such stockholders.

(f) This Agreement, the Merger and the issuance of the Merger Consideration hereunder shall have been approved by all action necessary on the part of the stockholders of DDL.

(g) There shall not be in effect any preliminary or permanent injunction or other order by any federal or state authority prohibiting the consummation of the Merger.

(h) There shall have been obtained all consents that, in the reasonable judgment of each of DDL, Sub and Jolt, are necessary or desirable in connection with the consummation of the transactions contemplated hereby such that, were they not obtained, it would be inadvisable to proceed with the Merger.

(i) The Merger Consideration shall have been listed on the New York Stock Exchange, subject to official notice of issuance.

7.2 *Conditions to Obligations of DDL and Sub.* The obligations of DDL and Sub to effect the Merger shall be subject to satisfaction or waiver of the following additional conditions at or prior to the Effective Time:

(a) As of Closing, Jolt's interim financial statements will (i) reflect total shareholders' equity of at least $1.5 million and (ii) not include any liabilities owed to Jolt Shareholders. Jolt will have at least $600,000 cash on its balance sheet at the Closing.

(b) Each Jolt Shareholder shall have executed and delivered to DDL an Affiliate Letter in substantially the form attached hereto as *Exhibit 1.2*.

(c) The representations and warranties of Jolt and the Jolt Shareholders set forth in this Agreement shall be true and correct in all material respects as of the date of this Agreement and, except in such respects as would have no Material Adverse Effect on Jolt, as of the Effective Time (as if made at such time).

(d) Jolt and the Jolt Shareholders shall have performed in all material respects the covenants and agreements required by this Agreement to be performed by them at or prior to the Closing.

(e) DDL shall have received from Jolt an officers' certificate, executed by the Chief Executive Officer and the Chief Financial Officer of Jolt (in their capacities as such) and dated the Closing Date, confirming satisfaction of the conditions stated in subparagraphs (c) and (d) of Section 7.2.

(f) DDL shall have received: (i) an opinion letter of Counsel to Jolt (or other counsel selected by Jolt and not reasonably rejected by DDL), dated the Closing Date, conforming to the provisions of Sections 4.1, 4.2, 4.3, 4.4, 4.7 and 4.10(c) of this Agreement insofar as such provisions relate to matters of law as distinguished from matters of fact; (ii) a "cold comfort" letter from Jolt's Auditors, dated the Closing Date, in form and substance reasonably satisfactory to DDL; (iii) an opinion letter of the Financial Advisor to DDL to the effect that the Merger is fair to the stockholders of DDL from a financial point of view; and (iv) such other documents as DDL may reasonably request, in each case reasonably satisfactory in form and substance to DDL.

(g) No Jolt Shareholder shall have exercised dissenter's rights.

(h) Mitchell Morhaim shall have executed and delivered to DDL an employment and noncompete agreement in a form reasonably acceptable to DDL.

(i) Jolt shall have obtained a policy of key-man life insurance for Mitchell Morhaim in a form acceptable to DDL.

(j) Jolt shall have delivered to DDL audited financial statements prepared in accordance with GAAP for the year ending December 31, 1997.

7.3 *Conditions to Obligation of Jolt.* The obligation of Jolt to effect the Merger shall be subject to satisfaction or waiver of the following additional conditions at or prior to the Effective Time:

(a) The representations and warranties of DDL and Sub set forth in this Agreement shall be true and correct in all material respects as of the date of this Agreement and, except in such respects as would have no Material Adverse Effect on DDL, as of the Effective Time (as if made at such time).

(b) DDL and Sub shall have performed in all material respects the covenants and agreements required by this Agreement to be performed by them at or prior to the Closing.

(c) Jolt shall have received from DDL an officer's certificate, executed by the Chief Financial Officer of DDL (in his capacity as such) and dated the Closing Date, confirming satisfaction of the conditions stated in paragraphs (a) and (b) above.

(d) Jolt shall have received: (i) an opinion letter of Counsel to DDL (or other counsel selected by DDL and not reasonably rejected by Jolt), dated the Closing Date, conforming to the provisions of Sections 3.1, 3.2, 3.3, 3.4, 3.7, 3.8 and 3.12(a) of this Agreement insofar as such provisions relate to matters of law as distinguished from matters of fact; and (ii) such other documents as Jolt may reasonably request, in each case reasonably satisfactory in form and substance to Jolt.

ARTICLE VIII

TERMINATION; AMENDMENT; WAIVER

8.1 *Termination.* This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time, notwithstanding approval thereof by the stockholders of DDL and the Jolt Shareholders:

(a) by written consent of DDL and Jolt;

(b) by DDL or Jolt if (1) any court of competent jurisdiction in the United States or other United States governmental body shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the Merger, and such order, decree, ruling or other action shall have become final and nonappealable;

8.2 *Effect of Termination.* In the event of the termination and abandonment of this Agreement pursuant to Section 8.1, this Agreement shall forthwith become void and of no effect, without any liability on the part of any party hereto or its Affiliates, directors, officers or stockholders, other than the provisions of this Section and of Sections 3.5, 3.6, 3.7, 4.5, 4.6, 4.7, 5.3, 5.4, 6.3, 6.4 and 6.5 and Article IX. Nothing contained in this Section shall relieve any party from liability for any breach of this Agreement.

8.3 *Amendments; Action by the Jolt Shareholders.* This Agreement may not be amended except by an instrument in writing signed on behalf of the parties hereto. The Jolt Shareholders shall act, as elsewhere in this Agreement provided, by a majority in interest of them.

8.4 *Waivers.* To the extent permitted by applicable law, DDL and Sub, on the one hand, or Jolt and the Jolt Shareholders, on the other hand, may at any time (a) extend the time for the performance of any of the obligations or other acts of the other, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto or (c) waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

ARTICLE IX

INDEMNIFICATION

9.1 *Scope.* The Jolt Shareholders jointly and severally agree to indemnify, defend and hold DDL, Sub and their respective affiliates, officers, directors, agents, employees, successors and assigns and DDL agrees to indemnify, defend and hold the Jolt Shareholders and their respective affiliates, officers, directors, agents, employees, successors and assigns (collectively, as the case may be, the "*Indemnified Parties*" or the "*Indemnifying Parties*") harmless from, against and in respect of all claims, demands, suits, proceedings, liabilities, judgments, losses, obligations, costs, expenses and deficiencies, including legal fees incurred in litigation or otherwise (collectively, "*Losses*") assessed, sustained or incurred by any of them at any time before the Closing, as well as after the Closing, to the extent that such Losses exceed $50,000, with respect to or arising out of, directly or indirectly, (a) the failure of any representation or warranty made by the Indemnifying Parties in this Agreement, in the Jolt or DDL Disclosure Document or in any Schedule, Exhibit, certificate or other document delivered pursuant hereto to be true and correct in all respects; or (b) the failure of the Indemnifying Parties to perform and comply in all respects with each of their covenants and other agreements stated in this Agreement, in the Jolt or DDL Disclosure Document or in any Schedule or Exhibit hereto or any certificate or other document delivered pursuant hereto. The rights of the Indemnified Parties provided by this Article are in addition to, not in lieu of, any and all other rights and remedies that may be available to them, at common law, in equity or otherwise, at any time.

9.2 *Procedures.*

(a) A party seeking indemnification hereunder shall promptly (i) notify the Indemnifying Parties of any claim by another Person (a "*Third Party Claim*") asserted against the Indemnified Party that could give rise to a right of indemnification under this Agreement and (ii) transmit to the Indemnifying Parties a written notice (a "*Claim Notice*") describing in reasonable detail the nature of the Third Party Claim, a copy of all papers served with respect to such claim (if any), an estimate, if reasonably possible, of the Losses attributable to the Third Party Claim and the basis of the Indemnified Party's request for indemnification under this Agreement.

(b) Not more than thirty days after receipt of a Claim Notice (the "*Election Period*"), the Indemnifying Parties shall notify the Indemnified Party whether the Indemnifying Parties desire, at their sole cost and expense, to defend the Indemnified Party against the Third Party Claim

(c) If the Indemnifying Parties notify the Indemnified Party within the Election Period that the Indemnifying Parties elect to assume the defense of the Third Party Claim, then the Indemnifying Parties shall have the right to defend, at their sole cost and expense, the Third Party Claim by all appropriate proceedings, which proceedings shall be prosecuted diligently by the Indemnifying Parties to a final conclusion or, subject to the terms of this subsection, compromised or settled by the Indemnifying Parties. The Indemnifying Parties shall have control of such defense and proceedings, including any compromise or settlement thereof; provided, however, that the Indemnifying Parties shall be solely liable to the third-party claimant for the full amount of such compromise or settlement, subject to the last sentence of this subsection; and provided further that the Indemnifying Parties shall not enter into any such compromise or settlement for other than monetary damages paid by the Indemnifying Parties (specifically, no such settlement or compromise shall be authorized if it involves equitable relief against the Indemnified Party) unless the Indemnified Party consents thereto. The Indemnified Party is hereby authorized, at its sole cost and expense (but only if the Indemnified Party is actually entitled to indemnification hereunder or if the Indemnifying Parties assume the defense with respect to the Third Party Claim), to file, during the Election Period, any motion, answer or other pleadings that the Indemnified Party may consider necessary or appropriate to protect its interests. If requested by the Indemnifying Parties, the Indemnified Party shall, at the sole cost and expense of the Indemnifying Parties, cooperate with the Indemnifying Parties and their counsel in contesting any Third Party Claim that the Indemnifying Party elects to contest, including, without limitation, the making of any related counterclaim against the person asserting the Third Party Claim or any cross-complaint against any Person. Subject to the foregoing provisions of this subsection concerning equitable relief, the Indemnified Party may at its option participate in, but not control, any defense or settlement of any Third Party Claim controlled by the Indemnifying Parties pursuant to this subsection and shall bear its own costs and expenses with respect to such participation; provided, however, that, notwithstanding the foregoing, the Indemnified Party shall have the right to approve or reject any compromise or settlement involving only the payment of money, but, if the Indemnified Party rejects any compromise or settlement, then the Indemnifying Parties' obligation to indemnify the Indemnified Party thereafter shall be limited to the amount that would have been paid had the settlement been approved by the Indemnified Party.

(d) If the Indemnifying Parties fail to notify the Indemnified Party within the Election Period that the Indemnifying Parties elect to defend the Indemnified Party pursuant to subsection (b), or if the Indemnifying Parties elect to defend the Indemnified Party pursuant to subsection (b) but fail diligently and promptly to prosecute or compromise or settle such Third Party Claim, then the Indemnified Party shall have the right to defend, at its sole cost and expense, the Third Party Claim by all appropriate proceedings, which proceedings shall be promptly and vigorously prosecuted by the Indemnified Party to a final conclusion or shall be settled or compromised. The Indemnified Party shall have full control of such defense and proceedings; provided, however, that the Indemnified Party shall not enter into, without the Indemnifying Parties' consent, which shall not be unreasonably withheld, any compromise or settlement of such Third Party Claim. The Indemnifying Parties may at their option participate in, but not control, any defense or settlement controlled by the Indemnified Party pursuant to this subsection and shall bear their own costs and expenses with respect of such participation.

(e) In the event that any Indemnified Party should have a claim for indemnification hereunder that does not involve a Third Party Claim, the Indemnified Party shall, promptly upon becoming aware of the same, transmit to the Indemnifying Parties a written notice (an "*Indemnity Notice*") describing in reasonable detail the nature of the claim, an estimate, if reasonably possible, of the Losses attributable to such claim and the basis of the Indemnified Party's request for indemnification under this Agreement. If the Indemnifying Parties do not send the Indemnified Party notice within sixty days after the Indemnity Notice is given that the Indemnifying Parties dispute such claim, then the claim specified by the Indemnified Party in the Indemnity Notice shall be deemed a liability of the Indemnifying Parties hereunder.

9.3 *Survival of Representations and Warranties.* The representations, warranties, covenants, indemnities and other agreements of each of the parties to this Agreement shall be unaffected by any investigation made at any time by or on behalf of any Person. The representations and warranties of the parties hereto (and the related rights of the Indemnified Parties to indemnification under this Agreement) shall survive the Closing for a period of three years (and any related Indemnity Notice must be delivered within that period), except for representations and warranties concerning tax matters, which shall survive the Closing for a period of six years (and any related Indemnity Notice must be delivered within that period).

ARTICLE X

MISCELLANEOUS PROVISIONS

10.1 *Notices.* All notices and other communications hereunder shall be in writing and shall be deemed sufficiently given if delivered personally or sent by facsimile transmission or by registered or certified mail (postage prepaid), addressed as follows (or to such other address for a party as shall be specified by like notice given at least five days prior thereto):

if to DDL, then to:

Mr. Gregory L. Horton
President and Chief Executive Officer
DDL Electronics, Inc.
2151 Anchor Court
Newbury Park, California 91320
Fax: (805) 376-9015

with a copy (which shall not, in itself, constitute notice) to:

Patrick Daugherty, Esquire
McGuire Woods Battle & Boothe, L.L.P.
3700 NationsBank Plaza
101 S. Tryon Street
Charlotte, North Carolina 28202-4000
Fax: (704) 373-8990

if to Jolt or the Jolt Shareholders, or any of them, then to:

Thomas M. Wheeler
Jolt Technology, Inc.
c/o TMW Enterprises, Inc.
801 W. Big Beaver, Suite 201
Troy, MI 48084
Fax: (248) 362-3033

with a copy (which shall not, in itself, constitute notice) to:

Robert Hudson, Esquire
Berry Moorman P.C.
600 Woodbridge Place
Detroit, MI 40726-4302
Fax: (313) 567-1001

All such notices and communications shall be deemed to have been duly given at the time delivered by hand, if delivered personally; when receipt confirmed, if sent by facsimile; and the next business day after timely delivery to the courier, if sent by an overnight air courier service guaranteeing next-day delivery.

10.2 *Interpretation.* The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

10.3 *Miscellaneous.* This Agreement (a) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between and among the parties, or any of them, with respect to the subject matter hereof, except as specifically provided otherwise or referred to herein, so that no such external or separate agreements relating to the subject matter of this Agreement shall have any effect or be binding, unless the same is referred to specifically in this Agreement or is executed by the parties after the date hereof; (b) is not intended to confer upon any other person any rights or remedies hereunder; (c) shall not be assigned by operation of law or otherwise, except for assignment of all of the rights and obligations of Sub hereunder, which may be assigned without the consent of any other party so long as the assignee is a wholly-owned subsidiary of DDL; and (d) shall be governed by and construed in accordance with the laws of the State of Delaware without regard to the principles of conflict of laws thereof. This Agreement may be executed in any number of counterparts, each of which shall constitute an original but all of which together shall constitute one agreement.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed and delivered as of the date first written above.

DDL ELECTRONICS, INC.

By: /s/ GREGORY L. HORTON
Gregory L. Horton
President and Chief Executive Officer

JOLT TECHNOLOGY, INC.

By: /s/ MITCHELL MORHAIM
Mitchell Morhaim

JOLT ACQUISITION CORPORATION

By: /s/ GREGORY L. HORTON
Gregory L. Horton
President

The Jolt Shareholders:	Jolt Common Stock:
By: /s/ THOMAS M. WHEELER Thomas M. Wheeler	14,660 shares
By: /s/ CHARLENE A. GONDEK Charlene A. Gondek	4,000 shares
By: /s/ MITCHELL MORHAIM Mitchell Morhaim	2,000 shares

EXHIBIT 1.2

AFFILIATE LETTER

[Closing Date]

DDL Electronics, Inc.
2151 Anchor Court
Newbury Park, CA 91320
Attention: Mr. Richard K. Vitelle

Ladies and Gentlemen:

This letter is being delivered to you as contemplated by Section 7.2(b) of that certain Agreement and Plan of Merger dated as of May 28, 1998 among DDL Electronics, Inc. (''DDL''), Jolt Technology, Inc. (''Jolt''), Jolt Acquisition Corporation (''Sub'') and the shareholders of Jolt (the ''Jolt Shareholders''), including the undersigned (the ''Agreement''). Pursuant to Sections 2.1 and 2.5 of the Agreement, Jolt shall be merged with and into Sub (the ''Merger''). Subject to the terms and conditions of the Merger, each of the Jolt Shareholders will receive 435.6244 shares (the ''DDL Shares'') of common stock, par value $.01 per share, of DDL for each share of issued and outstanding capital stock of Jolt (the ''Jolt Stock'').

In order to induce you to consummate the transactions contemplated by the Agreement, the undersigned agrees as follows: The undersigned will at no time sell, contract to sell, offer, offer to sell, offer for sale, solicit an offer to buy or otherwise dispose of or attempt to dispose of (''Transfer'') any DDL Shares, except pursuant to a registration statement declared effective by the Securities and Exchange Commission or within the limits and in accordance with the applicable provisions of Rule 145 under the Securities Act of 1933, as amended.

The undersigned is aware that DDL intends to treat the Merger as a tax-free reorganization under Section 368 of the Internal Revenue Code (the ''Code'') for federal income tax purposes, and the undersigned agrees to treat the transaction in the same manner. The undersigned acknowledges that Section 1.368-1(b) of the regulations under the Code requires ''continuity of interest'' in order for the Merger to be treated as tax-free under Section 368 of the Code and that this requirement will be satisfied if there is no plan or intention on the part of the Jolt shareholders to Transfer the DDL Shares to be received in the Merger that will reduce such shareholders' ownership to a number of shares having, in the aggregate, a value at the time of the Merger of less than 50% of the total fair market value of the Jolt Stock outstanding immediately prior to the Merger. The undersigned has no prearrangement, plan or intention to Transfer a number of DDL Shares that would cause the foregoing requirement not to be satisfied.

The undersigned will not Transfer or otherwise reduce his risk relative to the DDL Shares until such time after the consummation of the Merger as financial results covering at least 30 days of the combined operations of DDL and Jolt have been (within the meaning of SEC Accounting Series Release No. 130, as amended) filed by DDL with the SEC or published by DDL in an Annual Report on Form 10-K, a Quarterly Report on Form 10-Q, a Current Report on Form 8-K, a quarterly earnings report, a press release or other public issuance that includes combined sales and income of DDL and Jolt. DDL will make such filing or publication as soon as practicable and will notify the undersigned of the same promptly thereafter. The undersigned will not, during the 30-day period prior to the consummation of the Merger, Transfer or otherwise reduce the undersigned's risk relative to the DDL Shares.

Very truly yours,

_____
Name:

SCHEDULE 3.2

DDL ELECTRONICS, INC.

SUMMARY OF COMMON SHARES OUTSTANDING AND ISSUABLE

	Shares
Shares outstanding	24,613,666

Shares reserved for outstanding stock options:

	Exercise Price	Shares Issuable At Exercise	
Employee stock options	0.500	269,462	
Employee stock options	0.688	5,000	
Employee stock options	0.750	339,400	
Employee stock options	1.000	115,900	
Director stock options	1.063	180,000	
Employee stock options	1.125	461,300	
Employee stock options	1.250	1,069,329	
Employee & director options	1.625	252,000	
		2,692,391	2,692,391

Shares reserved for warrants:

	Exercise Price	Outstanding Warrants	
Series C Warrants	2.25	455,000	
Series D Warrants	1.50	50,000	
Series E Warrants	2.19	1,500,000	
Series G Warrants	1.78	424,418	
Series H Warrants	1.50	300,000	
		2,729,418	2,729,418

Shares issuable upon conversion of debentures:

	O/S Principal	Conversion Price	Shares Issuable	
7% convertible debentures	$ 323,000	2.00	161,500	
8-1/2% convertible debentures	$1,580,000	10.63	148,706	
			310,206	310,206

Total outstanding shares on fully diluted basis	30,345,681
Shares underlying stock options available for grant under stockholder approved option plans	1,130,098
Total shares authorized for listing with NYSE, before giving effect to Jolt merger	31,475,779

SCHEDULE 3.5

DDL Electronics, Inc.

Brokerage Fee for Merger with Jolt Technology, Inc.

Pursuant to an agreement between DDL Electronics, Inc. (the "Company"), and Saul Reiss, Esq., the Company will issue 200,000 shares of its Common Stock, $.01 par value, to Mr. Reiss as a brokerage fee upon the consummation of the merger with Jolt Technology, Inc.

AGREEMENT AND PLAN OF MERGER

Disclosure Document

Section 3.9(c)(i):

1. During its fiscal year ended June 30, 1996, DDL Electronics, Inc. (the "Company") recognized an income tax benefit associated with its application for federal tax refunds as permitted under Section 172(f) of the Internal Revenue Code. In the aggregate, the Company applied for federal tax refunds of $2,175,000, net of costs associated with applying for such refunds. Through June 30, 1996, the Company had received $1,871,000 of net refunds plus interest on such refunds of $106,000, and has recognized as an income tax benefit $1,110,000 net of certain expenses. The tax returns underlying these refunds are currently being audited by the Internal Revenue Service and a portion of the refunds could be disallowed. Accordingly, the Company has not yet recognized a tax benefit for the remainder of the refunds received to date, or for the refunds still expected to be received. No additional refunds were received during the fiscal year ended June 30, 1997. Nonetheless, the Company feels that its claim for refund and carry back of net operating losses can be substantiated and is supported by law, and that the Company will ultimately collect and retain a substantial portion of the refunds applied for.

Section 3.9(d):

1. The employment agreement of the managing director of the Company's DDL Electronics Ltd. subsidiary is currently being renegotiated, and once finalized such agreement is expected to contain a severance provision which is reasonable and consistent with comparable executive management positions in Northern Ireland.
2. Effective June 30, 1997, Bernee D.L. Strom resigned as a director of the Company. In connection therewith, the Company and Ms. Strom entered into an indemnification agreement which provides that the Company will pay any amount which Ms. Strom is legally obligated to pay because of any claims made against Ms. Strom as a result of any act or omission, neglect, or breach of duty related to her service as a director of the Company.

SCHEDULE 4.2

Capitalization of Jolt

None, except Jolt will issue 10,660 shares of Class A Voting Common Stock to Thomas M. Wheeler to increase the total outstanding shares of common stock from 10,000 to 20,660 shares as of the Closing Date.

SECTION 4.4

Breaches and Required Consents

None.