



V52354

ACCOUNT NO. : 072100000032
REFERENCE : 583912 4330276
AUTHORIZATION : Patricia P...
COST LIMIT : \$ 70.00

ORDER DATE : October 30, 1997

ORDER TIME : 12:23 PM

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ORDER NO. : 583912-005

CUSTOMER NO: 4330276

CUSTOMER: Elizabeth F. Brown, Esq
Jones Day Reavis & Pogue
77 West Wacker Dr.
Suite 3500
Chicago, IL 60601-1692

RECEIVED
97 OCT 30 PM 1:00
DIVISION OF CORPORATION

ARTICLES OF MERGER

UNITED RAILWAY SIGNAL GROUP,
INC.

INTO

ABC RAIL ACQUISITION II
CORPORATION

FILED
97 OCT 31 AM 11:00
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

PLEASE RETURN THE FOLLOWING AS PROOF OF FILING:

 CERTIFIED COPY
XXX PLAIN STAMPED COPY

10/30
Tony
Morgan

CONTACT PERSON: Stacy L Earnest

EXAMINER'S INITIALS:

Changed
file date to 10/31
per S.P. (requested
by Karen Rozar)

V52354

ARTICLES OF MERGER
Merger Sheet

MERGING:

UNITED RAILWAY SIGNAL GROUP, INC., a Florida corporation, V52354

INTO

ABC RAIL ACQUISITION II CORPORATION, a Delaware corporation not
qualified in Florida.

File date: October 31, 1997

Corporate Specialist: Joy Moon-French

Account number: 072100000032

Account charged: 70.00

ARTICLES OF MERGER

FILED

97 OCT 31 AM 11:00

SECRETARY OF STATE
TALLAHASSEE, FLORIDA

**MERGING
UNITED RAILWAY SIGNAL GROUP, INC.
(A FLORIDA CORPORATION)
WITH AND INTO
ABC RAIL ACQUISITION II CORPORATION
(A DELAWARE CORPORATION)**

The undersigned corporations, pursuant to the provisions of the Florida Business Corporation Act, as amended (the "FBCA"), hereby execute the following Articles of Merger.

FIRST: The names of the corporations proposing to merge (the "Constituent Corporations") and the names of the States under the laws of which the Constituent Corporations are organized, are:

<u>Name of Corporation</u>	<u>State of Incorporation</u>
ABC Rail Acquisition II Corporation	Delaware
United Railway Signal Group, Inc.	Florida

SECOND: The surviving corporation is ABC Rail Acquisition II Corporation. ABC Rail Acquisition II Corporation's name shall be changed to United Railway Signal Group, Inc. at the effective time of the merger.

THIRD: The plan of merger (the "Plan of Merger") is set forth in the Plan of Merger by and between ABC Rail Acquisition II Corporation and United Railway Signal Group, Inc., a copy of which is attached hereto as Exhibit A and which is incorporated herein and made a part hereof by this reference.

FOURTH: The shareholders of ABC Rail Acquisition II Corporation approved the Plan of Merger was approved on October 28, 1997 in accordance with FBCA §607.1101. The shareholders of United Railway Signal Group, Inc. approved the Plan of Merger was approved on October 27, 1997 in accordance with FBCA §607.1101.

FIFTH: The merger shall be effective upon the filing of these Articles of Merger, or no later than 90 days after the filing date of these Articles of Merger.

IN WITNESS WHEREOF, each of the Constituent Corporations has caused these Articles of Merger to be executed in its name by its President and Secretary, as of the 31st day of October, 1997.

[NO SEAL]


ABC RAIL ACQUISITION II CORPORATION


By: 
Donald W. Grinter, President

Attest: 
D. Chisholm MacDonal, Secretary

[SEAL]

UNITED RAILWAY SIGNAL GROUP, INC.

By: 
U. Michael Wilson, President

Attest: 
JAMIL F. NASR, Secretary

**Exhibit A to
Articles of Merger**

PLAN OF MERGER

PLAN OF MERGER (hereinafter called "Plan") dated the 31st day of October, 1997, by and between ABC Rail Acquisition II Corporation, a corporation organized and existing under the laws of the State of Delaware (hereinafter sometimes referred to as "Subsidiary"), and United Railway Signal Group, Inc., a corporation organized and existing under the laws of the State of Florida (hereinafter sometimes referred to as "Company").

RECITALS

All of the outstanding shares of common stock of Subsidiary are owned by ABC Rail Products Corporation, a corporation organized and existing under the laws of the State of Delaware (hereinafter sometimes referred to as "Purchaser"). The boards of directors of Purchaser and Subsidiary have determined that it is advisable and generally to the advantage and welfare of Subsidiary, its shareholder and the shareholders of Purchaser, and the board of directors of Company has determined that it is advisable and generally to the advantage and welfare of Company and its shareholders, that Company be merged with and into Subsidiary on the terms herein set forth. The respective boards of directors of Subsidiary and Company, by resolutions duly adopted, have approved and adopted this Plan. The sole shareholder of Subsidiary and the shareholders of Company have unanimously approved this Agreement.

This Plan shall be a reorganization within the meaning of Section 368(a)(2)(D) of the Internal Revenue Code of 1986, as amended. Company shall merge with and into Subsidiary pursuant to that certain Supplemental Agreement dated as of October 31, 1997 by and among ABC Rail Products Corporation and the shareholders of Company (the "Supplemental Agreement") whereby the separate corporate existence of Company shall cease, and shareholders of Company shall receive cash and common stock of ABC Rail Products Corporation.

NOW, THEREFORE, Subsidiary and Company, in consideration of the premises and of the mutual provisions, agreements and covenants herein contained and in accordance with Delaware law, hereby agree as follows:

ARTICLE I

Corporate Existence of the Surviving Corporation

At the Effective Time of the merger, Company shall be merged with and into Subsidiary, which shall be the surviving corporation (such merger being hereinafter sometimes referred to as the "Merger"). The corporate identity, existence, purposes, powers, franchises, rights and immunities of Subsidiary (hereinafter sometimes referred to as the "Surviving Corporation") shall continue unaffected and unimpaired by the Merger and the corporate identity, existence, purposes, power, franchises, rights and immunities of Company shall be merged into the Surviving Corporation; and the Surviving Corporation shall be fully vested therewith. The separate existence of Company, except insofar as otherwise specifically provided by law, shall

cease at the Effective Time of the Merger whereupon Company and the Surviving Corporation shall be and become one single corporation.

ARTICLE II

Certificate of Incorporation of Surviving Corporation

The Certificate of Incorporation of Subsidiary, as in effect immediately prior of the Effective Time of the Merger, shall continue in full force and effect as the Certificate of Incorporation of the Surviving Corporation. The name of the Surviving Corporation shall be changed to United Railway Signal Group, Inc. at the effective time of the merger and the Certificate of Incorporation of the Surviving Corporation shall be amended to reflect such name change.

ARTICLE III

Bylaws of Surviving Corporation

The bylaws of Subsidiary as in effect immediately prior to the Effective Time of the Merger shall continue in full force and effect as the bylaws of the Surviving Corporation until amended in accordance with law. At the Effective Time of the Merger, the Board of Directors shall consist of two (2) persons.

ARTICLE IV

Directors and Officers of Surviving Corporation

The duly qualified and acting directors of Subsidiary immediately prior to the Effective Time of the Merger shall be the directors of the Surviving Corporation. The duly qualified and acting officers of Subsidiary shall be removed and the duly qualified and acting officers of Company immediately prior to the Effective Time of Merger shall be the officers of the Surviving Corporation, and each such director or officer to hold office until the term for which he had previously been elected shall expire and until his successor has been elected and qualified.

ARTICLE V

Conversion and Exchange of Shares

A. At the Effective Time of the Merger, each holder of common stock of Company shall have each share of the Company converted into the right to receive an allocable portion of cash in the aggregate amount of \$1,000,000 and 22,222 shares of ABC Rail Products Corporation Common Stock, par value of \$0.01 per share and shall have rights to receive additional shares of ABC Rail Products Corporation Common Stock as provided in the Supplemental Agreement, the relevant portion of which is attached as Exhibit A, hereto.

B. At or immediately following the Effective Time of the Merger, each holder of an outstanding certificate or certificates which prior thereto represented shares of Company's common stock shall surrender same to Company or its designated agent, and each such holder shall be entitled upon such surrender to receive in exchange therefor the consideration provided in Section A above. Until surrendered to and canceled by Company, each certificate, which prior to the Effective Time of the Merger represented outstanding shares of Company's common stock, shall be deemed for all corporate purposes to be canceled and redeemed and all rights with respect thereto shall cease to exist except the right to receive upon surrender of a certificate or certificates as aforesaid the consideration as provided in A.1 above.

ARTICLE VI

Effective Time of Merger

The "Effective Time" of the Merger shall be upon the filing of both the Certificate of Merger with the Delaware Secretary of State and the Articles of Merger with the Florida Secretary of State, respectively, or if later, at 11 a.m. Eastern Daylight Time on October 31, 1997.

IN WITNESS WHEREOF, the parties hereto have caused the Plan of Merger to be signed by their respective officers thereunto duly authorized and their respective corporate seals to be hereunto affixed all as of October 31, 1997.

[NO SEAL]

ABC RAIL ACQUISITION II CORPORATION

By: 

Name: D. Chisholm Macdonald

Its: Secretary

[SEAL]

UNITED RAILWAY SIGNAL GROUP, INC.

By: 

Name: D. Michael Wilson

Its: PRESIDENT

EXHIBIT A

Portion of the Supplemental Agreement

1.3 Contingent Shares. The Shareholders shall be entitled to receive additional shares of ABC Common, pursuant to the Merger, in accordance with the following terms, conditions and agreements:

(a) URSG has grown rapidly and has the potential for significant future growth in revenue and profitability. The Shareholders have delivered projections to ABC for the URSG business in future years. ABC and the Shareholders recognize there are inherent uncertainties in projections and hence in the value of the URSG business. They accordingly wish to establish a valuation method, and the possibility of additional shares of ABC to be issued to the Shareholders, based on the actual results of the URSG business.

(b) For purposes of this Section 1.3, the term "EBIT" shall mean the net earnings before interest and taxes from the URSG business, computed in accordance with generally accepted accounting principles ("GAAP") as historically applied by URSG, consistently applied. In such determination, no general charges for administrative and home office expenses shall be included, but appropriate charges for specific services to URSG will be made, in accordance with ABC's prevailing practices as to the charging of such items to divisions and subsidiaries.

(c) In the determining the amount of EBIT, ABC shall cause URSG and URSG will maintain separate financial records of the URSG business, on a divisional or subsidiary basis. ABC's independent auditors will perform an audit of the URSG business and such financial statements. Within 90 days after the end of each year during the period, such independent accountants will deliver to ABC and the Representative (as defined in Section 5.4 hereof) a statement with the amount of EBIT for such year and the cumulative EBIT for the applicable period, with appropriate detail. The determination of such accountants, subject to the application of GAAP as set forth above, will be final and binding upon the parties.

(d) ABC and the Shareholders recognize that if additional shares of ABC are issued under this Section 1.3, under applicable Internal Revenue Service rulings, a portion of such shares will be deemed to be interest. In such event, the amount of interest shall be calculated using the applicable federal rate, with respect to this Agreement through the resolution of the contingency, and the parties agree that such portion of the shares of ABC Common will be treated by both of them as interest.

(e) For purposes of this Section 1.3, shares of ABC Common shall be valued at \$22.50 per share (subject to appropriate adjustment in the event of any stock dividend, stock split, merger, reorganization or similar transaction between the Closing Date and the delivery of such shares).

(f) The parties acknowledge and agree that ABC must operate its business in a manner that it believes, in good faith, to be the best for the entire corporation and its shareholders, in light of its overall resources (financial, managerial and other), strategic direction and other available opportunities. The Shareholders acknowledge and agree that, ABC may make such decisions without regard to the effect, if any, that they may have on the number of shares of ABC Common that may be issued under this Section 1.3.

(g) (i) The number of additional shares of ABC Common to be issued with respect to the URSG business shall be determined as follows:

At the end of the period of three years following the Closing (the "Earnout Period"), the "Earnout EBIT" of URSG shall be calculated as the sum of EBIT for the Earnout Period minus \$900,000. The "Maximum Earnout EBIT" shall be calculated as the sum of the goal EBIT for the Earnout Period (\$3,600,000) minus the sum of the base EBIT for the Earnout Period (\$900,000), which equals \$2,700,000. The maximum number of additional shares of ABC Common shall equal \$2,500,000 divided by \$22.50, which equals 111,111 shares. The actual number of additional shares of ABC Common to be issued shall be calculated as (the sum of 111,111 multiplied by the lesser of the Earnout EBIT or the Maximum Earnout EBIT) divided by \$2,700,000.

(ii) The certificates for such additional shares shall be delivered by ABC to the Shareholders within 10 days after the determination of the Earnout EBIT, as provided above.

(h) The total number of shares to be received under this Section 1.3 shall be divided among Shareholders in the percentages set forth on Exhibit D hereto, rounded to the nearest whole share. The right to receive shares of ABC Common under this Section 1.3 shall not be assignable or otherwise transferable.

EXHIBIT D

Shareholders and Shareholdings

Shareholder	Number of Shares of URSG Owned	Number of ABC Shares at Closing	Percentage of Cash at Closing	Percentage of Contingent Shares
J. Michael Wilson	85	4723	21.25%	21.25%
Jamil F. Nasr	85	4722	21.25%	21.25%
David K. Joyner	85	4722	21.25%	21.25%
Caroline P. Keeney	85	4722	21.25%	21.25%
James L.R. Burch	20	1111	5.00%	5.00%
Larry E. Kerley	20	1111	5.00%	5.00%
William B. Young	20	1111	5.00%	5.00%
TOTAL	400	22,222	100%	100%