

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

For the quarterly period ended June 30, 1998

OR

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

For the transition period from to

Commission file number: 0-11676

BEL FUSE INC.

(Exact name of registrant as specified in its charter)

New Jersey
(State or other jurisdiction of
incorporation or organization)

22-1463699
(I.R.S. Employer
Identification No.)

198 Van Vorst Street
Jersey City, New Jersey 07302
(Address of principal executive offices)
(Zip Code)

201-432-0463
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed
since last report)

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

Yes No

Indicate the number of shares outstanding of each of the issuer's classes
of common stock, as of the latest practicable date.

At August 1, 1998, there were 2,600,997 shares of Class A Common Stock,
\$.10 par value, outstanding and 2,600,997 shares of Class B Common Stock,
\$.10 par value.

BEL FUSE INC.

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PART I. Financial Information

Item 1. Financial Statements

Certain information and footnote disclosures required under generally accepted accounting principles have been condensed or omitted from the following consolidated financial statements pursuant to the rules and regulations of the Securities and Exchange Commission. It is suggested that the following consolidated financial statements be read in conjunction with the year-end consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1997.

The results of operations for the six month period ended June 30, 1998 are not necessarily indicative of the results to be expected for the entire fiscal year or for any other period.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS

	June 30, 1998	December 31, 1997
	-----	-----
	(unaudited)	
Current Assets:		
Cash and cash equivalents	\$34,911,825	\$29,231,967
Marketable securities	2,830,415	--
Accounts receivable, less allowance for doubtful accounts of \$238,000 and \$227,000	12,186,539	11,181,379
Inventories	9,854,987	12,202,938
Prepaid expenses and other current assets	659,129	383,084
Deferred income taxes	365,000	421,000
	-----	-----
Total Current Assets	60,807,895	53,420,368
Property, plant and equipment - net	29,256,418	29,052,354
Other assets	584,404	679,511
	-----	-----
TOTAL ASSETS	\$90,648,717	\$83,152,233
	=====	=====

(Continued)

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

	June 30, 1998	December 31, 1997
	-----	-----
	(unaudited)	
Current Liabilities:		
Accounts payable	\$ 3,182,126	\$ 3,467,897
Accrued expenses	6,533,050	5,660,411
Income taxes payable	161,927	237,515
	-----	-----
Total Current Liabilities	9,877,103	9,365,823

Deferred income taxes	971,000	957,000
	-----	-----
Total Liabilities	10,848,103	10,322,823
	-----	-----
Stockholders' Equity:		
Preferred stock, no par value - authorized 1,000,000 shares; none issued	--	--
Common stock, par value \$.10 per share - authorized 10,000,000 shares; outstanding 5,201,995 and 5,121,920 shares (net of 2,145,539 treasury shares)	520,200	512,192
Additional paid-in capital	8,503,882	7,525,753
Retained earnings	70,776,491	64,771,298
Cumulative currency translation adjustment	41	20,167
	-----	-----
Total Stockholders' Equity	79,800,614	72,829,410
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$90,648,717	\$83,152,233
	=====	=====

See notes to consolidated financial statements.

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BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(unaudited)

	Six Months Ended June 30,		Three Months Ended June 30,	
	1998	1997	1998	1997
	-----	-----	-----	-----
Sales	\$39,046,355	\$34,710,894	\$19,531,655	\$18,748,690
	-----	-----	-----	-----
Costs and Expenses:				
Cost of sales	26,024,635	24,478,017	12,846,907	13,107,902
Selling, general and administrative expenses	7,033,510	6,503,284	3,646,028	3,408,975
	-----	-----	-----	-----
	33,058,145	30,981,301	16,492,935	16,516,877
	-----	-----	-----	-----
Income from operations	5,988,210	3,729,593	3,038,720	2,231,813
Other income - net	893,983	682,028	477,985	341,949
	-----	-----	-----	-----
Earnings before income taxes	6,882,193	4,411,621	3,516,705	2,573,762

Income tax provision	877,000	969,000	478,000	441,000
	-----	-----	-----	-----
Net earnings	\$ 6,005,193	\$ 3,442,621	\$ 3,038,705	\$ 2,132,762
	=====	=====	=====	=====
Earnings per common share-basic	\$ 1.16	\$.68	\$.59	\$.42
	=====	=====	=====	=====
Earnings per common share-diluted	\$ 1.15	\$.67	\$.58	\$.42
	=====	=====	=====	=====
Weighted average number of common shares outstanding-basic	5,158,028	5,072,919	5,184,994	5,073,736
	=====	=====	=====	=====
Weighted average number of common shares outstanding-diluted	5,222,613	5,125,791	5,212,584	5,123,839
	=====	=====	=====	=====

(Continued)

See notes to consolidated financial statements.

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BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(unaudited) (Continued)

	Six Months Ended June 30,		Three Months Ended June 30,	
	1998	1997	1998	1997
	-----	-----	-----	-----
Net earnings	\$ 6,005,193	\$ 3,442,621	\$ 3,038,705	\$ 2,132,762
Other comprehensive income (expense), net of income taxes:				
Foreign currency translation adjustment	(20,126)	15,376	(1,511)	460
	-----	-----	-----	-----
Comprehensive income	\$ 5,985,067	\$ 3,457,997	\$ 3,037,194	\$ 2,133,222
	=====	=====	=====	=====

See notes to consolidated financial statements.

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BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

Six Months Ended
June 30,

	1998	1997
Cash flows from operating activities:		
Net income	\$ 6,005,193	\$ 3,442,621
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,662,700	1,630,050
Other	196,000	169,000
Changes in operating assets and liabilities	1,569,259	(3,375,201)
Net Cash Provided by Operating Activities	9,433,152	1,866,470
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,837,547)	(3,855,172)
Purchase of marketable securities	(2,830,415)	(3,962,825)
Proceeds from sale of marketable securities	--	2,982,450
Proceeds from repayment by contractor	82,531	83,789
Net Cash (Used in) Investing Activities	(4,585,431)	(4,751,758)
Cash flows from financing activities:		
Proceeds from exercise of stock options	832,137	27,125
Net increase (decrease) in Cash and Cash Equivalents - beginning of period	5,679,858	(2,858,163)
Cash and Cash Equivalents - end of period	29,231,967	23,498,491
Cash and Cash Equivalents - end of period	\$ 34,911,825	\$ 20,640,328

(Continued)

See notes to consolidated financial statements.

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BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Continued)
(unaudited)

Six Months Ended
June 30,

	1998	1997
Changes in operating assets and liabilities consist of:		
(Increase) in accounts receivable	\$ (1,016,160)	\$ (1,753,425)
(Increase) decrease in inventories	2,347,951	(2,150,635)
(Increase) in prepaid expenses and other current assets	(363,378)	(323,807)
Decrease in other assets	89,566	146,728
(Decrease) in accounts payable	(285,771)	(295,352)
Increase in accrued expenses	872,639	988,430
Increase (decrease) in income		

taxes payable	(75,588)	12,860
	-----	-----
	\$ 1,569,259	\$ (3,375,201)
	=====	=====

Supplementary information:

Cash paid during the period for:

Interest	\$ --	\$ --
	=====	=====
Income taxes	\$ 432,000	\$ 787,941
	=====	=====

See notes to consolidated financial statements.

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BEL FUSE INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. The consolidated balance sheet as of June 30, 1998, and the consolidated statements of operations and comprehensive income and cash flows for the periods presented herein have been prepared by the Company and are unaudited. In the opinion of management, all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the financial position, results of operations and comprehensive income and cash flows for all periods presented have been made. Certain items in the June 30, 1997 financial statements have been reclassified to conform to June 30, 1998 classifications. The information for December 31, 1997 was derived from audited financial statements.

2. Earnings Per Share - Basic earnings per common share are computed using the weighted average number of common shares outstanding during the period. Diluted earnings per common share are computed using the weighted average number of common shares and common stock equivalent shares outstanding during the period. Earnings per share for the quarter ended June 30, 1997 have been restated to conform to the provisions of SFAS 128.

	Six Months Ended June 30		Three Months Ended June 30	
	1998	1997	1998	1997
Basic:				
Net earnings	\$6,005,193	\$3,442,621	\$3,038,705	\$2,132,762
Weighted average shares out- standing	5,158,028	5,072,919	5,184,994	5,073,736
Earnings per share- basic	\$ 1.16	\$.68	\$.59	\$.42
Diluted:				
Net earnings	\$6,005,193	\$3,442,621	\$3,038,705	\$2,132,762
Weighted average shares out- standing Incremental shares	5,158,028	5,072,919	5,184,994	5,073,736

under stock option plan	64,585	52,872	27,590	50,103
	-----	-----	-----	-----
Adjusted weighted average shares outstanding	5,222,613	5,125,791	5,212,584	5,123,839
	=====	=====	=====	=====
Earnings per share- diluted	\$ 1.15	\$.67	\$.58	\$.42

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BEL FUSE INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

3. Inventories consist of the following:

	June 30, 1998	December 31, 1997
	-----	-----
Raw materials	\$ 5,671,276	\$ 7,029,632
Work-in-process	88,199	115,586
Finished goods	4,095,512	5,057,720
	-----	-----
	\$ 9,854,987	\$12,202,938
	=====	=====

4. Property, plant and equipment consists of the following:

	June 30, 1998	December 31, 1997
	-----	-----
Land	\$ 835,218	\$ 835,218
Buildings and improvements	14,294,251	14,230,326
Machinery and equipment	40,025,930	38,233,434
Idle property held for sale	935,000	935,000
	-----	-----
	56,090,399	54,233,978
Less accumulated depreciation and amortization	26,833,981	25,181,624
	-----	-----
Net property, plant and equipment	\$29,256,418	\$29,052,354
	=====	=====

5. SHAREHOLDERS' ANNUAL MEETING

On July 9, 1998, the shareholders approved an amendment to the Company's Stock Option Plan to provide for the issuance of an additional 500,000 shares of common stock under the Plan.

The shareholders also approved an amendment to Article VI of the Company's Certificate of Incorporation that (i) authorized a new voting Class A Common Stock, par value \$.10 per share, and a new non-voting Class B Common Stock, par value \$.10 share, (ii) increased the authorized number of shares of common stock from 10,000,000 to 20,000,000, consisting of 10,000,000 shares of Class A Common Stock and 10,000,000 shares of Class B Common Stock, (iii) established the rights, powers and limitations of the Class A Common Stock and the Class B Common Stock and (iv) reclassified each share of the Company's issued Common Stock, par value \$.10 per share, as one-half share of Class A Common Stock and one-half share of Class B Common Stock.

6. NEW ACCOUNTING PRONOUNCEMENTS

SEGMENT INFORMATION -- During June 1997, the Financial Standards Board issued Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information".

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BEL FUSE INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (unaudited)

6. NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

This statement requires the disclosure of financial and descriptive information about reportable operating segments. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly in deciding how to allocate resources and in assessing performance. The Company has not yet completed its evaluation of this Statement. This Statement is effective for the Company's 1998 year end financial statements.

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

Results of Operations

The following table sets forth, for the periods indicated, the percentage relationship to net sales of certain items included in the Company's consolidated statements of operations.

	Percentage of Net Sales			
	Six Months Ended June 30,		Three Months Ended June 30,	
	1998	1997	1998	1997
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	66.7	70.5	65.8	69.9
Selling, general and administrative expenses	18.0	18.7	18.7	18.2
Other income, net of				

interest expense	2.3	2.0	2.5	1.8
Earnings before income tax provision	17.6	12.7	17.9	13.7
Income tax provision	2.2	2.8	2.4	2.3
Net earnings	15.4	9.9	15.6	11.4

The following table sets forth, for the periods indicated, the percentage increase (decrease) of items included in the Company's consolidated statements of operations.

	Increase (Decrease) from Prior Period	
	Six Months Ended June 30, 1998 compared with 1997	Three Months Ended June 30, 1998 compared with 1997
Net sales	12.5%	4.2%
Cost of sales	6.3	(2.0)
Selling, general and administrative expenses	8.2	7.0
Other income - net	31.1	39.8
Earnings before income tax provision	56.0	36.6
Income tax provision	(9.5)	8.4
Net earnings	74.4	42.5

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Six Months 1998 vs. Six Months 1997

Sales

Net sales increased 12.5% from \$34,710,894 during the first six months of 1997 to \$39,046,355 during the first six months of 1998. The Company attributes this increase primarily to sales growth of network magnetic products offset, in part, by reduced sales of value-added products. Such reduced sales reflect the completion of certain contracts. Sales growth consisted primarily of growth in unit sales, including sales of certain new products.

Cost of Sales

Cost of sales as a percentage of net sales decreased 3.8% to 66.7% during the first six months of 1998 from 70.5% during the first six months of 1997. The decrease in the cost of sales percentage is primarily attributable to lower raw material and labor costs and improved manufacturing efficiencies.

Selling, General and Administrative Expenses

The percentage relationship of selling, general and administrative expenses to net sales decreased from 18.7% for the first six months of 1997 to 18.0% for the first six months of 1998. The Company attributes the percentage decrease primarily to increased sales. Selling, general and administrative expenses increased in dollar amount by 8.2%. The Company attributes the increase in dollar amount of such expenses primarily to increases in sales and marketing salaries and sales related expenses.

Other Income and Expenses

Other income, consisting principally of interest earned on cash equivalents and marketable securities, increased by approximately \$212,000 during the first six months of 1998 compared to the first six months of 1997. The increase is

primarily due to higher earnings on invested funds due to greater average balances in 1998 compared to 1997.

Provision for Income Taxes

The provision for income taxes for the first six months of 1997 was \$969,000 as compared to \$877,000 for the first six months of 1998. The decrease in the provision is due primarily to lower foreign income tax rates offset in part by higher United States earnings before income taxes in 1998 versus 1997.

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Three Months 1998 vs. Three Months 1997

Sales

Sales increased 4.2% to \$19,531,655 during the second quarter of 1998 from \$18,748,690 during the second quarter of 1997. The Company attributes the increase primarily to the reasons set forth in the six month analysis.

Cost of Sales

Cost of sales as a percentage of net sales decreased 4.1% to 65.8% during the second quarter of 1998 from 69.9% during the second quarter of 1997. The Company attributes the decrease primarily to the reasons set forth in the six month analysis.

Selling, General and Administrative Expenses

The percentage relationship of selling, general and administrative expenses to net sales remained relatively constant during the second quarter of 1998 as compared to 1997. Selling, general and administrative expenses increased in dollar amount by \$237,000. The Company attributes the increase in dollar amount to the reasons set forth in the six month analysis.

Other Income and Expense

Other income increased for the second quarter of 1998 compared to the second quarter of 1997 due to those reasons set forth in the six month analysis.

Provision for Income Taxes

The provision for income taxes increased to \$478,000 for the second quarter of 1998 from \$441,000 for the second quarter of 1997. The increase in the provision is due primarily to higher United States earnings before income taxes offset in part by lower foreign income tax rates in the second quarter of 1998 versus 1997.

Liquidity and Capital Resources

Historically, the Company has financed its capital expenditures through cash flows from operating activities. Management believes that the cash flow from operations, combined with its existing capital base and the Company's available lines of credit, will be sufficient to fund its operations for the near term. This statement represents a forward-looking statement. Actual results could differ materially from such statement if the Company experiences substantial unanticipated cash requirements.

The Company has lines of credit, all of which were unused at June 30, 1998, in the aggregate amount of \$7.0 million, of which \$5.0 million is from domestic banks and \$2.0 million is from foreign banks.

During the first six months of 1998, the Company's cash and cash equivalents and marketable securities increased by \$8.5 million, reflecting \$9.4 million provided by operating activities and \$.8 million from the exercise of stock options, offset, in part, by \$1.8 million in purchases of plant and equipment.

The Company has historically followed a policy of reinvesting the earnings of foreign subsidiaries in the Far East. No earnings were repatriated during the first six months of 1998 or 1997.

Cash, accounts receivable and marketable securities comprised approximately 55.1% and 48.6% of the Company's total assets at June 30, 1998 and December 31, 1997, respectively. The Company's current ratio (i.e., the ratio of current assets to current liabilities) was 6 to 1 and 5.7 to 1 at June 30, 1998 and December 31, 1997, respectively.

This report contains forward-looking statements that involve substantial risks and uncertainties. The Company's actual results could differ materially from those discussed herein. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the "Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations", and "Risks and Uncertainties" captions in the Company's Form 10-K for the year ended December 31, 1997.

PART II. Other Information

Item 1. Legal Proceedings

See Item 3 of the Company's Form 10-K for the year ended December 31, 1997.

Item 2. Changes in Securities and Use of Proceeds

On July 9, 1998, the shareholders of the Company approved an amendment to Article VI of the Company's Certificate of Incorporation that (i) authorized a new voting Class A Common Stock, par value \$.10 per share, and a new non-voting Class B Common Stock, par value \$.10 share, (ii) increased the authorized number of shares of common stock from 10,000,000 to 20,000,000, consisting of 10,000,000 shares of Class A Common Stock and 10,000,000 shares of Class B Common Stock, (iii) established the rights, powers and limitations of the Class A Common Stock and the Class B Common Stock and (iv) reclassified each share of the Company's issued Common Stock, par value \$.10 per share, as one-half share of Class A Common Stock and one-half share of Class B Common Stock.

Item 4. Submission of Matters to a Vote of Security Holders

The Company's annual meeting of security holders was held on July 9, 1998. At the meeting the following votes were taken:

(1) The Board's nominees were elected to the Board of Directors for a term of three years. The votes were cast as follows:

	For	Withheld
Daniel Bernstein	4,039,203	489,222
Peter Gilbert	4,039,745	488,680
John S. Johnson	4,036,469	491,956

There were -0- abstentions and -0- broker non-votes.

(2) The Company's Stock Option Plan was amended to increase the number of shares authorized for issuance under such Plan by 500,000 shares. The votes were cast as follows:

For	Against	Abstain	Not Voted
3,798,907	289,532	19,944	420,042

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PART II. Other Information (Continued)

(3) The Company's Certificate of Incorporation was amended to authorize a new class of non-voting Common Stock and to effect a recapitalization of the Company.

For	Against	Abstain
2,802,987	1,703,729	21,709

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

3.1 Restated Certificate of Incorporation, as amended

27.1 Financial Data Schedule

(b) There were no Current Reports on Form 8-K filed by the registrant during the quarter ended June 30, 1998.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BEL FUSE INC.

By:/s/ Daniel Bernstein

Daniel Bernstein, President
(Principal Financial and
Accounting Officer)

Dated: August 11, 1998

RESTATED CERTIFICATE OF INCORPORATION

OF

BEL FUSE INC.

DATED: AUGUST 10, 1998

Pursuant to the provisions of Section 14A:9-5 of the New Jersey Business Corporation Act, Bel Fuse Inc. (the "Corporation") adopts the following Restated Certificate of Incorporation:

ARTICLE I

The name of the Corporation is BEL FUSE INC.

ARTICLE II

The address of the current registered office of the Corporation in this state is 80 Main Street, West Orange, New Jersey 07052.

ARTICLE III

The name of the current registered agent therein and in charge thereof upon whom process against this Corporation may be served is Robert H. Simandl.

ARTICLE IV

The number of directors constituting the current Board of Directors is seven; the names and addresses of the current directors are as follows:

Daniel Bernstein
198 Van Vorst Street
Jersey City, NJ 07302

Peter Gilbert
Gilbert Manufacturing Co.
1107 Broadway, Suite 1310
New York, NY 10010

John S. Johnson
P.O. Box 1593
Marco Island, FL 34146

Howard B. Bernstein
P.O. Box 282
Hazlet, NJ 07730

John F. Tweedy
26 Huron Road
Floral Park, NY 11001

Elliot Bernstein
198 Van Vorst Street
Jersey City, NJ 07302

Robert H. Simandl
80 Main Street
West Orange, NJ 07052

ARTICLE V

The objects for which this Corporation is formed are to engage in any activity for which corporations may be organized under the New Jersey Business Corporation Act.

ARTICLE VI

6.0. Authorized Capital. The total number of shares of all classes of capital stock that the Corporation shall have authority to issue shall be 21,000,000, consisting of 1,000,000 shares of preferred stock, without par value ("Preferred Stock"), and 20,000,000 shares of common stock, consisting of 10,000,000 shares of Class A Common Stock, par value \$0.10 per share ("Class A Common Stock"), and 10,000,000 shares of Class B Common Stock, par value \$0.10 per share ("Class B Common Stock" and, together with the Class A Common Stock, "Common Stock").

6.1. Terms of the Class A Common Stock and Class B Common Stock. The powers, preferences and rights of the Class A Common Stock and the Class B

Common Stock, and the qualifications, limitations and restrictions thereof, shall be in all respects identical except as otherwise required by law or expressly provided in this Restated Certificate of Incorporation, as amended.

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6.1.1. Voting. Except as otherwise provided by the Board of Directors in fixing the voting rights of any series of Preferred Stock in accordance with Section 6.2 of this Article VI or as otherwise required by law or expressly provided in this Restated Certificate of Incorporation, voting power in the election of directors and for all other purposes shall be vested exclusively in the holders of Class A Common Stock, and each holder of Class A Common Stock shall be entitled to one vote for each share of Class A Common Stock held. Notwithstanding anything to the contrary contained in this Restated Certificate of Incorporation, no action may be taken without the affirmative vote of a majority of the votes cast by the holders of the outstanding shares of Class A Common Stock with respect to any (i) amendment of this Restated Certificate of Incorporation, (ii) merger or consolidation of the Corporation with one or more other corporations, (iii) sale, conveyance, lease, mortgage, pledge, or exchange of all or substantially all of the Corporation's property or assets or (iv) liquidation, dissolution, or winding up of the Corporation, except as otherwise provided in the New Jersey Business Corporation Act. The Class B Common Stock shall have no voting rights on any matters except as otherwise required by law or expressly provided in this Restated Certificate of Incorporation.

6.1.2. Dividends and Other Distributions.

(a) Cash Dividends. Cash dividends shall be payable to the record holders of Class A Common Stock and Class B Common Stock only as and when declared by the Board of Directors out of funds legally available therefor. Subject to the foregoing, cash dividends declared on shares of Class B Common Stock in any calendar year will not be less than 5% higher per share annually than the annual amount of cash dividends per share declared in such calendar year on shares of Class A Common Stock. Without limiting the provisions of the preceding sentence, the Board of Directors will not declare a cash dividend on shares of Class A Common Stock unless at the same time it declares a cash dividend on shares of Class B Common Stock (payable on the same payment date as the dividends then being declared on Class A Common Stock) in an amount which, together with all prior cash dividend payments in the calendar year, is at least 5% greater than the cash dividend then being declared on Class A Common Stock, together with all

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prior cash dividend payments declared on Class A Common Stock in such calendar year. The Board of Directors may at any time declare a cash dividend on shares of Class B Common Stock without declaring a cash dividend on shares of Class A Common Stock.

(b) Other Dividends and Distributions. Each share of Class A Common Stock and each share of Class B Common Stock shall have identical rights with respect to dividends (other than cash) and distributions (including distributions in connection with any recapitalization, and upon liquidation, dissolution or winding up of the Corporation) when and as declared in the form of stock or other property of the Company; provided that dividends or other distributions payable on Common Stock in shares of Common Stock shall be made to all holders of Common Stock and may be made only as follows: (i) in shares of Class B Common Stock to the record holders of Class A Common Stock and to the record holders of Class B Common Stock; or (ii) in shares of Class A Common Stock to the record holders of Class A Common Stock and in shares of Class B Common Stock to the record holders of Class B Common Stock.

6.1.3. Convertibility. Except as described below, neither the Class A Common Stock nor the Class B Common Stock shall be convertible into another class of Common Stock or any other security of the Corporation.

(a) All outstanding shares of Class B Common Stock may be converted into shares of Class A Common Stock on a share-for-share basis by resolution of the Board of Directors if, as a result of the existence of the Class B Common Stock, either the Class A Common Stock or the Class B Common Stock is, or both are, excluded from quotation on the National

Association of Securities Dealers, Inc. Automated Quotation System National Market System (the "NASDAQ/NMS") or, if such shares are quoted on another national quotation system or listed on a national securities exchange, from trading on the principal national quotation system or principal national securities exchange on which such securities are traded.

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(b) All outstanding shares of Class B Common Stock shall be immediately converted into shares of Class A Common Stock on a share-for-share basis if at any time the number of outstanding shares of Class A Common Stock as reflected on the stock transfer records of the Corporation falls below 10% of the aggregate number of outstanding shares of Common Stock. For purposes of the immediately preceding sentence, any shares of Common Stock repurchased or otherwise acquired by the Corporation and held as treasury shares shall not be deemed "outstanding" from and after the date of acquisition.

(c) In the event of any conversion of the Class B Common Stock pursuant to subsection (a) or (b) of this Section 6.1.3, certificates that formerly represented outstanding shares of Class B Common Stock will thereafter be deemed to represent a like number of shares of Class A Common Stock and all shares of Common Stock authorized by this Restated Certificate of Incorporation shall be deemed to be shares of Class A Common Stock.

6.1.4. Class B Protection.

(a) If, at any time after the effective time of the amendment of Article VI which first authorizes the issuance of Class A Common Stock and Class B Common Stock (the "Effective Time"), any Person or group, other than a 4% Shareholder (in each case as hereinafter defined in this Section 6.1.4), acquires beneficial ownership of shares representing 10% or more of the number of then outstanding shares of Class A Common Stock, and such Person or group (a "Significant Shareholder") does not then beneficially own an equal or greater percentage of all then outstanding shares of Common Stock, all of which Common Stock must have been acquired by such Person or group after the Effective Time, such Significant Shareholder must, within a ninety-day period beginning the day after becoming a Significant Shareholder, make a public cash tender offer to acquire additional shares of Common Stock as provided in this Section 6.1.4 (a "Class B Protection Transaction"). The 10% ownership threshold of the number

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of shares of Class A Common Stock which triggers a Class B Protection Provision may not be waived by the Board of Directors, nor may this threshold be amended without shareholder approval, including a majority vote of the votes cast by the then outstanding shares of Class B Common Stock entitled to vote, tabulated separately as a class.

(b) In each Class B Protection Transaction, the Significant Shareholder must make a public cash tender offer to acquire from the holders of Class B Common Stock at least that number of additional shares of Class B Common Stock (the "Additional Shares") determined by (i) multiplying the percentage of the number of outstanding shares of Class A Common Stock that are beneficially owned and acquired after the Effective Time by such Significant Shareholder by the total number of shares of Class B Common Stock outstanding on the date such Person or group became a Significant Shareholder, and (ii) subtracting therefrom the number of shares of Class B Common Stock beneficially owned by such Significant Shareholder on the date such Person or group became a Significant Shareholder and which were acquired after the Effective Time (as adjusted for stock splits, stock dividends and similar recapitalizations). The Significant Shareholder must acquire all shares of Class B Common Stock validly tendered and not withdrawn or, if the number of shares of Class B Common Stock tendered to the Significant Shareholder, and not withdrawn, exceeds the number of shares required to be acquired pursuant to this subparagraph (b), the number of shares acquired from each tendering holder shall be pro rata based on the percentage that the number of shares tendered by such shareholder bears to the total number of shares tendered and not withdrawn by all tendering holders.

(c) The cash offer price for any Additional Shares required to be purchased by the Significant Shareholder pursuant to this Section 6.1.4 shall be the greatest of: (i) the highest price per share paid by the Significant Shareholder for any Class A Common Share or any share of Class B Common Stock during the six-month period ending on the date such Person or group became a Significant Shareholder (or such shorter period after the Effective Time if the date such Person or group became a

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Significant Shareholder is not more than six months following the Effective Time; and (ii) the highest reported bid price for any share of Class A Common Stock or Class B Common Stock (whichever is higher) on the NASDAQ/NMS (or such other quotation system or securities exchange constituting the principal trading market for either class of Common Stock) on the business day preceding the date the Significant Shareholder makes the tender offer required by this Section 6.1.4. For purposes of subparagraph (d) below, the applicable date for each calculation required by clauses (i) and (ii) of the preceding sentence shall be the date on which the Significant Shareholder becomes required to engage in the Class B Protection Transaction for which such calculation is required. In the event that the Significant Shareholder has acquired shares of Class A Common Stock or Class B Common Stock in the six-month period ending on the date such Person or group becomes a Significant Shareholder for consideration other than cash, the value of such consideration per share of Class A Common Stock or Class B Common Stock, as the case may be, shall be as determined in good faith by the Board of Directors.

(d) A Class B Protection Transaction shall also be required to be effected by any Significant Shareholder each time that the Significant Shareholder acquires after the Effective Time beneficial ownership of an additional amount of shares of Class A Common Stock equal to or greater than the next higher integral multiple of 5% in excess of 10% (e.g., 20%, 25%, 30%, etc.) of the outstanding shares of Class A Common Stock and such Significant Shareholder does not then own an equal or greater percentage of all then outstanding shares of Class B Common Stock that such Significant Shareholder acquired after the Effective Time. Such Significant Shareholder would be required to offer to buy that number of Additional Shares prescribed by the formula set forth above; provided that, for purposes of such formula, the date on which the Significant Shareholder acquired the next higher integral multiple of 5% of the outstanding shares of Class A Common Stock will be deemed to be the date on which such Person or group became a Significant Shareholder.

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(e) If a Significant Shareholder fails to make a tender offer required by the Class B Protection Provisions, or to purchase validly tendered and not withdrawn shares (after proration, if any), the voting rights of all of the shares of Class A Common Stock beneficially owned by such Significant Shareholder which were acquired after the Effective Time will be automatically suspended until completion of a Class B Protection Transaction or until divestiture of the excess shares of Class A Common Stock that triggered such requirement. To the extent that the voting power of any shares of Class A Common Stock is so suspended, such shares will not be included in the determination of aggregate voting shares for any purpose.

(f) Neither the Class B Protection Transaction requirement nor the related possibility of suspension of voting rights applies to any increase in percentage beneficial ownership of shares of Class A Common Stock resulting solely from a change in the total number of shares of Class A Common Stock outstanding, provided that any acquisition after such change which results in any Person or group having acquired after the Effective Time beneficial ownership, of 10% or more of the number of then outstanding shares of Class A Common Stock (or, after the last acquisition which triggered the requirement for a Class B Protection Transaction, additional shares of Class A Common Stock in an amount equal to the next higher integral multiple of 5% in excess of the number of shares of Class A Common Stock then outstanding) shall be subject to any Class B Protection Transaction requirement that would be otherwise imposed pursuant to this

Section 6.1.4.

(g) In connection with subparagraphs (a) through (d) and (f) above, the following shares of Class A Common Stock shall be excluded for the purpose of determining the shares of Class A Common Stock beneficially owned or acquired by any Person or group but not for the purpose of determining shares outstanding:

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(i) shares beneficially owned by such Person or group, (or, in the case of a group, shares beneficially owned by Persons that are members of such group) immediately after the Effective Time:

(ii) shares acquired by will or by the laws of descent and distribution, or by gift that is made in good faith and not for the purpose of circumventing the Class B Protection Provisions, or by termination or revocation of a trust or similar arrangement or by a distribution from a trust or similar arrangement if such trust or similar arrangement was created, and such termination, revocation or distribution occurred or was effected, in good faith and not for the purpose of circumventing the Class B Protection Provisions, or by reason of the ability of a secured party (following a default) to exercise voting rights with respect to, or to dispose of, shares that had been pledged in good faith as security for a bona fide loan, or by foreclosure of a bona fide pledge which secures a bona fide loan;

(iii) shares acquired upon issuance or sale by the Company;

(iv) shares acquired by operation of law (including a merger or consolidation effected for the purpose of recapitalizing such Person or reincorporating such Person in another jurisdiction but excluding a merger or consolidation effected for the purpose of acquiring another Person);

(v) shares acquired in exchange for Common Stock by a holder of Common Stock (or by a parent, lineal descendant or donee of such holder of Common Stock who received such Common Stock from such holder) if the Common Stock so exchanged was acquired by such

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holder directly from the Company as a dividend on shares of Class A Common Stock;

(vi) shares acquired by a plan of the Corporation qualified under Section 401(a) of the Internal Revenue Code of 1986, as amended, or any successor provision thereto, or acquired by reason of a distribution from such a plan;

(vii) shares beneficially owned by a Person or group immediately after the Effective Time which are thereafter acquired by an Affiliate of such Person or group (or by the members of the immediate family (or trusts for the benefit thereof) or any such Person or Affiliate) or by a group which includes such Person or group or any such Affiliate; and

(viii) shares acquired indirectly through the acquisition of securities, or all or substantially all of the assets, of a Person that has a class of its equity securities registered under Section 12 (or any successor provision) of the Securities Exchange Act of 1934, as amended (the "1934 Act").

Notwithstanding anything to the contrary contained in this 6.1.4, no Person (and no group including such Person) shall be deemed to have acquired after the Effective Time beneficial ownership of any shares of Class A Common Stock owned by any other Person solely by reason of such Person being or becoming an officer, director, executive, trustee, executor, custodian, guardian, and/or other similar fiduciary or employee of or for such other Person under circumstances not intended to circumvent the provisions of this Section 6.1.4.

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(h) In connection with subparagraphs (a) through (d) and (f) above, for purposes of calculating the number of shares of Common Stock beneficially owned or acquired by a Person or group:

(i) shares of Common Stock acquired by gift shall be deemed to be beneficially owned by such Person or member of a group if such gift was made in good faith and not for the purpose of circumventing the operations of this Section 6.1.4; and

(ii) only shares of Common Stock owned of record by such Person or member of a group or held by others as nominees of such Person or member of a group and identified as such to the Corporation shall be deemed to be beneficially owned by such Person or group (provided that shares of Common Stock with respect to which such Person or member of a group has sole investment and voting power shall be deemed to be beneficially owned thereby).

(i) All calculations with respect to percentage beneficial ownership of issued and outstanding shares of either class of Common Shares shall be based upon the number of issued and outstanding shares reported by the Corporation on the last to be filed of (i) the Corporation's most recent Annual Report on Form 10-K, (ii) its most recent Quarterly Report on Form 10-Q, (iii) its most recent Current Report on Form 8-K, and (iv) its most recent definitive proxy statement filed with the Securities and Exchange Commission.

(j) For purposes of this Section 6.1.4, the term "Person" means any individual, partnership, joint venture, limited liability corporation, corporation, association, trust, incorporated organization, government or governmental department or agency or any other entity (other than the Corporation). Subject to subparagraphs (g) and (h) above, "beneficial ownership" shall be determined pursuant to Rule 13d-3 (as in

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effect of February 1, 1996) promulgated under the 1934 Act, and the formation of existence of a "group" shall be determined pursuant to Rule 13d-5(b) (as in effect on May 1, 1998) promulgated under the 1934 Act, in each case subject to the following additional qualifications:

(i) relationships by blood or marriage between or among any Persons will not constitute any of such Persons as a member or a group with any such other Person(s), absent affirmative attributes of concerted action; and

(ii) any Person acting in his official capacity as a director or officer of the Corporation shall not be deemed to beneficially own shares where such ownership exists solely by virtue of such Person's status as a trustee (or similar position) with respect to shares held by plans or trusts for the general benefit of employees or former employees of the Corporation, and actions taken or agreed to be taken by a Person in such Person's official capacity as an officer or director of the Corporation will not cause such Person to become a member of a group with any other Person.

For purposes of this Section 6.1.4, an "Affiliate" of any Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person. For purposes of this definition, "control" when used with respect to any specified Person means the possession of the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms controlling and controlled have meanings correlative to the foregoing. For purposes of this Section 6.1.4, "4% Shareholder" means any Person that, alone or together with any Affiliate, or any member of the immediate family (or trusts for the benefit thereof) of any such Person or

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Affiliate, beneficially owned at June 9, 1998, at least 4% of the aggregate number of shares of Existing Common Stock then outstanding.

6.1.5. Merger and Consolidation. In the event of a merger or consolidation

of the Corporation with or into another entity (whether or not the Corporation is the surviving entity), the holders of Class B Common Stock shall be entitled to receive the same amount and form of consideration per share as the per-share consideration, if any, received by any holder of the Class A Common Stock in such merger or consolidation.

6.1.6. Subdivision of Shares. If the Corporation shall in any manner split, subdivide or combine the outstanding shares of Class A Common Stock or Class B Common Stock, the outstanding shares of the other such class of Common Stock shall be proportionally split, subdivided or combined in the same manner and on the same basis as the outstanding shares of the other class of Common Stock have been split, subdivided or combined.

6.1.7. Power to Sell and Purchase Shares. The Board of Directors shall have the power to cause the Corporation to issue and sell all or any part of any class of stock herein or hereafter authorized to such persons, firms, associations or corporations, and for such consideration, as the Board of Directors shall from time to time, in its discretion, determine, whether or not greater consideration could be received upon the issue or sale of the same number of shares of another class, and as otherwise permitted by law. The Board of Directors shall have the power to cause the Corporation to purchase, out of funds legally available therefor, any class of stock herein or hereafter authorized from such persons, firms, associations or corporations, and for such consideration, as the Board of Directors shall from time to time, in its discretion, determine, whether or not less consideration could be paid upon the purchase of the same number of shares of another class, and as otherwise permitted by law.

6.1.8. Increase or Decrease in Number of Shares. The number of authorized shares of Class B Common Stock may be increased or decreased (but not below the

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number of shares then outstanding) by the affirmative vote of a majority of the votes cast by the holders of the outstanding shares of the Class A Common Stock.

6.2. Preferred Stock. The Board of Directors shall have the power by resolution to (i) provide for the issuance of shares of Preferred Stock in series, (ii) determine the number of shares in any such series and (iii) fix the designations, preferences, qualifications, limitations, restrictions, and special or relative rights of the Preferred Stock or any series thereof.

6.3. Reclassification. At the Effective Time, and without any further action on the part of the Corporation or its shareholders, each share of the Corporation's Common Stock then issued (including shares held in the treasury of the Corporation) (the "Existing Common Stock"), shall be automatically converted into and reclassified as (i) one-half (1/2) of a fully paid and non-assessable share of Class A Common Stock, and (ii) one-half (1/2) of a fully paid and non-assessable share of Class B Common Stock. Any stock certificate that, immediately prior to the Effective Time, represents shares of Existing Common Stock, shall, from and after the Effective Time, automatically and without the necessity of presenting the same for exchange, represent that number of shares of Class A Common Stock and Class B Common Stock equal, in each case, to the product obtained by multiplying (a) the number of shares of Common Stock represented by such certificate prior to the Effective Time by (b) one-half (1/2); provided, however, that no fractional shares of Common Stock shall be issued to any holder of the Existing Common Stock or reflected on the transfer records of the Corporation (based upon the number of shares owned by such holder regardless of the number of certificates issued to such holder) by reason of the reclassification provided for herein. As soon as practicable after the Effective Time, the Corporation's transfer agent shall mail a letter of transmittal to each record holder who would be entitled to receive a half share of Common Stock. In lieu of issuing half shares, the Corporation shall pay to each holder of such a half share, upon delivery of a properly executed letter of transmittal accompanied by a stock certificate, an amount in cash equal to the greater of (i) the average closing price per share of the Common Stock on the NASDAQ/NMS for the fifteen trading days immediately preceding the date on which the Effective Time occurs and (ii) the

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closing price per share of Common Stock on the NASDAQ/NMS on the trading day immediately preceding the Effective Time occurs.

ARTICLE VII

The power to alter, amend, or repeal the By-Laws or to adopt new By-Laws shall be vested in the Board of Directors; provided, however, that any By-Law or amendment thereto as adopted by the Board of Directors may be altered, amended or repealed by vote of the shareholders entitled to vote for the election of directors, or a new By-Law in lieu thereof may be adopted by vote of such shareholders. No By-Law which has been altered, amended, or adopted by such a vote of the shareholders may be altered, amended or repealed by vote of the directors until two years shall have expired since such action by vote of such shareholders.

ARTICLE VIII

8.0. The meetings of the shareholders shall be held at the principal office of the Corporation or at such other place within the State of New Jersey as may from time to time be designated by the Board of Directors and stated in the notice of the meeting.

8.1. The Board of Directors may hold their meetings within the State of New Jersey or outside the state as may be stated in the notice of the meeting, which shall designate the time and place thereof.

8.2. The Board of Directors may designate from their number an Executive Committee and Finance Committee, and one or more other committees which shall, in the intervals between its meetings and to the extent provided by the By-Laws, exercise all of the powers of the Board of Directors so far as it may lawfully do so in the management of the business and affairs of the Corporation.

ARTICLE IX

Shareholders of the Corporation shall not have any pre-emptive rights.

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ARTICLE X

10.0. Classification of Directors. The Board of Directors of the Corporation shall be divided into three classes (Class 1, Class 2 and Class 3), the respective terms of office of which shall end in successive years. The number of directors in each class shall be consistent with all limitations specified in the By-Laws and shall be as nearly equal as possible. Unless they are elected to fill vacancies, the directors in each class shall be elected to hold office until the third successive annual meeting of shareholders after their election and until their successors shall have been elected and qualified. At each annual meeting of shareholders, the directors of only one class shall be elected, except directors who may be elected to fill vacancies.

10.1. Filling of Vacancies in the Board of Directors Caused by an Increase in the Number of Directors. Any directorship to be filled by reason of an increase in the number of directors may be filled only by the affirmative vote of three-quarters of the directors. The Board of Directors shall specify the class in which a director so elected shall serve. Any director so elected by the Board of Directors shall hold office only until the next annual meeting of the shareholders and until his successor shall have been elected and qualified, notwithstanding that the term of office of the other directors in the class of which he is a member does not expire at the time of such meeting. His successor shall be elected by the shareholders to a term of office which shall expire at the same time as the term of office of the other directors in the class to which he is elected.

10.2. Removal of Directors. One or more of the directors may be removed, but only for cause, by the affirmative vote of two-thirds of the shares entitled to vote for the election of directors. The Board of Directors, acting by at least a two-thirds affirmative vote of the entire Board of Directors, may also remove one or more directors, but only for cause, and may suspend any director for a reasonable period of time pending a final determination that cause exists for removal.

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10.3. Amendment. This Article X may not be altered, amended or repealed

except by an affirmative vote of the holders of at least two-thirds of the shares entitled to vote thereon.

ARTICLE XI

11.0. Vote Required For Business Combinations. In addition to any other voting requirement imposed by law, by contract, by this Restated Certificate of Incorporation, including any amendments thereto, and the By-Laws of the Corporation and, except as otherwise expressly provided in Section 11.1 of this Article XI, any Business Combination other than a Business Combination involving the adoption of any plan or proposal for the liquidation or dissolution of the Corporation shall require the affirmative vote of the holders of (i) at least 80% of the shares entitled to vote thereon and (ii) at least a majority of the shares entitled to vote thereon excluding shares held by Related Persons and their Affiliates involved in the Business Combination. Any Business Combination involving a proposed liquidation or dissolution of the Corporation shall require the affirmative vote of the holders of (i) at least 80% of the shares entitled to vote thereon and (ii) at least a majority of the shares entitled to vote thereon excluding shares voting in favor of the liquidation or dissolution held by Related Persons and their Affiliates.

11.1. When Higher Vote is Not Required. The vote required by Section 11.0 of this Article XI shall not be applicable with respect to any particular Business Combination if the conditions of either sub-sections 11.1.1 or 11.1.2 of this Section 11.1 are met with respect to such Business Combination, in which event such Business Combination shall require only such affirmative vote (if any) as is required by law, by contract, by any other provision of this Restated Certificate of Incorporation, including any amendments thereto, or by the By-Laws of the Corporation.

11.1.1. Approval by the Board of Directors. The Business Combination shall have been approved by at least a majority of the Continuing Directors of the Corporation at any time prior to its consummation.

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11.1.2. Price and Form of Consideration; Other Requirements. Each of the following conditions shall have been met with respect to the applicable Business Combination:

(a) The aggregate amount of cash and the Market Value as of the date of a binding agreement for the consummation of the Business Combination of consideration other than cash to be received per share by holders of outstanding capital stock of the Corporation in such Business Combination shall be at least equal to the Minimum Price Per Share;

(b) The consideration to be received by holders of each class or series of outstanding stock shall be in cash or in the same form as the Related Person involved in the Business Combination has previously paid for shares of such class or series of stock. If such Related Person has paid for shares of any class of stock with varying forms of consideration, the form of consideration for such class of stock shall be either cash or the form used to acquire the largest number of shares of such class of stock previously acquired by the Related Person;

(c) Such Related Person shall not have acquired any additional shares of the Corporation's outstanding voting stock or securities convertible into or exchangeable for such stock except as a part of the transaction which resulted in such Related Person becoming a Related Person;

(d) Prior to the consummation of such Business Combination, such Related Person shall not have directly or indirectly (i) received the benefit (except proportionately as a shareholder) of any loans, advances, guarantees, pledges or other financial assistance or tax credits provided by the Corporation, or (ii) made or caused to be made any major change in the Corporation's business or equity capital structure without the unanimous approval of the Continuing Directors; and

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(e) A proxy statement responsive to the requirements of the 1934 Act shall have been mailed to all holders of the Corporation's voting stock for the purpose of soliciting shareholder approval of such Business

Combination. Such proxy statement shall contain at the front thereof, in a prominent place, any recommendations as to the advisability (or inadvisability) of the Business Combination which the Continuing Directors, or any of them, may have furnished in writing and, if deemed advisable by a majority of the Continuing Directors, an opinion of a reputable investment banking firm as to the fairness (or lack of fairness) of the terms of such Business Combination, from the point of view of the shareholders. The investment banking firm shall be selected by a majority of the Continuing Directors, furnished with all information it reasonably requests and paid a reasonable fee for its services upon receipt by the Corporation of such opinion.

11.2. Determination of Certain Matters. The Continuing Directors of the Corporation shall, by majority vote, have the power and duty to determine for the purposes of this Article XI, on the basis of information known to them, after reasonable inquiry, all questions arising thereunder, including whether a Person is a Related Person, the number of shares of capital stock beneficially owned by any Person, whether a Person is an Affiliate of another, the value of the net assets which are the subject of any Business Combination, and the value of consideration to be received for the issuance or transfer of securities by the Corporation or any of its Subsidiaries in any Business Combination.

11.3. No Effect on Fiduciary Obligations. Nothing contained in this Article XI shall be construed to relieve any Related Person from any fiduciary obligation imposed by law.

11.4. Definitions. For the purpose of this Article XI, the following definitions shall apply:

"Business Combination" means

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(i) any merger or consolidation of the Corporation or any Subsidiary with or into (A) any Related Person or (B) any other corporation or other person or entity (whether or not itself a Related Person) which, after such merger or consolidation, would be an Affiliate of a Related Person, or

(ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of related transactions) to or with any Related Person of all, or substantially all, of the assets of the Corporation, if not in the usual and regular course of the business conducted by the Corporation, or

(iii) the issuance or transfer by the Corporation or any Subsidiary to any Related Person, other than pursuant to a public offering of securities registered with the Securities and Exchange Commission and approved by a majority of the Continuing Directors, in exchange for cash, or securities or other property (or a combination thereof) having an aggregate fair market value of \$5,000,000 or more, or

(iv) the adoption of any plan or proposal for the liquidation or dissolution of the Corporation, or

(v) any reclassification of securities (including any reverse stock split), recapitalization, reorganization, merger or consolidation of the Corporation with any of its Subsidiaries or any similar transaction (whether or not with or into or otherwise involving a Related Person) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the Corporation or any Subsidiary which is directly or indirectly owned by a Related Person.

"Related Person" means, in respect to any Business Combination, any Person (other than the Corporation or any Subsidiary) who or which, as of the record date for the determination of shareholders entitled to notice of and to vote on such Business Combination, or immediately prior to the consummation of such transaction,

(i) is (together with all Affiliates of such Person) the beneficial owner, directly or indirectly, of not less than 10% of the voting power of this Corporation, other than any Person who was the beneficial owner, directly or indirectly, of not less

than 10% of the voting power of this Corporation on the date this Article XI was added to the Corporation's Restated Certificate of Incorporation, or

(ii) is an Affiliate of the Corporation and at any time within 3 years prior thereto was (together with all Affiliates of such Person) the beneficial owner, directly or indirectly, of not less than 10% of the voting power of this Corporation, other than any Person who was the beneficial owner, directly or indirectly, of not less than 10% of the voting power of this Corporation on the date this Article XI was added to the Corporation's Restated Certificate of Incorporation, or

(iii) is an assignee of or has otherwise succeeded to any shares of the capital stock of the Corporation which were at any time within 3 years prior thereto beneficially owned by any Related Person, and such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

"Affiliate" means any Person that directly or indirectly controls, or is controlled by, or is under common control with, another Person.

"Person" means any individual, firm, partnership, trust, business association, corporation or other entity or any combination of them acting together.

"Continuing Director" means a member of the Board of Directors who either (i) was first elected as director prior to the date as of which a Related Person proposing, or involved in, a Business Combination became a Related Person, (ii) was designated at the time of his initial election as director as a Continuing Director by a majority of the then Continuing Directors or (iii) was a director at the time the Corporation's Restated Certificate of Incorporation was amended to include this Article XI. If at any time the Board of Directors consists of less than two Continuing Directors, then no director on the Board of Directors will be deemed a Continuing Director.

"Market Value", in the case of capital stock of the Corporation listed on an exchange or quoted (with respect to closing sales information) on the NASDAQ/NMS, shall be the price of the last transaction, as of the date of determination, (i) effected on the principal exchange on which the stock is listed or, if not listed on any exchange, (ii) quoted on NASDAQ/NMS. In the case of any property other than such capital stock, "Market Value" shall mean fair market value.

"Minimum Price Per Share" means the highest of:

(i) the highest gross per share price (including brokerage commissions, transfer taxes and soliciting dealers' fees) paid or agreed to be paid by the Related Person involved in the applicable Business Combination for any shares of stock of the Corporation or any Subsidiary acquired or agreed to be acquired by such Related Person (x) within the five-year period immediately prior to the first public announcement of the Business Combination (the "Announcement Date") or (y) in the transaction in which such Related Person became a Related Person, whichever is higher;

(ii) the Market Value per share on the Announcement Date; or

(iii) the Market Value per share on the date on which the Related Person became a Related Person.

The calculation of the Minimum Price Per Share shall require appropriate adjustments for capital changes, including, without limitation, stock splits, stock dividends and reverse stock splits.

"Subsidiary" means any corporation of which a majority of any class of equity security (as defined in Rule 3A11-1 of the General Rules and Regulations under the 1934 Act, as in effect on January 1, 1979) is owned, directly or indirectly, by the Corporation; provided, however, that for the

purposes of the definition of Related Person set forth herein, the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the Corporation.

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11.5. Amendment. This Article XI may not be altered, amended or repealed, except by an affirmative vote of the holders of at least 80% of the shares entitled to vote thereon; provided that such 80% vote shall not be required for any amendment, alteration, change or repeal recommended to the shareholders by a majority of the whole Board of Directors, but only if a majority of the Continuing Directors approve the amendment, alteration, change or repeal as well.

ARTICLE XII

In the event of a tender offer or other offer for the securities of the Corporation, the Board of Directors shall consider all relevant factors with respect to the impact of the offer upon the shareholders, employees and customers of the Corporation and upon the Corporation's subsidiaries and the communities served by the Corporation and such subsidiaries, and all relevant financial, legal and other issues raised by the proposed offer. The Board of Directors shall have the discretion to promote acceptance or encourage rejection of an offer by all lawful means in the best interests of the Corporation.

ARTICLE XIII

Every person who is or was a director or officer of the Corporation, or any such person who serves or served in any similar capacity with any other enterprise at the request of the Corporation, shall be indemnified by the Corporation to the fullest extent permitted by law against all expenses and liabilities reasonably incurred by or imposed upon him in connection with any proceeding to which he may be made, or threatened to be made, a party, or in which he may become involved by reason of his being or having been a director or officer of the Corporation, or of serving or having served such other enterprise in such capacity, whether or not he is a director or officer of the Corporation, or continues to serve such other enterprise in such capacity, at the time the expenses or liabilities are incurred.

ARTICLE XIV

So long as permitted by law, no director of the Corporation shall be personally liable to the Corporation or its shareholders for damages for breach of any duty owed by such

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person to the Corporation or its shareholders; provided, however, that this Article XIV shall not relieve any person from liability to the extent provided by applicable law for any breach of duty based upon an act or omission (a) in breach of such person's duty or loyalty to the Corporation or its shareholders, (b) not in good faith or involving a knowing violation of law or (c) resulting in receipt by such person of an improper personal benefit. No amendment to or repeal of this Article XIV and no amendment, repeal or termination of effectiveness of any law authorizing this Article XIV shall apply to or have any effect on the liability or alleged liability of any director for or with respect to any acts or omissions of such director occurring prior to such amendment, repeal or termination of effectiveness.

ARTICLE XV

So long as permitted by law, no senior officer of the Corporation shall be personally liable to the Corporation or its shareholders for damages for breach of any duty owed by such person to the Corporation or its shareholders; provided, however, that this Article XV shall not relieve any person from liability to the extent provided by applicable law for any breach of duty based upon an act or omission (a) in breach of such person's duty of loyalty to the Corporation or its shareholders, (b) not in good faith or involving a knowing violation of law or (c) resulting in receipt by such person of an improper personal benefit. No amendment to or repeal of this Article XV and no amendment, repeal or termination of effectiveness of any law authorizing this Article XV shall apply to or have any effect on the liability or alleged liability of any

senior officer for or with respect to any acts or omissions of such senior officer occurring prior to such amendment, repeal or termination of effectiveness. For purposes of this Article XV, the term "senior officer" shall mean the President and any Vice President of the Corporation.

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IN WITNESS WHEREOF, the Corporation has caused this certificate to be executed on its behalf by its duly authorized officer as of the date first above written.

BEL FUSE INC.

By: /s/ COLIN W. DUNN

Colin W. Dunn, Vice President

<ARTICLE>

5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM BEL FUSE INC. AND SUBSIDIARIES FINANCIAL STATEMENTS AT JUNE 30, 1998 AND THE SIX MONTHS THEN ENDED AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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