

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13E-4

ISSUER TENDER OFFER STATEMENT
(PURSUANT TO SECTION 13(E) (1) OF THE SECURITIES EXCHANGE ACT OF 1934)

INSTRUMENT SYSTEMS CORPORATION
(Name of Issuer)

INSTRUMENT SYSTEMS CORPORATION
(Name of Person(s) Filing Statement)

COMMON STOCK, PAR VALUE \$.25 PER SHARE
(including the Associated Common Stock Purchase Rights)
(Title of Class of Securities)

457794 30 3
(CUSIP Number of Class of Securities)
ROBERT BALEMIAN
PRESIDENT

INSTRUMENT SYSTEMS CORPORATION
100 JERICHO QUADRANGLE
JERICHO, NEW YORK 11753
(516) 938-5544
(Name, Address and Telephone Number of Person Authorized to Receive Notices
and Communications on Behalf of the Person Filing Statement)

COPY TO:

ELLIOTT V. STEIN, ESQ.
WACHTELL, LIPTON, ROSEN & KATZ
51 WEST 52ND STREET
NEW YORK, NEW YORK 10019
(212) 403-1000

NOVEMBER 10, 1994
(Date Tender Offer First Published, Sent or Given
to Security Holders)

CALCULATION OF FILING FEE

TRANSACTION VALUATION*	AMOUNT OF FILING FEE
\$27,750,000.....	\$5,550.00

* For purposes of calculating fee only. Based on the Offer for 3,000,000 shares at a maximum price per share of \$9.25.

/ / Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

Amount Previously Paid: N/A Filing Party: N/A
Form or Registration No.: N/A Date Filed: N/A

2

This Issuer Tender Offer Statement (the "Statement") relates to the tender offer by Instrument Systems Corporation, a Delaware corporation (the "Company"), to purchase 3,000,000 shares of common stock, par value \$.25 per share (the "Shares"), including the associated Common Stock Purchase Rights (the "Rights"), at prices, net to the seller in cash, not greater than \$9.25 nor less than \$8.00 per Share, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated November 10, 1994 (the "Offer to Purchase") and the related Letter of Transmittal (which are herein collectively referred to as the "Offer"). Unless the Rights are redeemed by the Company, a tender of Shares will also constitute a tender of the associated Rights. Unless the context requires otherwise, all references herein to Shares shall include the associated Rights. The Offer is being made to all holders of Shares, including officers, directors and affiliates of the Company.

ITEM 1. SECURITY AND ISSUER.

(a) The name of the issuer is Instrument Systems Corporation, a Delaware corporation. The address of its principal executive offices is 100 Jericho Quadrangle, Jericho, New York 11753.

(b) The classes of securities to which this Statement relates are the Shares and the Rights. The information set forth in "INTRODUCTION" in the Offer to Purchase is incorporated herein by reference.

(c) The information set forth in "INTRODUCTION" and "Price Range of Shares; Dividends; Open-Market Purchases" in the Offer to Purchase is incorporated herein by reference.

(d) This statement is being filed by the Issuer.

ITEM 2. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

(a)-(b) The information set forth in "Source and Amount of Funds" in the Offer to Purchase is incorporated herein by reference.

ITEM 3. PURPOSE OF THE TENDER OFFER AND PLANS OR PROPOSALS OF THE ISSUER.

(a)-(j) The information set forth in "INTRODUCTION", "Number of Shares; Proration", "Background and Purpose of the Offer; Certain Effects of the Offer", "Interests of Directors and Officers; Transactions and Arrangements Concerning the Shares" and "Effects of the Offer on the Market for Shares; Registration Under the Exchange Act" in the Offer to Purchase is incorporated herein by reference.

ITEM 4. INTEREST IN SECURITIES OF THE ISSUER.

The information set forth in "Interests of Directors and Officers; Transactions and Arrangements Concerning the Shares" in the Offer to Purchase is incorporated herein by reference.

ITEM 5. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO THE ISSUER'S SECURITIES.

The information set forth in "INTRODUCTION", "Number of Shares; Proration", "Background and Purpose of the Offer; Certain Effects of the Offer" and "Interests of Directors and Officers; Transactions and Arrangements Concerning the Shares" in the Offer to Purchase is incorporated herein by reference.

ITEM 6. PERSONS RETAINED, EMPLOYED OR TO BE COMPENSATED.

The information set forth in "Fees and Expenses" in the Offer to Purchase is incorporated herein by reference.

3

ITEM 7. FINANCIAL INFORMATION.

(a)-(b) The information set forth in "Certain Information About the Company -- Selected Historical Consolidated Financial Information" and "-- Summary Pro Forma Consolidated Financial Information" in the Offer to Purchase is incorporated herein by reference.

ITEM 8. ADDITIONAL INFORMATION.

(a) Not applicable.

(b) The information set forth in "Certain Legal Matters; Regulatory and Foreign Approvals" and "Miscellaneous" in the Offer to Purchase is incorporated herein by reference.

(c) The information set forth in "Effects of the Offer on the Market for Shares; Registration Under the Exchange Act" in the Offer to Purchase is incorporated herein by reference.

(d) Not applicable.

(e) The information set forth in the Offer to Purchase and the related Letter of Transmittal, copies of which are attached hereto as Exhibits (a) (1) and (a) (2), respectively, is incorporated herein by reference in their entirety.

ITEM 9. MATERIAL TO BE FILED AS EXHIBITS.

(a) (1) Form of Offer to Purchase dated November 10, 1994.

(a) (2) Form of Letter of Transmittal.

(a) (3) Form of Letter to brokers, dealers, commercial banks, trust companies and other nominees dated November 10, 1994.

(a) (4) Form of Letter to Clients from Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees dated November 10, 1994.

(a) (5) Form of Notice of Guaranteed Delivery.

(a) (6) Form of letter dated November 10, 1994 to stockholders from the Chairman of the Board of the Company and the President of the Company.

(a) (7) Form of letter dated November 10, 1994 to participants in the ESOP.

(a) (8) Form of press release issued by the Company dated November 8, 1994.

(a) (9) Form of summary advertisement dated November 10, 1994.

(a) (10) Guidelines for Certification of Taxpayer Identification Number.

(b) Not applicable.

(c) Not applicable.

(d) Not applicable.

(e) Not applicable.

(f) Not applicable.

2

4

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: November 10, 1994

INSTRUMENT SYSTEMS CORPORATION

By: /s/ ROBERT BALEMIAN

Name: Robert Balemian
Title: President

3

5

INDEX TO EXHIBITS

ITEM	DESCRIPTION	PAGE
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(b)	Not applicable.	
(c)	Not applicable.	
(d)	Not applicable.	
(e)	Not applicable.	
(f)	Not applicable.	

INSTRUMENT SYSTEMS CORPORATION

Offer to Purchase for Cash
 Up to 3,000,000
 Shares of its Common Stock
 (Including the Associated Common Stock Purchase Rights)
 at a Purchase Price Not Greater than
 \$9.25 nor Less than \$8.00 per Share

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, DECEMBER 9, 1994, UNLESS THE OFFER IS EXTENDED.

Instrument Systems Corporation, a Delaware corporation (the "Company"), invites its stockholders to tender shares of its common stock, par value \$.25 per share (the "Shares"), including the associated Common Stock Purchase Rights (the "Rights"), at prices, net to the seller in cash, not greater than \$9.25 nor less than \$8.00 per Share, specified by tendering stockholders, upon the terms and subject to the conditions set forth in this Offer to Purchase and the related Letter of Transmittal (which together constitute the "Offer"). Unless the Rights are redeemed by the Company prior to the Expiration Time (as defined herein), a tender of Shares will also constitute a tender of the associated Rights. Unless the context requires otherwise, all references herein to Shares shall include the associated Rights.

The Company will, upon the terms and subject to the conditions of the Offer, determine a single per Share price (not greater than \$9.25 nor less than \$8.00 per Share) that it will pay for Shares properly tendered and not withdrawn pursuant to the Offer (the "Purchase Price"), taking into account the number of Shares so tendered and the prices specified by tendering stockholders. The Company will select the lowest Purchase Price which will allow it to buy 3,000,000 Shares (or such lesser number of Shares as are properly tendered and not withdrawn at prices not greater than \$9.25 nor less than \$8.00 per Share) pursuant to the Offer. All Shares properly tendered and not withdrawn at prices at or below the Purchase Price will be purchased at the Purchase Price, net to the seller in cash, upon the terms and subject to the conditions of the Offer, including the proration terms hereof. The Offer is not being made to holders of securities convertible into or exercisable for Shares. The Company will, however, upon the terms and subject to the conditions of the Offer, accept tenders of Shares that are issued upon conversion or exercise of such securities and duly tendered pursuant to the Offer.

THE OFFER IS NOT CONDITIONED ON ANY MINIMUM NUMBER OF SHARES BEING TENDERED. THE OFFER IS, HOWEVER, SUBJECT TO CERTAIN OTHER CONDITIONS. SEE SECTION 6.

IMPORTANT

Any stockholder desiring to tender all or any portion of his Shares should either (1) complete and sign the Letter of Transmittal or a facsimile thereof in accordance with the instructions in the Letter of Transmittal, mail or deliver it and any other required documents to American Stock Transfer & Trust Company (the "Depository"), and either mail or deliver his stock certificates for such Shares to the Depository or follow the procedure for book-entry delivery set forth in Section 3 or (2) request his broker, dealer, commercial bank, trust company or other nominee to effect the transaction for him. A stockholder having Shares registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact that broker, dealer, commercial bank, trust company or other nominee if such stockholder desires to tender such Shares. Stockholders who desire to tender Shares and whose certificates for such Shares are not immediately available or who cannot comply with the procedure for book-entry transfer on a timely basis should tender such Shares by following the procedures for guaranteed delivery set forth in Section 3.

NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS MAKES ANY RECOMMENDATION TO ANY STOCKHOLDER AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING SHARES. EACH STOCKHOLDER MUST MAKE HIS OWN DECISION WHETHER TO TENDER SHARES AND, IF SO, HOW MANY SHARES TO TENDER AND AT WHICH PRICE OR PRICES. NO DIRECTOR OR OFFICER OF THE COMPANY INTENDS TO TENDER ANY SHARES

PURSUANT TO THE OFFER.

TO TENDER SHARES PROPERLY, STOCKHOLDERS MUST COMPLETE THE LETTER OF TRANSMITTAL,
INCLUDING THE SECTION THEREOF RELATING TO THE PRICE AT WHICH THEY ARE TENDERING
SHARES.

The Shares are listed and principally traded on the New York Stock Exchange (the "NYSE"). On November 7, 1994, the last trading day before the announcement of the Offer, the closing per Share sales price as reported on the NYSE Composite Tape was \$7 1/2. STOCKHOLDERS ARE URGED TO OBTAIN CURRENT MARKET QUOTATIONS FOR THE SHARES. See Section 7.

Questions and requests for assistance or for additional copies of this Offer to Purchase, the Letter of Transmittal or the Notice of Guaranteed Delivery may be directed to the Depositary or the Dealer Managers at their respective addresses and telephone numbers set forth on the back cover of this Offer to Purchase.

The Dealer Managers for the Offer are:

GOLDMAN, SACHS & CO.

OPPENHEIMER & CO., INC.

November 10, 1994

2

THE COMPANY HAS NOT AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION ON BEHALF OF THE COMPANY AS TO WHETHER STOCKHOLDERS SHOULD TENDER OR REFRAIN FROM TENDERING SHARES PURSUANT TO THE OFFER. THE COMPANY HAS NOT AUTHORIZED ANY PERSON TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFER ON BEHALF OF THE COMPANY OTHER THAN THOSE CONTAINED IN THIS OFFER TO PURCHASE OR IN THE LETTER OF TRANSMITTAL. DO NOT RELY ON ANY SUCH RECOMMENDATION OR ANY SUCH INFORMATION OR REPRESENTATIONS, IF GIVEN OR MADE, AS HAVING BEEN AUTHORIZED BY THE COMPANY.

TABLE OF CONTENTS

SECTION	PAGE
-----	----
INTRODUCTION.....	1
1. Number of Shares; Proration.....	2
2. Tenders by Owners of Fewer than 100 Shares.....	4
3. Procedure for Tendering Shares.....	4
Proper Tender of Shares.....	4
Signature Guarantees.....	5
Method of Delivery.....	5
Federal Income Tax Withholding.....	5
Book-Entry Delivery.....	6
Guaranteed Delivery.....	6
Employee Stock Ownership Plan.....	6
Determinations of Validity; Rejection of Shares; Waiver of Defects; No Obligation to Give Notice of Defects.....	7
4. Withdrawal Rights.....	7
5. Purchase of Shares and Payment of Purchase Price.....	8
6. Certain Conditions of the Offer.....	9
7. Price Range of Shares; Dividends; Open-Market Purchases.....	11
8. Background and Purpose of the Offer; Certain Effects of the Offer.....	11
9. Interests of Directors and Officers; Transactions and Arrangements Concerning the Shares.....	12
10. Source and Amount of Funds.....	12
11. Certain Information About the Company.....	13
Recent Developments.....	13
Selected Consolidated Financial Information.....	13
Summary Proforma Consolidated Financial Information.....	14
Common Stock Purchase Rights.....	16
Additional Information.....	17
12. Effects of the Offer on the Market for Shares; Registration Under the Exchange Act.....	18
13. Certain Legal Matters; Regulatory and Foreign Approvals.....	18

14.	Certain U.S. Federal Income Tax Consequences.....	18
15.	Extension of the Offer; Termination; Amendments.....	21
16.	Fees and Expenses.....	22
17.	Miscellaneous.....	22

TO THE OWNERS OF SHARES OF THE COMMON STOCK OF INSTRUMENT SYSTEMS CORPORATION:

INTRODUCTION

Instrument Systems Corporation, a Delaware corporation (the "Company"), invites its stockholders to tender shares of its common stock, par value \$.25 per share (the "Shares"), including the associated Common Stock Purchase Rights (the "Rights"), at prices, net to the seller in cash, not greater than \$9.25 nor less than \$8.00 per Share, specified by tendering stockholders, upon the terms and subject to the conditions set forth in this Offer to Purchase and the related Letter of Transmittal (which together constitute the "Offer"). Unless the Rights are redeemed by the Company, a tender of Shares will also constitute a tender of the associated Rights. Unless the context requires otherwise, all references herein to Shares shall include the associated Rights.

The Company will, upon the terms and subject to the conditions of the Offer, determine a single per Share price (not greater than \$9.25 nor less than \$8.00 per Share) that it will pay for Shares properly tendered and not withdrawn pursuant to the Offer (the "Purchase Price"), taking into account the number of Shares so tendered and the prices specified by tendering stockholders. The Company will select the lowest Purchase Price which will allow it to buy 3,000,000 Shares (or such lesser number of Shares as are properly tendered and not withdrawn at prices not greater than \$9.25 nor less than \$8.00 per Share) pursuant to the Offer. All Shares properly tendered prior to the Expiration Time (as defined in Section 1) and not withdrawn at prices at or below the Purchase Price will be purchased at the Purchase Price, net to the seller in cash, upon the terms and subject to the conditions of the Offer, including the proration terms described below.

THE OFFER IS NOT CONDITIONED ON ANY MINIMUM NUMBER OF SHARES BEING TENDERED. THE OFFER IS, HOWEVER, SUBJECT TO CERTAIN OTHER CONDITIONS. SEE SECTION 6.

If, before the Expiration Time, more than 3,000,000 Shares (or such greater number of Shares as the Company may elect to purchase) are properly tendered and not withdrawn at or below the Purchase Price, the Company will, upon the terms and subject to the conditions of the Offer, purchase Shares first from all Odd Lot Owners (as defined in Section 2) who properly tender all their Shares at or below the Purchase Price and then on a pro rata basis from all other stockholders who properly tender Shares at or below the Purchase Price. See Sections 1 and 2. The Company will return at its own expense all Shares not purchased under the Offer, including Shares tendered and not withdrawn at prices greater than the Purchase Price and Shares not purchased because of proration. Tendering stockholders will not be obligated to pay brokerage commissions, solicitation fees or, subject to Instruction 7 of the Letter of Transmittal, stock transfer taxes on the Company's purchase of Shares pursuant to the Offer. In addition, the Company will pay all fees and expenses of Goldman, Sachs & Co. and Oppenheimer & Co., Inc. (the "Dealer Managers") and American Stock Transfer & Trust Company (the "Depository") in connection with the Offer. See Section 16.

The Company's Employee Stock Ownership Plan (the "ESOP") holds Shares in accounts for participants in the ESOP. Under the terms of the ESOP, a participant may instruct the ESOP's trustee to tender all or part of the Shares attributed to the participant's account and in each such case must specify the price or prices at which such Shares are to be tendered. See Section 3.

NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS MAKES ANY RECOMMENDATION TO ANY STOCKHOLDER AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING SHARES. EACH STOCKHOLDER MUST MAKE HIS OWN DECISION WHETHER TO TENDER SHARES AND, IF SO, HOW MANY SHARES TO TENDER AND AT WHICH PRICE OR PRICES. NO DIRECTOR OR OFFICER OF THE COMPANY INTENDS TO TENDER ANY SHARES PURSUANT TO THE OFFER.

The Company is offering to purchase up to 3,000,000, or approximately 9%, of the Company's 33,738,036 Shares outstanding as of November 10, 1994. In addition, as of such date, (i) an

aggregate of 1,677,129 Shares were issuable upon the conversion of the Company's Second Preferred Stock, Series I, \$.25 par value ("Second Preferred Stock"), (ii) an aggregate of 926,500 Shares were issuable upon exercise of outstanding employee stock options ("Options") and (iii) an aggregate of 226,414 Shares were issuable upon exercise of outstanding warrants ("Warrants" and, together with the Second Preferred Stock and the Options, the "Convertible Securities"). THE OFFER IS NOT BEING MADE TO HOLDERS OF THE CONVERTIBLE SECURITIES. THE COMPANY WILL, UPON THE TERMS AND SUBJECT TO THE CONDITIONS OF THE OFFER, ACCEPT TENDERS OF SHARES THAT, IN ACCORDANCE WITH THE TERMS OF SUCH CONVERTIBLE SECURITIES, ARE ISSUED UPON EXERCISE OR CONVERSION OF CONVERTIBLE SECURITIES AND DULY TENDERED PURSUANT TO THE OFFER. To the extent shares of Second Preferred Stock are converted into Shares, but the resulting Shares are not purchased pursuant to the Offer, such conversion will nevertheless be irrevocable and holders of shares of Second Preferred Stock so converted will have lost all preferential rights of Second Preferred Stock as compared to Shares (including, among other things, the priority afforded holders of shares of Second Preferred Stock with respect to the distribution of assets upon liquidation). Each holder of shares of Second Preferred Stock is urged to consult his own broker or investment or tax advisor with respect to the Offer. NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS MAKES ANY RECOMMENDATION TO ANY HOLDER OF SHARES OF SECOND PREFERRED STOCK AS TO WHETHER TO CONVERT ALL OR ANY PORTION OF HIS SHARES OF SECOND PREFERRED STOCK INTO SHARES OR AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING PURSUANT TO THE OFFER ALL OR ANY PORTION OF THE SHARES ISSUABLE UPON SUCH CONVERSION.

The Company is making the Offer because its Board of Directors believes that, given the Company's businesses, assets and prospects and the current market price of the Shares, the purchase of the Shares pursuant to the Offer is an attractive investment for the Company. In addition, the Offer provides stockholders who are considering a sale of all or a portion of their Shares the opportunity to sell those Shares for cash at a price that is greater than the market price prevailing immediately prior to announcement of the Offer without the usual transaction costs associated with open-market sales.

The Shares are listed and principally traded on the New York Stock Exchange ("NYSE") (Ticker Symbol: ISY). The closing per Share sales price as reported on the NYSE Composite Tape on November 7, 1994, the last trading day before the announcement of the Offer, was \$7 1/2. THE COMPANY URGES STOCKHOLDERS TO OBTAIN CURRENT MARKET QUOTATIONS FOR THE SHARES.

1. NUMBER OF SHARES; PRORATION

Upon the terms and subject to the conditions of the Offer, the Company will accept for payment (and thereby purchase) 3,000,000 Shares or such lesser number of Shares as are properly tendered before the Expiration Time (and not withdrawn in accordance with Section 4) at a price (determined in the manner set forth below) not greater than \$9.25 nor less than \$8.00 per Share. The term "Expiration Time" means 12:00 midnight, New York City time, on Friday, December 9, 1994, unless and until the Company in its sole discretion shall have extended the period of time during which the Offer is open, in which event the term "Expiration Time" shall refer to the latest time and date at which the Offer, as so extended by the Company, shall expire. See Section 15 for a description of the Company's right to extend the time during which the Offer is open and to delay, terminate or amend the Offer. See also Section 6. Subject to Section 2, if the Offer is oversubscribed, Shares tendered at or below the Purchase Price before the Expiration Time will be eligible for proration. The proration period also expires at the Expiration Time.

The Company will, upon the terms and subject to the conditions of the Offer, determine a single Purchase Price that it will pay for Shares properly tendered and not withdrawn pursuant to the Offer, taking into account the number of Shares so tendered and the prices specified by tendering stockholders. The Company will select the lowest Purchase Price which will allow it to buy 3,000,000 Shares (or such lesser number as are properly tendered and not withdrawn at prices not greater than \$9.25 nor less than \$8.00 per Share) pursuant to the Offer. The Company reserves the right to purchase more than 3,000,000 Shares pursuant to the Offer. If (a) the Company increases or

decreases the price to be paid for Shares, or the Company increases the number

of Shares being sought and any such increase in the number of Shares being sought exceeds 2% of the outstanding Shares, or the Company decreases the number of Shares being sought and (b) the Offer is scheduled to expire less than ten business days from and including the date that notice of such increase or decrease is first published, sent or given in the manner specified in Section 15, then the Offer will be extended for at least ten business days from and including the date of such notice. For purposes of the Offer, a "business day" means any day other than a Saturday, Sunday or federal holiday and consists of the time period from 12:01 a.m. through 12:00 midnight, New York City time.

In accordance with Instruction 5 of the Letter of Transmittal, each stockholder desiring to tender Shares must specify the price or prices (not greater than \$9.25 nor less than \$8.00 per Share) at which such stockholder is willing to have the Company purchase his Shares. As promptly as practicable following the Expiration Time, the Company will determine the Purchase Price (not greater than \$9.25 nor less than \$8.00 per Share) that it will pay for Shares properly tendered and not withdrawn pursuant to the Offer, taking into account the number of Shares so tendered and the prices specified by tendering stockholders. All Shares purchased pursuant to the Offer will be purchased at the Purchase Price. All Shares not purchased pursuant to the Offer, including Shares tendered at prices greater than the Purchase Price and Shares not purchased because of proration, will be returned to the tendering stockholders at the Company's expense as promptly as practicable (which, in the event of proration, is expected to be approximately 12 NYSE trading days) following the Expiration Time.

If the number of Shares properly tendered and not withdrawn prior to the Expiration Time at or below the Purchase Price is less than or equal to 3,000,000 Shares (or such greater number of Shares as the Company may elect to purchase), the Company will, upon the terms and subject to the conditions of the Offer, purchase at the Purchase Price all Shares so tendered.

Upon the terms and subject to the conditions of the Offer, in the event that prior to the Expiration Time more than 3,000,000 Shares (or such greater number of Shares as the Company may elect to purchase) are properly tendered and not withdrawn at or below the Purchase Price, the Company will accept Shares for purchase in the following order of priority:

(a) first, all Shares properly tendered and not withdrawn at or below the Purchase Price prior to the Expiration Time by any Odd Lot Owner (as defined in Section 2) who:

(1) tenders all Shares beneficially owned by such Odd Lot Owner at or below the Purchase Price (partial tenders will not qualify for this preference); and

(2) completes the box captioned "Odd Lots" on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery; and

(b) then, after purchase of all of the foregoing Shares, all other Shares properly tendered and not withdrawn at or below the Purchase Price before the Expiration Time on a pro rata basis (with adjustments to avoid purchases of fractional Shares).

In the event that proration of tendered Shares is required, the Company will determine the final proration factor as promptly as practicable after the Expiration Time. Although the Company does not expect to be able to announce the final results of such proration until approximately seven NYSE trading days after the Expiration Time, it will announce preliminary results of proration by press release as promptly as practicable after the Expiration Time. Stockholders can obtain such preliminary information from the Depositary or the Dealer Managers and may be able to obtain such information from their brokers.

As described in Section 14, the number of Shares that the Company will purchase from a stockholder may affect the federal income tax consequences to the stockholder of such purchase and therefore may be relevant to a stockholder's decision whether to tender Shares. The Letter of

Transmittal affords each tendering stockholder the opportunity to designate the order of priority in which Shares tendered are to be purchased in the event of

proration.

2. TENDERS BY OWNERS OF FEWER THAN 100 SHARES

The Company, upon the terms and subject to the conditions of the Offer, will accept for purchase, without proration, all Shares properly tendered and not withdrawn on or before the Expiration Time at or below the Purchase Price by or on behalf of stockholders who beneficially owned as of the close of business on November 7, 1994 and continue to beneficially own as of the Expiration Time, an aggregate of fewer than 100 Shares ("Odd Lot Owners"). See Section 1. To avoid proration, however, an Odd Lot Owner must properly tender at or below the Purchase Price all Shares that such Odd Lot Owner beneficially owns; partial tenders will not qualify for this preference. This preference is not available to owners of 100 or more Shares, even if such owners have separate stock certificates for fewer than 100 Shares. ANY ODD LOT OWNER WISHING TO TENDER ALL SHARES BENEFICIALLY OWNED BY HIM PURSUANT TO THIS OFFER MUST COMPLETE THE BOX CAPTIONED "ODD LOTS" ON THE LETTER OF TRANSMITTAL AND, IF APPLICABLE, ON THE NOTICE OF GUARANTEED DELIVERY. See Section 3. Stockholders owning an aggregate of less than 100 Shares whose Shares are purchased pursuant to the Offer not only will avoid the payment of brokerage commissions, but also will avoid any applicable odd-lot discounts payable on a sale of their Shares in a NYSE transaction.

The special odd lot purchase rules described above do not apply to Shares held in the ESOP, and such Shares will be disregarded in determining whether a stockholder is an Odd Lot Owner.

3. PROCEDURE FOR TENDERING SHARES

Proper Tender of Shares. For Shares to be properly tendered pursuant to the Offer:

(a) the certificates for such Shares (or confirmation of receipt of such Shares pursuant to the procedures for book-entry transfer set forth below), together with a properly completed and duly executed Letter of Transmittal (or a facsimile thereof) with any required signature guarantees, and any other documents required by the Letter of Transmittal, must be received before the Expiration Time by the Depositary at its address set forth on the back cover of this Offer to Purchase; or

(b) the tendering stockholder must comply with the guaranteed delivery procedure set forth below.

Unless the Rights are redeemed prior to the Expiration Time, holders of Shares are required to tender one Right for each Share tendered in order to effect a valid tender of such Share. Unless and until Rights Certificates (as defined in Section 11) are issued, a tender of Shares pursuant to the Offer will constitute a tender of the associated Rights evidenced by the certificate for such Shares. If Rights Certificates are issued, holders of Shares will be required to tender Rights Certificates representing a number of Rights equal to the number of Shares tendered. If, after Rights Certificates are issued, a stockholder sells the Rights separately from the Shares, the selling stockholder will be unable to tender Shares unless the stockholder reacquires Rights to tender with the Shares.

As specified in Instruction 5 of the Letter of Transmittal, each stockholder desiring to tender Shares pursuant to the Offer must properly indicate in the section captioned "Price (In Dollars) Per Share At Which Shares Are Being Tendered" on the Letter of Transmittal the price (in multiples of \$.125) at which his Shares are being tendered, except that an Odd Lot Owner may check the box in the section of the Letter of Transmittal entitled "Odd Lots" indicating that he is tendering all of his Shares at the Purchase Price. Stockholders desiring to tender Shares at more than one price must complete separate Letters of Transmittal for each price at which Shares are being tendered, except that the same Shares cannot be tendered (unless properly withdrawn previously in accordance with the terms of the Offer) at more than one price. IN ORDER TO PROPERLY TENDER SHARES, ONE AND ONLY ONE PRICE BOX MUST BE CHECKED IN THE APPROPRIATE SECTION ON EACH LETTER OF TRANSMITTAL.

It is a violation of Rule 14e-4 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), for a person acting alone or in

concert with others, directly or indirectly, to tender Shares for his own account unless at the time of tender and at the Expiration Time he has a "net long position" equal to or greater than the amount tendered in (i) the Shares and will deliver or cause to be delivered such Shares for the purpose of tender to the Company within the period specified in the Offer or (ii) other securities immediately convertible into, exercisable for or exchangeable into Shares ("equivalent securities") and, upon the acceptance of his tender, will acquire such Shares by conversion, exchange or exercise of such securities to the extent required by the terms of the Offer and will deliver or cause to be delivered such Shares so acquired for the purpose of tender to the Company within the period specified in the Offer. Rule 14e-4 also provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person. A tender of Shares made pursuant to any method of delivery set forth herein will constitute a binding agreement between the tendering stockholder and the Company upon the terms and subject to the conditions of the Offer, including the tendering stockholder's representation and warranty that (i) such stockholder has a "net long position" in Shares or equivalent securities at least equal to the Shares being tendered within the meaning of Rule 14e-4 and (ii) such tender of Shares complies with Rule 14e-4.

Signature Guarantees. No signature guarantee is required on the Letter of Transmittal if the Letter of Transmittal is signed by the registered holder of the Shares (which term, for purposes of this Section, includes any participant in The Depository Trust Company, Midwest Securities Trust Company or Philadelphia Depository Trust Company (collectively, the "Book-Entry Transfer Facilities") whose name appears on a security position listing as the holder of the Shares) tendered therewith, and payment and delivery are to be made directly to such registered holder, or if Shares are tendered for the account of a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office, branch or agency in the United States (each such entity being hereinafter referred to as an "Eligible Institution"). In all other cases, all signatures on the Letter of Transmittal must be guaranteed by an Eligible Institution. See Instruction 1 of the Letter of Transmittal. If a certificate representing Shares is registered in the name of a person other than the signer of a Letter of Transmittal, or if payment is to be made, or Shares not purchased or tendered are to be issued, to a person other than the registered holder, the certificate must be endorsed or accompanied by an appropriate stock power, in either case signed exactly as the name of the registered holder appears on the certificate, with the signature on the certificate or stock power guaranteed by an Eligible Institution. In all cases, payment for Shares tendered and accepted for payment pursuant to the Offer will be made only after timely receipt by the Depository of certificates for such Shares (or a timely confirmation of a book-entry transfer of such Shares into the Depository's account at one of the Book-Entry Transfer Facilities), a properly completed and duly executed Letter of Transmittal (or facsimile thereof) and any other documents required by the Letter of Transmittal.

Method of Delivery. THE METHOD OF DELIVERY OF ALL DOCUMENTS, INCLUDING SHARE CERTIFICATES, THE LETTER OF TRANSMITTAL AND ANY OTHER REQUIRED DOCUMENTS, IS AT THE ELECTION AND RISK OF THE TENDERING STOCKHOLDER. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED.

Federal Income Tax Withholding. To prevent backup federal income tax withholding equal to 31% of the gross payments made pursuant to the Offer, each stockholder who does not otherwise establish an exemption from such withholding must notify the Depository of such stockholder's correct taxpayer identification number (or certify that such taxpayer is awaiting a taxpayer identification number) and provide certain other information by completing the Substitute Form W-9 included in the Letter of Transmittal. Foreign stockholders who are individuals must submit Form W-8, certifying non-United States status, in order to avoid backup withholding.

The Depository will withhold 30% of the gross payments payable to a foreign stockholder unless the Depository determines that a reduced rate of withholding or an exemption from withholding is

applicable. For this purpose, a foreign stockholder is a stockholder that is not (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States

or any political subdivision thereof or (iii) any estate or trust the income of which is subject to United States federal income taxation regardless of the source of such income. The Depository will determine a stockholder's status as a foreign stockholder and eligibility for a reduced rate of, or an exemption from, withholding by reference to the stockholder's address and to any outstanding certificates or statements concerning eligibility for a reduced rate of, or exemption from, withholding (e.g., Form 1001 or Form 4224) unless facts and circumstances indicate that such reliance is not warranted. A foreign stockholder who has not previously submitted the appropriate certificates or statements with respect to a reduced rate of, or exemption from, withholding for which such stockholder may be eligible should consider doing so in order to avoid overwithholding. A foreign stockholder may be eligible to obtain a refund of tax withheld if such stockholder meets one of the three tests for capital gain or loss treatment described in Section 14 or is otherwise able to establish that no tax or a reduced amount of tax was due.

For a discussion of certain other federal income tax consequences to tendering stockholders, see Section 14.

Book-Entry Delivery. The Depository will establish an account with respect to the Shares at each of the Book-Entry Transfer Facilities for purposes of the Offer within two business days after the date of this Offer to Purchase. Any financial institution that is a participant in a Book-Entry Transfer Facility's system may make book-entry delivery of the Shares by causing such facility to transfer such Shares into the Depository's account in accordance with such facility's procedure for such transfer. Even though delivery of Shares may be effected through book-entry transfer into the Depository's account at one of the Book-Entry Transfer Facilities, a properly completed and duly executed Letter of Transmittal (or a facsimile thereof), with any required signature guarantees and other required documents must, in any case, be transmitted to and received by the Depository at one of its addresses set forth on the back cover of this Offer to Purchase prior to the Expiration Time, or the guaranteed delivery procedure set forth below must be followed. Delivery of the Letter of Transmittal and any other required documents to one of the Book-Entry Transfer Facilities does not constitute delivery to the Depository.

Guaranteed Delivery. If a stockholder desires to tender Shares pursuant to the Offer and such stockholder's certificates are not immediately available (or the procedures for book-entry transfer cannot be completed on a timely basis) or time will not permit all required documents to reach the Depository before the Expiration Time, such Shares may nevertheless be tendered provided that all of the following conditions are satisfied:

(a) such tender is made by or through an Eligible Institution;

(b) the Depository receives (by hand, mail, telegram or facsimile transmission), on or prior to the Expiration Time, a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form the Company has provided with this Offer to Purchase (indicating the price at which the Shares are being tendered), including a guarantee by an Eligible Institution in the form set forth in such Notice; and

(c) the certificates for all tendered Shares in proper form for transfer (or confirmation of book-entry transfer of such Shares into the Depository's account at one of the Book-Entry Transfer Facilities), together with a properly completed and duly executed Letter of Transmittal (or a facsimile thereof) and any other documents required by the Letter of Transmittal, are received by the Depository within five NYSE trading days after the date the Depository receives such Notice of Guaranteed Delivery.

Employee Stock Ownership Plan. As of November 9, 1994, the Company's Employee Stock Ownership Plan (the "ESOP") owned 2,610,618 Shares, of which 2,344,185 were allocated to the accounts of the ESOP participants. Shares allocated to participants' accounts will, subject to the

limitations of the Employee Retirement Income Security Act of 1974, as amended, and applicable regulations thereunder ("ERISA"), be tendered by U.S. Trust Company of California, N.A., as the Trustee of the ESOP, according to the instructions of participants to the Trustee. Decisions as to whether to tender Shares not allocated to participants' accounts and allocated Shares for which the Trustee has not received timely instructions from participants will be made

by the Trustee subject to the terms of the ESOP and ERISA. The Trustee will make available to the participants whose accounts hold allocated Shares all documents furnished to the stockholders in connection with the Offer generally. Each such participant will also receive a form upon which the participant may instruct the Trustee regarding the Offer. Each participant may direct that all, some or none of the Shares allocated to the participant's accounts be tendered. The Company will also provide additional information in a separate letter with respect to the operations of the Offer to the participants of the ESOP. Participants in the ESOP may not use the Letter of Transmittal to direct the tender of the Shares attributed to their accounts, but must use the separate form sent to them. Participants in the ESOP are urged to read the separate form and related materials carefully.

Under ERISA the Company will be prohibited from purchasing any Shares from the ESOP (including Shares allocated to the accounts of participants) if the Purchase Price is less than the prevailing market price of the Shares on the date the Shares are accepted for payment pursuant to the Offer. If Shares tendered from the ESOP would have been accepted pursuant to the terms of the Offer except for this prohibition, such Shares shall automatically be deemed to be properly withdrawn.

Determinations of Validity; Rejection of Shares; Waiver of Defects; No Obligation to Give Notice of Defects. All questions as to the number of Shares to be accepted, the price to be paid therefor and the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of Shares will be determined by the Company, in its sole discretion, which determination shall be final and binding on all parties. The Company reserves the absolute right to reject any or all tenders it determines not to be in proper form or the acceptance of or payment for which may, in the opinion of the Company's counsel, be unlawful. The Company also reserves the absolute right to waive any of the conditions of the Offer and any defect or irregularity in the tender of any particular Shares. No tender of Shares will be deemed to be properly made until all defects or irregularities have been cured or waived. None of the Company, the Dealer Managers, the Depositary or any other person is or will be obligated to give notice of any defects or irregularities in tenders, and none of them will incur any liability for failure to give any such notice.

4. WITHDRAWAL RIGHTS

Except as otherwise provided in this Section 4, a tender of Shares pursuant to the Offer is irrevocable. Shares tendered pursuant to the Offer may be withdrawn at any time before the Expiration Time and, unless theretofore accepted for payment by the Company as provided in this Offer to Purchase, may also be withdrawn after 12:00 midnight, New York City time, on Tuesday, January 10, 1995.

For a withdrawal to be effective, the Depositary must timely receive (at its address set forth on the back cover of this Offer to Purchase) a written, telegraphic or facsimile transmission notice of withdrawal. Such notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder, if different from that of the person who tendered such Shares. If the certificates have been delivered or otherwise identified to the Depositary, then, prior to the release of such certificates, the tendering stockholder must also submit the serial numbers shown on the particular certificates evidencing the Shares and the signature on the notice of withdrawal must be guaranteed by an Eligible Institution (except in the case of Shares tendered by an Eligible Institution). If Shares have been tendered pursuant to the procedure for book-entry transfer set forth in Section 3, the notice of withdrawal must specify the name and the number of the account at the applicable Book-Entry Transfer Facility to be credited with the withdrawn Shares and otherwise comply with the proce-

dures of such facility. All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by the Company, in its sole discretion, which determination shall be final and binding on all parties. None of the Company, the Dealer Managers, the Depositary or any other person is or will be obligated to give any notice of any defects or irregularities in any notice of withdrawal, and none of them will incur any liability for failure to give any such notice. Any Shares properly withdrawn will thereafter be deemed not tendered for purposes of the Offer. Withdrawn

Shares may, however, be retendered before the Expiration Time by again following any of the procedures described in Section 3.

If the Company extends the Offer, is delayed in its purchase of Shares or is unable to purchase Shares pursuant to the Offer for any reason, then, without prejudice to the Company's rights under the Offer, the Depositary may, subject to applicable law, retain on behalf of the Company all tendered Shares, and such Shares may not be withdrawn except to the extent tendering stockholders are entitled to withdrawal rights as described in this Section 4.

5. PURCHASE OF SHARES AND PAYMENT OF PURCHASE PRICE

Upon the terms and subject to the conditions of the Offer, the Company will determine the Purchase Price it will pay for Shares properly tendered and not withdrawn pursuant to the Offer, taking into account the number of Shares tendered and the prices specified by tendering stockholders, and will accept for payment (and thereby purchase) Shares properly tendered and not withdrawn at or below the Purchase Price as soon as practicable after the Expiration Time. For purposes of the Offer, the Company will be deemed to have accepted for payment (and therefore purchased), subject to proration, Shares which are properly tendered and not withdrawn at or below the Purchase Price when, as and if it gives oral or written notice to the Depositary of its acceptance of such Shares for payment pursuant to the Offer.

Upon the terms and subject to the conditions of the Offer, the Company will purchase and pay a single Purchase Price for all of the Shares accepted for payment pursuant to the Offer as soon as practicable after the Expiration Time. In all cases, payment for Shares accepted for payment pursuant to the Offer will be made promptly (subject to possible delay in the event of proration) but only after timely receipt by the Depositary of certificates for Shares (or of a confirmation of a book-entry transfer of such Shares into the Depositary's account at one of the Book-Entry Transfer Facilities), a properly completed and duly executed Letter of Transmittal (or facsimile thereof) and any other required documents.

Payment for Shares purchased pursuant to the Offer will be made by depositing the aggregate Purchase Price therefor with the Depositary, which will act as agent for tendering stockholders for the purpose of receiving payment from the Company and transmitting payment to the tendering stockholders. In the event of proration, the Company will determine the proration factor and pay for those tendered Shares accepted for payment as soon as practicable after the Expiration Time. However, the Company does not expect to be able to announce the final results of any such proration until approximately seven NYSE trading days after the Expiration Time. Certificates for all Shares not purchased, including all Shares tendered at prices greater than the Purchase Price and Shares not purchased due to proration, will be returned (or, in the case of Shares tendered by book-entry transfer, such Shares will be credited to the account maintained with one of the Book-Entry Transfer Facilities by the participant therein who so delivered such Shares) as promptly as practicable following the Expiration Time or termination of the Offer without expense to the tendering stockholder. Under no circumstances will the Company pay interest on the Purchase Price. In addition, if certain events occur, the Company may not be obligated to purchase Shares pursuant to the Offer. See Section 6.

The Company will pay all stock transfer taxes, if any, payable on the transfer to it of Shares purchased pursuant to the Offer; provided, however, that if payment of the Purchase Price is to be made to, or (in the circumstances permitted by the Offer) if unpurchased Shares are to be

registered in the name of, any person other than the registered holder, or if tendered certificates are registered in the name of any person other than the person signing the Letter of Transmittal, the amount of all stock transfer taxes, if any (whether imposed on the registered holder or such other person), payable on account of the transfer to such person will be deducted from the Purchase Price unless evidence satisfactory to the Company of the payment of such taxes or exemption therefrom is submitted. See Instruction 7 of the Letter of Transmittal.

ANY TENDERING STOCKHOLDER OR OTHER PAYEE WHO FAILS TO COMPLETE FULLY AND SIGN THE SUBSTITUTE FORM W-9 INCLUDED IN THE LETTER OF TRANSMITTAL (OR, IN THE CASE OF A FOREIGN INDIVIDUAL, A FORM W-8) MAY BE SUBJECT TO REQUIRED FEDERAL

INCOME TAX WITHHOLDING OF 31% OF THE GROSS PROCEEDS PAID TO SUCH STOCKHOLDER OR OTHER PAYEE PURSUANT TO THE OFFER. SEE SECTION 3.

6. CERTAIN CONDITIONS OF THE OFFER

Notwithstanding any other provision of the Offer, the Company, subject to Rule 13e-4(f) of the Exchange Act, shall not be required to accept for payment, purchase or pay for any Shares tendered, and may terminate or amend the Offer if at any time after November 9, 1994, and at or before the Expiration Time, any of the following events shall have occurred (as determined by the Company in good faith) which makes it inadvisable for the Company, in its reasonable judgment, to proceed with the Offer or with such purchase or payment:

(a) there shall have been threatened, instituted or pending before any court, agency, authority or other tribunal any action, suit or proceeding by any government or governmental, regulatory or administrative agency or authority or by any other person, domestic or foreign, or any judgment, order or injunction entered, enforced or deemed applicable by any such court, authority, agency or tribunal, which:

(i) challenges or seeks to make illegal, or to delay or otherwise directly or indirectly to restrain, prohibit or otherwise affect the making of the Offer, the acquisition of Shares pursuant to the Offer or is otherwise related in any manner to, or otherwise affects, the Offer; or

(ii) could, in the sole judgment of the Company, materially affect the business, condition (financial or other), income, operations or prospects of the Company and its subsidiaries, taken as a whole, or otherwise materially impair in any way the contemplated future conduct of the business of the Company and its subsidiaries, taken as a whole, or materially impair the Offer's contemplated benefits to the Company; or

(b) there shall have been any action threatened or taken, or any approval withheld, or any statute, rule or regulation invoked, proposed, sought, promulgated, enacted, entered, amended, enforced or deemed to be applicable to the Offer or the Company or any of its subsidiaries, by any government or governmental, regulatory or administrative authority or agency or tribunal, domestic or foreign, which, in the sole judgment of the Company, would or might directly or indirectly result in any of the consequences referred to in clause (i) or (ii) of paragraph (a) above; or

(c) there shall have occurred:

(i) the declaration of any banking moratorium or any suspension of payments in respect of banks in the United States (whether or not mandatory);

(ii) any general and protracted suspension of trading in, or limitation on prices for, securities on any United States national securities exchange or in the over-the-counter market;

(iii) the commencement of a war, armed hostilities or any other national or international crisis directly or indirectly involving the United States;

9

12

(iv) any limitation (whether or not mandatory) by any governmental, regulatory or administrative agency or authority on, or any event which, in the sole judgment of the Company, might materially affect, the extension of credit by banks or other lending institutions in the United States;

(v) any significant decrease in the market price of the Shares or in the market prices of equity securities generally in the United States or any change in the general political, market, economic or financial conditions in the United States or abroad that could have in the sole judgment of the Company a material adverse effect on the business, condition (financial or otherwise), income, operations or prospects of the Company and its subsidiaries, taken as a whole, or on the trading in the Shares;

(vi) in the case of any of the foregoing existing at the time of the commencement of the Offer, a material acceleration or worsening thereof; or

(vii) any decline in either the Dow Jones Industrial Average (3,831.75 at the close of business on November 9, 1994) or the Standard and Poor's Index of 400 Industrial Companies (554.02 at the close of business on November 9, 1994) by an amount in excess of 10% measured from the close of business on November 9, 1994; or

(d) any change shall occur or be threatened in the business, condition (financial or other), income, operations or prospects of the Company and its subsidiaries, taken as a whole, which in the sole judgment of the Company may have a material adverse effect on the Company and its subsidiaries taken as a whole; or

(e) a tender or exchange offer for any or all of the Shares (other than the Offer), or any merger, business combination or other similar transaction with or involving the Company or any subsidiary, shall have been proposed, announced or made by any person; or

(f) any entity, "group" (as that term is used in Section 13(d)(3) of the Exchange Act) or person (other than entities, groups or persons, if any, who have filed with the Securities and Exchange Commission (the "Commission") on or before November 9, 1994 a Schedule 13G or a Schedule 13D with respect to any of the Shares) shall have acquired or proposed to acquire beneficial ownership of more than 5% of the outstanding Shares; or

(g) any entity, group or person who has filed with the Commission on or before such date a Schedule 13G or a Schedule 13D with respect to the Shares shall have acquired, or proposed to acquire, beneficial ownership of additional Shares constituting more than 2% of the outstanding Shares or shall have been granted any option or right to acquire beneficial ownership of more than 2% of the outstanding Shares; or

(h) any person or group shall have filed a Notification and Report Form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 reflecting an intent to acquire the Company or any of its Shares.

The foregoing conditions are for the Company's sole benefit and may be asserted by the Company regardless of the circumstances giving rise to any such condition (including any action or inaction by the Company) or may be waived by the Company in whole or in part. The Company's failure at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time. Any determination by the Company concerning the events described in this Section 6 and any related judgment or decision by the Company regarding the inadvisability of proceeding with the purchase of or payment for any Shares tendered shall be final and shall be binding on all parties.

10

13

7. PRICE RANGE OF SHARES; DIVIDENDS; OPEN-MARKET PURCHASES

The Shares are currently traded principally on the NYSE. Until February 2, 1993, the Shares were traded principally on the American Stock Exchange. The following table sets forth for the periods indicated the high and low sales prices per Share on the NYSE Composite Tape (for the period beginning February 3, 1993) or on the American Stock Exchange (for the period ended February 2, 1993) for each of the quarters in the Company's fiscal year ended September 30, as reported in published financial sources:

	HIGH	LOW
	----	---
FISCAL 1993		
Quarter ended December 31, 1992.....	\$6 1/4	\$4 1/8
Quarter ended March 31, 1993.....	7 3/8	6
Quarter ended June 30, 1993.....	8 1/8	6

Quarter ended September 30, 1993.....	8 3/4	6 1/4
FISCAL 1994		
Quarter ended December 31, 1993.....	9 1/8	8
Quarter ended March 31, 1994.....	9 3/4	7 3/4
Quarter ended June 30, 1994.....	9	6 5/8
Quarter ended September 30, 1994.....	8 1/8	6 7/8
FISCAL 1995		
Quarter ended December 31, 1994 (through November 9, 1994).....	8 1/2	7 3/8

The closing per Share sales price as reported on the NYSE Composite Tape on November 7, 1994, the last trading day before the announcement of the Offer, was \$7 1/2. The closing per Share sales price as reported on the NYSE Composite Tape on November 9, 1994, the last trading day before the commencement of the Offer, was \$8 3/8. THE COMPANY URGES STOCKHOLDERS TO OBTAIN CURRENT QUOTATIONS OF THE MARKET PRICE OF THE SHARES.

The Company paid no dividends on the Shares during fiscal years 1993 and 1994.

The Board of Directors of the Company previously has authorized the purchase by the Company of up to 4,000,000 Shares in open-market or privately negotiated transactions. As of November 9, 1994, approximately 2,300,000 Shares had been purchased pursuant to such authorization at a weighted average purchase price of \$7 3/4 per Share, including 134,700 Shares purchased since September 14, 1994 at a weighted average purchase price of \$7 3/4 per Share (in each case excluding commissions). All such purchases were open-market purchases on the NYSE. The Company anticipates continuing its open-market purchase program. See Section 8.

8. BACKGROUND AND PURPOSE OF THE OFFER; CERTAIN EFFECTS OF THE OFFER

The Company is making the Offer because its Board of Directors believes that, given the Company's businesses, assets and prospects and the current market price of the Shares, the purchase of the Shares pursuant to the Offer is an attractive investment for the Company.

In addition, the Offer provides stockholders who are considering a sale of all or a portion of their Shares the opportunity to determine the price or prices (not greater than \$9.25 nor less than \$8.00 per Share) at which they are willing to sell their Shares and, if any such Shares are purchased pursuant to the Offer, to sell those Shares for cash without the usual transaction costs associated with open-market sales. Any Odd Lot Owners whose Shares are purchased pursuant to the Offer not only will avoid the payment of brokerage commissions, but also will avoid any applicable odd lot discounts payable on sales of odd lots. The Offer also gives stockholders the opportunity to sell their Shares at a price that is greater than the market price prevailing immediately prior to the

announcement of the Offer. To the extent the purchase of Shares in the Offer results in a reduction in the number of stockholders of record, the costs to the Company for services to stockholders will be reduced. Stockholders who determine not to accept the Offer will increase their proportionate interest in the Company's equity, and thus in the Company's future earnings and assets, subject to the Company's right to issue additional Shares and other equity securities in the future.

NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS MAKES ANY RECOMMENDATION TO ANY STOCKHOLDER AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING SHARES AND NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS HAS AUTHORIZED ANY PERSON TO MAKE ANY SUCH RECOMMENDATION. EACH STOCKHOLDER MUST MAKE HIS OWN DECISION WHETHER TO TENDER SHARES AND, IF SO, HOW MANY SHARES TO TENDER AND AT WHICH PRICE OR PRICES. NO DIRECTOR OR OFFICER OF THE COMPANY INTENDS TO TENDER ANY SHARES PURSUANT TO THE OFFER.

The Company may in the future purchase additional Shares on the open market, in private transactions, through tender offers or otherwise. See Section 7. Any such purchases may be on the same terms as, or on terms which are more or less favorable to stockholders than, the terms of the Offer. However, Rule

13e-4(f)(6) under the Exchange Act generally prohibits the Company and its affiliates from purchasing any Shares, other than pursuant to the Offer, until at least ten business days after the expiration or termination of the Offer. Any possible future purchases by the Company will depend on many factors, including the market price of the Shares, the results of the Offer, the Company's business and financial position and general economic and market conditions.

All Shares purchased by the Company pursuant to the Offer will be retired.

9. INTERESTS OF DIRECTORS AND OFFICERS; TRANSACTIONS AND ARRANGEMENTS CONCERNING THE SHARES

At November 10, 1994, the Company's directors and officers as a group beneficially owned 1,830,330 Shares (including 859,914 Shares issuable upon exercise of Options or Warrants), or approximately 5.2% of the outstanding Shares. The Company has been advised that no director or officer of the Company intends to tender any Shares pursuant to the Offer.

Based upon information provided to the Company by its directors, executive officers and affiliates, to the best of the Company's knowledge, none of the directors or executive officers of the Company, nor any affiliate of any of the foregoing, has effected any transactions in the Shares during the 40 business days prior to the date hereof. Transactions in the Shares by the Company during such period are set forth in Annex A hereto.

Except as set forth in this Offer to Purchase, neither the Company nor, to the Company's knowledge, any of its executive officers or directors, is a party to any contract, arrangement, understanding or relationship relating, directly or indirectly, to the Offer with any other person with respect to Shares. Except as disclosed herein, none of the Company or its executive officers or directors has current plans or proposals which relate to or would result in any extraordinary corporate transaction involving the Company or its subsidiaries, such as a merger, reorganization, sale or transfer of a material amount of its or their assets, any change in the Company's present Board of Directors or management, any material change in its present dividend policy or indebtedness or capitalization, any other material change in its business or corporate structure, any material change in its Certificate of Incorporation or Bylaws, or any actions causing a class of its equity securities to be delisted by the NYSE or to become eligible for termination of registration pursuant to Section 12(g)(4) of the Exchange Act, or the suspension of the Company's obligation to file reports pursuant to Section 15(d) of the Exchange Act, or any actions similar to any of the foregoing.

10. SOURCE AND AMOUNT OF FUNDS

Assuming the Company purchases 3,000,000 Shares pursuant to the Offer at the maximum price of \$9.25 per Share, the Company expects the maximum aggregate cost, including all fees and

12

15

expenses applicable to the Offer, would be approximately \$28.5 million. The Company anticipates that all of the funds necessary to purchase Shares pursuant to the Offer and to pay the related fees and expenses will come from cash, cash equivalents and marketable securities of the Company. At November 9, 1994, the Company had cash, cash equivalents and marketable securities of approximately \$50 million.

11. CERTAIN INFORMATION ABOUT THE COMPANY

The Company is a diversified manufacturer with operations in three business segments: Home and Commercial Products, the principal products of which are residential and commercial garage doors, other building products and specialty hardware for the food service industry; Specialty Plastic Films and Electronic Information and Communication Systems. The Company was incorporated under the laws of the State of Delaware in 1970 as the successor to a business originally incorporated in 1959. The Company's principal executive offices are located at 100 Jericho Quadrangle, Jericho, New York 11753, and its telephone number at that address is (516) 938-5544.

Recent Developments. On November 8, 1994, the Company issued a press release stating that it would commence the Offer and reporting its operating results for the fourth quarter and fiscal year ended September 30, 1994.

Information with respect to operating results included the following:

Instrument Systems Corporation (NYSE: ISY) reported record operating results for the fourth quarter and fiscal year ended September 30, 1994.

Net sales for the quarter increased to \$141,658,000 up 8.6% over last year's \$130,469,000. Income from continuing operations for the fourth quarter was a record \$10,603,000 or \$.29 per share compared to \$9,560,000 or \$.25 per share last year. Net sales for the fiscal year increased by 11.9% up to \$488,957,000 from \$436,949,000 last year. Income from continuing operations for the fiscal year was a record \$29,705,000 or \$.80 per share compared to \$26,560,000 or \$.70 per share for fiscal 1993.

Increased sales and earnings in the building products division accounted for the increase in operating results in the fourth quarter. For fiscal 1994, earnings increased in each of the Company's three core business units with significant increases in the building products and specialty plastic films units.

Selected Consolidated Financial Information. Set forth below is certain selected historical and proforma consolidated financial information with respect to the Company. Historical consolidated financial information for the years ended September 30, 1992 and 1993 was derived from the audited consolidated financial statements of Instrument Systems Corporation contained in the Company's Annual Report on Form 10-K for the year ended September 30, 1993. Historical consolidated financial information for the nine-month periods ended June 30, 1993 and 1994 was derived from the unaudited consolidated financial statements of the Company contained in the Quarterly Reports on Form 10-Q for the periods ended June 30, 1993 and June 30, 1994. The historical financial information below is qualified in its entirety by reference to such reports (which may be inspected or obtained at the offices of the Commission in the manner set forth below) and the financial information and related notes contained therein. The historical financial information for the year ended September 30, 1994 is derived from the audited consolidated financial statements which will be contained in the Company's Annual Report on Form 10-K for the year ended September 30, 1994 to be filed with the Commission in December 1994. As described above, a summary of the operating results for the year ended September 30, 1994 was contained in a press release issued on November 8, 1994.

13

16

INSTRUMENT SYSTEMS CORPORATION

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

	YEARS ENDED SEPTEMBER 30,		NINE MONTHS ENDED JUNE 30,		YEAR ENDED
	1992	1993	1993	1994	SEPTEMBER 30,
	-----	-----	-----	-----	-----
Consolidated Income					
Statement Data:					
Net sales.....	\$398,761,000	\$436,949,000	\$306,480,000	\$347,299,000	\$488,957,000
Income from continuing operations					
before income taxes.....	36,091,000	44,266,000	28,053,000	32,376,000	50,347,000
Income from continuing operations....	21,594,000	26,560,000	17,000,000	19,102,000	29,705,000
Income before extraordinary item....	24,068,000	18,085,000	9,350,000	19,102,000	29,705,000
Net income.....	\$ 23,968,000	\$ 18,085,000	\$ 9,350,000	\$ 19,102,000	\$ 29,705,000
	=====	=====	=====	=====	=====
Per share of common stock:					
Continuing operations.....	\$.59	\$.70	\$.45	\$.51	\$.80
Discontinued operations.....	.07	(.22)	(.20)	--	--
	----	----	----	----	----
Net income.....	\$.66	\$.48	\$.25	\$.51	\$.80
	=====	=====	=====	=====	=====
Weighted Average Number of Common					
Shares Used to Compute Income Per					
Share.....	36,314,000	37,989,000	37,994,000	37,408,000	37,102,000
Ratio of Earnings from Continuing					
Operations to Fixed Charges(a).....	5.0x	6.8x	5.9x	6.4x	7.2x
Consolidated Balance Sheet Data					
(at end of period):					
Working capital.....	\$ 78,411,000	\$116,783,000	\$ 97,050,000	\$117,733,000	\$121,048,000
Total assets.....	246,750,000	270,270,000	253,424,000	264,561,000	293,215,000
Total assets, less goodwill.....	228,538,000	252,575,000	235,600,000	246,229,000	274,975,000
Total indebtedness.....	28,831,000	27,532,000	26,804,000	23,401,000	25,080,000
Shareholders' equity.....	144,361,000	161,313,000	153,422,000	167,346,000	176,049,000
Book Value per Common Share:					
Assuming Second Preferred Stock,					
Series I is converted into common					

stock.....	\$3.87	\$4.33	\$4.10	\$4.68	\$4.95
Assuming Second Preferred Stock, Series I is redeemed at \$10 per share.....	\$3.58	\$4.06	\$3.82	\$4.41	\$4.70

(a) The ratios of earnings from continuing operations to fixed charges are computed by dividing earnings by the fixed charges. Earnings from continuing operations consist of income from continuing operations, to which has been added fixed charges and income taxes. Fixed charges consist of interest expense, amortization of debt issuance costs, and the portion of rent expense considered to represent interest.

Summary Proforma Consolidated Financial Information. The following summary proforma consolidated financial information of the Company for the years ended September 30, 1993 and 1994 and for the nine-month period ended June 30, 1994 gives effect to the purchase of 3,000,000 Shares pursuant to the Offer, based on certain assumptions described in the notes to summary proforma consolidated financial information. The income statement data give effect to the purchase of Shares pursuant to the Offer as if it had occurred at the beginning of each period presented. The balance sheet data give effect to the purchase of Shares pursuant to the Offer as if it had occurred as of the date of the respective balance sheets. The summary proforma consolidated financial information should be read in conjunction with the summary historical consolidated financial information and does not purport to be indicative of the results that would actually have been obtained had the purchase of the Shares been completed at the dates indicated or that may be obtained in the future.

SUMMARY PROFORMA CONSOLIDATED FINANCIAL INFORMATION

	YEAR ENDED SEPTEMBER 30, 1993			NINE MONTHS ENDED JUNE 30, 1994	
	HISTORICAL	ASSUMED	ASSUMED	HISTORICAL	ASSUMED
		\$8.00 PER SHARE PURCHASE PRICE	\$9.25 PER SHARE PURCHASE PRICE		\$8.00 PER SHARE PURCHASE PRICE
Consolidated Income Statement Data:					
Net sales.....	\$436,949,000	\$436,949,000	\$436,949,000	\$347,299,000	\$347,299,000
Income from continuing operations before income taxes.....	44,266,000	43,401,000	43,270,000	32,376,000	31,542,000
Income from continuing operations.....	26,560,000	26,041,000	25,962,000	19,102,000	18,610,000
Net income.....	\$ 18,085,000	\$ 17,566,000	\$ 17,487,000	\$ 19,102,000	\$ 18,610,000
Per share of common stock:					
Continuing operations.....	\$.70	\$.74	\$.74	\$.51	\$.54
Discontinued operations.....	(.22)	(.24)	(.24)	--	--
Net income.....	\$.48	\$.50	\$.50	\$.51	\$.54
Weighted Average Number of Common Shares Used to Compute Income Per Share.....					
	37,989,000	34,989,000	34,989,000	37,408,000	34,408,000
Ratio of Earnings from Continuing Operations to Fixed Charges.....					
	6.8x	6.7x	6.7x	6.4x	6.2x
Consolidated Balance Sheet Data (at end of period):					
Working capital.....	\$116,783,000	\$ 92,083,000	\$ 88,333,000	\$117,733,000	\$ 93,033,000
Total assets.....	270,270,000	245,570,000	241,820,000	264,561,000	239,861,000
Total assets, less goodwill.....	252,575,000	227,875,000	224,125,000	246,229,000	221,529,000
Total indebtedness.....	27,532,000	27,532,000	27,532,000	23,401,000	23,401,000
Shareholders' equity.....	161,313,000	136,613,000	132,863,000	167,346,000	142,646,000
Book Value per Common Share:					
Assuming Second Preferred Stock, Series I is converted into common stock.....	\$4.33	\$3.99	\$3.88	\$4.68	\$4.35
Assuming Second Preferred Stock, Series I is redeemed at \$10 per share.....	\$4.06	\$3.68	\$3.56	\$4.41	\$4.04

	YEAR ENDED SEPTEMBER 30, 1994			
	HISTORICAL	ASSUMED	ASSUMED	ASSUMED
		\$9.25 PER SHARE PURCHASE PRICE	\$8.00 PER SHARE PURCHASE PRICE	\$9.25 PER SHARE PURCHASE PRICE
Consolidated Income Statement Data:				
Net sales.....	\$347,299,000	\$488,957,000	\$488,957,000	\$488,957,000
Income from continuing operations before income taxes.....	31,416,000	50,347,000	49,235,000	49,067,000
Income from continuing operations.....	18,536,000	29,705,000	29,049,000	28,950,000
Net income.....	\$ 18,536,000	\$ 29,705,000	\$ 29,049,000	\$ 28,950,000
Per share of common stock:				
Continuing operations.....	\$.54	\$.80	\$.85	\$.85
Discontinued operations.....	--	--	--	--

Net income.....	\$.54	\$.80	\$.85	\$.85
Weighted Average Number of Common Shares Used to Compute Income Per Share.....	34,408,000	37,102,000	34,102,000	34,102,000
Ratio of Earnings from Continuing Operations to Fixed Charges.....	6.2x	7.2x	7.1x	7.1x
Consolidated Balance Sheet Data (at end of period):				
Working capital.....	\$ 89,283,000	\$121,048,000	\$ 96,348,000	\$ 92,598,000
Total assets.....	236,111,000	293,215,000	268,515,000	264,765,000
Total assets, less goodwill.....	217,779,000	274,975,000	250,275,000	246,525,000
Total indebtedness.....	23,401,000	25,080,000	25,080,000	25,080,000
Shareholders' equity.....	138,896,000	176,049,000	151,349,000	147,599,000
Book Value per Common Share:				
Assuming Second Preferred Stock, Series I is converted into common stock.....	\$4.24	\$4.95	\$4.65	\$4.54
Assuming Second Preferred Stock, Series I is redeemed at \$10 per share.....	\$3.92	\$4.70	\$4.36	\$4.24

15

18

NOTES TO SUMMARY PROFORMA CONSOLIDATED FINANCIAL INFORMATION

The following assumptions regarding the Offer were made in determining the proforma financial information:

- a. The information assumes 3,000,000 Shares are purchased at \$8.00 and \$9.25 per Share, with the purchase being financed with cash, cash equivalents and marketable securities on hand.
- b. Net income has been adjusted by the after tax effect of reduced interest income on lower investable cash, cash equivalents and marketable securities as required to finance the acquisition of the Shares.
- c. Expenses directly related to the Offer are estimated to be \$700,000 and are charged against shareholders' equity.

Common Stock Purchase Rights. On April 2, 1986, the Board of Directors of the Company declared a dividend of one Right for each then outstanding Share. The distribution was payable on May 2, 1986 to the stockholders of record on May 2, 1986. Once exercisable, each Right entitles the holder to acquire from the Company one-half of a Share at an exercise price of \$6.00 per one-half of a Share, subject to adjustment (the "Purchase Price"). The description and terms of the Rights are set forth in a Rights Agreement (as amended, the "Rights Agreement") between the Company and American Stock Transfer & Trust Company, as Rights Agent (the "Rights Agent"). On November 8, 1994, the Company and the Rights Agent entered into an Amendment, dated as of November 8, 1994, to the Rights Agreement.

Until the earlier to occur of (i) ten days following a public announcement that a person or group of affiliated or associated persons (an "Acquiring Person") acquired, or obtained the right to acquire, beneficial ownership of 15% or more of the outstanding Shares or (ii) ten business days (or such later date as may be determined by action of the Board of Directors prior to such time as any person becomes an Acquiring Person) following the commencement, or announcement of an intention to make, a tender offer or exchange offer by a person (other than the Company, any wholly-owned subsidiary of the Company or certain employee benefit plans) which, if consummated, would result in such person becoming an Acquiring Person (the earlier of the dates being called the "Distribution Date") for the Shares, the Rights will be evidenced by certificate with a copy of a Summary of Rights attached thereto. The Rights Agreement provides that, until the Distribution Date, the Rights will be transferred with and only with the Shares. Until the Distribution Date (or earlier redemption or expiration of the Rights), new certificates for the Shares issued after May 2, 1986 upon transfer or new issuance of the Shares will contain a notation incorporating the Rights Agreement by reference. In certain circumstances, Shares issued after the Distribution Date will be accompanied by Rights. Until the Distribution Date (or earlier redemption or expiration of the Rights), the surrender for transfer of any of the certificates for Shares outstanding, even without a copy of the Summary of Rights attached thereto, will also constitute the transfer of the Rights associated with the Shares represented by such certificate. As soon as practicable following the Distribution Date, separate certificates evidencing the Rights ("Right Certificates") will be mailed to holders of record of the Common Stock as of the close of business on the Distribution Date and such separate Right Certificates alone will evidence the Rights.

The Rights are not exercisable until the Distribution Date. The Rights will

expire on May 2, 1996, unless earlier redeemed by the Company as described below. The Purchase Price payable, and the number of halves of shares of the Common Stock or other securities or property issuable, upon exercise of the Rights are subject to certain customary anti-dilution adjustments.

16

19

In the event that after the Distribution Date the Company were acquired in a merger or other business combination transaction or that 50% or more of its assets or earning power were sold, proper provision is to be made so that each holder of a Right, other than Rights that were or are beneficially owned by the Acquiring Person (which will thereafter be void), shall thereafter have the right to receive, upon the exercise thereof at the then current Purchase Price of the Right, that number of shares of common stock of the acquiring company which at the time of such transaction would have a market value of two times the Purchase Price of the Right. In the event that at any time any person shall become an Acquiring Person, proper provision shall be made so that each holder of a Right, other than Rights that were or are beneficially owned by the Acquiring Person (which will thereafter be void), shall thereafter have the right to receive, upon the exercise thereof at the then current Purchase Price, that number of Shares which at the time of such transaction would have a market value of two times the exercise price of the Right.

At any time prior to the time at which a person or group of affiliated or associated persons has acquired beneficial ownership of 15% or more of the outstanding Shares (the "Shares Acquisition Date"), the Board of Directors of the Company may redeem the Rights in whole, but not in part, at a price of \$.01 per Right (the "Redemption Price"). Immediately upon the action of the Board of Directors of the Company electing to redeem the Rights, the Company shall make announcement thereof, and upon such election, the right to exercise the Rights will terminate and the only right of the holders of Rights will be to receive the Redemption Price. In addition, the Rights Agreement permits the Board of Directors, following the acquisition by a person or group of beneficial ownership of 15% or more of the Shares (but before an acquisition of 50% or more of the Shares), to exchange the Rights (other than Rights owned by such 15% person or group), in whole or in part, for Shares, at an exchange ratio of one Share per Right.

Until a Right is exercised, the holder thereof, as such, will have no rights as a stockholder of the Company, including, without limitation, the right to vote or to receive dividends.

The provisions of the Rights Agreement may be amended by the Board of Directors in order to cure any ambiguity or correct any defect or inconsistency and by the Continuing Directors (as defined in the Rights Agreement), prior to the Distribution Date, to make changes deemed to be in the best interests of the holders of the Rights or, after the Distribution Date, to make such other changes which do not adversely affect the interests of the holders of the Rights (excluding the interests of any Acquiring Person and its Affiliates and Associates).

The Rights have certain anti-takeover effects. The Rights will cause substantial dilution to a person who attempts to acquire the Company without the consent of the Board of Directors. The Rights will not affect a transaction approved by the Company prior to the existence of an Acquiring Person, because the Rights can be redeemed before the consummation of such transaction.

Additional Information. The Company is subject to the informational requirements of the Exchange Act and in accordance therewith files periodic reports, proxy statements and other information with the Commission. The Company is required to disclose in such proxy statements certain information, as of particular dates, concerning the Company's directors and executive officers, their remuneration, stock options granted to them, the principal holders of the Company's securities and any material interest of such persons in transactions with the Company. The Company has also filed an Issuer Tender Offer Statement on Schedule 13E-4 with the Commission which includes certain additional information relating to the Offer.

Such material can be inspected and copied at the public reference facilities of the Commission located at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at its regional offices located at 7 World Trade Center, 13th Floor, New York, New York 10048, and the Northwestern Atrium Center, 500 West Madison, Suite 1400, Chicago, Illinois 60661. Reports, proxy

materials and other information about the Company should also be available at the offices of the NYSE, 20 Broad Street, New York, New York 10005. Copies may also be obtained by mail, upon payment of the Commission's customary fees, by writing to the Commission's Public Reference Section at 450 Fifth

17

20

Street, N.W., Washington, D.C. 20549. The Company's Schedule 13E-4 will not be available at the Commission's regional offices.

12. EFFECTS OF THE OFFER ON THE MARKET FOR SHARES; REGISTRATION UNDER THE EXCHANGE ACT

The Company's purchase of Shares pursuant to the Offer will reduce the number of Shares that might otherwise trade publicly and is likely to reduce the number of stockholders. Nonetheless, the Company anticipates that there will still be a sufficient number of Shares outstanding and publicly traded following the Offer to ensure a continued trading market in the Shares. Based on the published guidelines of the NYSE, the Company does not believe that its purchase of Shares pursuant to the Offer will cause its remaining Shares to be delisted from such exchange.

The Shares are currently "margin securities" under the rules of the Federal Reserve Board. This has the effect, among other things, of allowing brokers to extend credit on the collateral of the Shares. The Company believes that, following the purchase of Shares pursuant to the Offer, the Shares will continue to be "margin securities" for purposes of the Federal Reserve Board's margin regulations.

The Shares are registered under the Exchange Act, which requires, among other things, that the Company furnish certain information to its stockholders and to the Commission and comply with the Commission's proxy rules in connection with meetings of the Company's stockholders. The Company believes that its purchase of Shares pursuant to the Offer will not result in the Shares becoming eligible for deregistration under the Exchange Act.

13. CERTAIN LEGAL MATTERS; REGULATORY AND FOREIGN APPROVALS

The Company is not aware of any license or regulatory permit that appears to be material to its business that might be adversely affected by its acquisition of Shares as contemplated in the Offer or of any approval or other action by any governmental, administrative or regulatory authority or agency, domestic or foreign, that would be required for the Company's acquisition or ownership of Shares as contemplated by the Offer. Should any such approval or other action be required, the Company currently contemplates that it will seek such approval or other action. The Company cannot predict whether it may determine that it is required to delay the acceptance for payment of, or payment for, Shares tendered pursuant to the Offer pending the outcome of any such matter. There can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that the failure to obtain any such approval or other action might not result in adverse consequences to the Company's business. The Company's obligations under the Offer to accept for payment and pay for Shares are subject to certain conditions. See Section 6.

14. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

The discussion set forth below of the U.S. federal income tax consequences of participating in the Offer is for general information only and does not purport to consider all aspects of federal income taxation that may be relevant to stockholders. The consequences to any particular stockholder may differ depending upon that stockholder's own circumstances and tax position. In addition, certain types of stockholders (including financial institutions, tax-exempt organizations, foreign persons and persons who acquired their Shares upon the exercise of employee stock options or otherwise as compensation) may be subject to special rules. The discussion does not consider the effect of any applicable foreign, state or local tax laws. EACH STOCKHOLDER IS URGED TO CONSULT HIS TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES OF THE OFFER TO SUCH STOCKHOLDER, INCLUDING THE APPLICATIONS OF STATE, LOCAL AND FOREIGN TAX LAWS.

For purposes of this discussion, stockholders are assumed to hold their Shares as capital assets (generally, property held for investment).

The sale of Shares pursuant to the Offer will be a taxable transaction, the consequences of which will be determined under the stock redemption rules of Section 302 of the Internal Revenue Code of 1986, as amended (the "Code"). Under those rules, the entire cash proceeds received by a stockholder for his Shares pursuant to the Offer will be treated as a distribution taxable as a dividend (to the extent of the Company's available "earnings and profits"), without regard to gain or loss realized, unless the particular stockholder satisfies one of the three tests described below. Amounts includible in income as a dividend will not be reduced by the stockholder's basis in the Shares purchased pursuant to the Offer and (except as described below for corporate holdings eligible for the dividends received deduction) the stockholder's basis in those Shares will be added to the stockholder's basis in the remaining Shares. If any of the tests described below are satisfied, the stockholder will recognize capital gain or loss equal to the difference between the cash proceeds received for the Shares pursuant to the Offer and the tax basis of such Shares.

Under Section 302 the entire proceeds received from the sale of Shares pursuant to the Offer will be treated as a distribution unless the sale (a) results in a "complete redemption" of the stockholder's stock in the Company, (b) is "substantially disproportionate" with respect to the stockholder or (c) is "not essentially equivalent to a dividend" with respect to the stockholder. In determining whether any of these tests is satisfied, a stockholder must take into account both Shares actually owned by such stockholder and any Shares considered as owned by such stockholder by reason of certain constructive ownership rules set forth in Section 318 of the Code. Under these rules an individual stockholder generally will be considered to own Shares which such stockholder has the right to acquire by the exercise of an option or warrant and Shares owned (and, in some cases, constructively owned) by certain members of the stockholder's family and by certain entities (such as corporations, partnerships, trusts and estates) in which such stockholder, a member of such stockholder's family or a related entity has an interest. Under Section 318, participants in the ESOP will not be considered to own Shares held by the ESOP and attributable to participants' accounts ("ESOP Shares"). ESOP participants may also actually own or be considered to own Shares ("Non-ESOP Shares") other than ESOP Shares. Whether an ESOP participant satisfies one of the three tests under Section 302 with respect to a sale of Non-ESOP Shares pursuant to the Offer is determined without regard to ESOP Shares.

A sale of Shares pursuant to the Offer will result in a "complete redemption" of a stockholder's stock in the Company if, pursuant to the Offer, the Company purchases all of the Shares actually and constructively owned by the stockholder and the stockholder holds no other stock of the Company. If the stockholder's sale of Shares pursuant to the Offer includes all Shares actually owned by the stockholder but the stockholder continues to constructively own Shares held by family members, such stockholder may qualify for "complete redemption" treatment if he is eligible to elect and properly elects waiver of the constructive ownership rules regarding attribution from family members. Stockholders in this position should consult their tax advisors as to the availability of such an election.

The sale of Shares pursuant to the Offer will be "substantially disproportionate" with respect to a stockholder if, immediately after the sale pursuant to the Offer, such stockholder's actual and constructive percentage ownership of Shares is less than 80% of the stockholder's actual and constructive percentage ownership of Shares immediately before the purchase of Shares pursuant to the Offer.

In order for the sale of Shares by a stockholder pursuant to the Offer to qualify as "not essentially equivalent to a dividend" the stockholder must experience a "meaningful reduction" in his proportionate interest in the Company as a result of such sale, taking into account the constructive ownership rules. The Internal Revenue Service has held in a published ruling that, under the particular facts of that ruling, a very small reduction in the percentage stock ownership of a stockholder constituted a "meaningful reduction" when the stockholder owned an insignificant percentage of the corporation's stock before and after a redemption and did not exercise any

control over corporate affairs. Stockholders seeking to rely on this test should consult their tax advisors as to the application of this standard to their particular situations.

Stockholders should be aware that their ability to satisfy any of the foregoing tests may be affected by any proration pursuant to the Offer. While not free from doubt, it is possible that an acquisition or disposition of Shares (including market purchases and sales) substantially contemporaneous with the Offer will be taken into account in determining whether any of the three tests described above is satisfied.

If none of the tests described above is satisfied with respect to a stockholder, such stockholder's receipt of cash for Shares pursuant to the Offer will be treated as a distribution, taxable as a dividend to the extent of the Company's available "earnings and profits." Any cash received in excess of such earnings and profits will be treated, first, as a non-taxable return of capital to the extent of the stockholder's basis in all of his Shares, and, thereafter, as a capital gain to the extent it exceeds the stockholder's basis. The Company anticipates, but there can be no assurance, that its available earnings and profits will be such that all amounts treated as a distribution will be taxed as a dividend.

Any income which is treated as a dividend pursuant to the rules described above will be eligible for the 70% dividends received deduction generally allowable to corporate stockholders under Section 243 of the Code, subject to applicable limitations, including those relating to "debt-financed portfolio stock" under Section 246A of the Code and to the 45-day holding period requirement of Section 246 of the Code. Also, since it is expected that purchases pursuant to the Offer will not be pro rata as to all stockholders, any amount treated as a dividend to a corporate stockholder will constitute an "extraordinary dividend" subject to the provisions of Section 1059 of the Code (except as may otherwise be provided in regulations yet to be promulgated by the Treasury Department). Under Section 1059, a corporate stockholder must reduce the tax basis in all of such stockholder's stock (but not below zero) by the portion of any "extraordinary dividend" which is an allowable deduction under the dividends received deduction rules, and, if such portion exceeds the stockholder's tax basis for the stock, must treat any such excess as additional gain on the subsequent sale or other disposition of such Shares.

In addition, corporate stockholders should be aware that the aggregation rules might require that other dividends received by the stockholders on the stock of the Company be treated as an additional part of the extraordinary dividend unless the two-year holding period discussed below is satisfied. Generally, a dividend with respect to a share of common stock is deemed "extraordinary" when it exceeds 10% of a corporate taxpayer's adjusted basis in that share of stock. In determining whether this threshold percentage limitation is met, all dividends that are received by a taxpayer with respect to any share of stock and that have ex-dividend dates within the same period of 85 consecutive days are treated as one dividend. Additionally, all dividends that are received by a taxpayer with respect to any share of stock and that have ex-dividend dates within the same period of 365 consecutive days are treated as extraordinary dividends if the total of these dividends exceeds 20% of the taxpayer's adjusted basis in that share of stock. All dividends paid on the shares of stock held by corporate stockholders within either aggregation period (including dividends deemed received by such stockholders upon sales pursuant to the Offer) will be counted in determining whether such dividends amount to an extraordinary dividend, unless the two-year holding period requirement discussed below is satisfied. In determining whether a dividend paid is an extraordinary dividend, a stockholder may under certain circumstances elect to use the fair market value of the stock rather than its basis for purposes of determining whether the 10% or 20% threshold is met. Except with respect to amounts paid in connection with non-pro-rata redemptions (such as those pursuant to the Offer) and also treated as dividends, no basis reduction is generally required in the case of an otherwise extraordinary dividend received with respect to stock of a corporation where the stock was held by the selling stockholder for more than two years as of the earlier of the date on which the payment of such dividend is announced, declared, or agreed to.

Corporate stockholders should consult their tax advisors as to the application of Section 1059 of the Code to the Offer.

For a discussion of certain withholding tax consequences to tendering stockholders, see Section 3.

THE FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY. EACH STOCKHOLDER IS URGED TO CONSULT SUCH STOCKHOLDER'S OWN TAX ADVISOR TO DETERMINE THE PARTICULAR TAX CONSEQUENCES TO SUCH STOCKHOLDER (INCLUDING THE APPLICABILITY AND EFFECT OF THE CONSTRUCTIVE OWNERSHIP RULES AND FOREIGN, STATE AND LOCAL TAX LAWS) OF THE SALE OF SHARES PURSUANT TO THE OFFER.

15. EXTENSION OF THE OFFER; TERMINATION; AMENDMENTS

The Company expressly reserves the right, in its sole discretion, at any time or from time to time, to extend the period of time during which the Offer is open by giving oral or written notice of such extension to the Depositary, followed by a public announcement thereof no later than 9:00 a.m. New York City time, on the next business day after the previously scheduled Expiration Time. There can be no assurance that the Company will exercise its right to extend the Offer. During any such extension, all Shares previously tendered and not accepted for payment or withdrawn will remain subject to the Offer and may be accepted for payment by the Company, except to the extent that such Shares may be withdrawn as set forth in Section 4.

The Company also expressly reserves the right, in its sole discretion, (i) upon the occurrence of any of the conditions specified in Section 6, (A) to delay payment for any Shares not theretofore paid for or (B) to terminate the Offer and not to accept for payment any Shares not theretofore accepted for payment or (ii) at any time or from time to time, to amend the Offer in any respect, including increasing or decreasing the number of Shares the Company may purchase or the range of prices it may pay pursuant to the Offer.

Any such extension, delay, termination or amendment will be followed as promptly as practicable by a public announcement thereof. Without limiting the manner in which the Company may choose to make any public announcement, except as provided by applicable law (including Rule 13e-4(e)(2) of the Exchange Act), the Company shall have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release to the Dow Jones News Service.

If the Company makes a material change in the terms of the Offer or the information concerning the Offer, or if it waives a material condition of the Offer, the Company will extend the Offer to the extent required by Rules 13e-4(d)(2) and 13e-4(e)(2) under the Exchange Act, which require that the minimum period during which an offer must remain open following material changes in the terms of the offer or information concerning the offer (other than a change in price, a change in dealer's soliciting fee, or a change in percentage of securities sought) will depend upon the facts and circumstances, including the relative materiality of such terms or information. In a published release, the Commission has stated that in its view an offer should remain open for a minimum of five business days from the date that notice of such a material change is first published, sent or given. The Company confirms that its reservation of the right to delay payment for Shares which it has accepted for payment is limited by Rule 13e-4(f)(5) under the Exchange Act, which requires that an issuer pay the consideration offered or return the tendered securities promptly after the termination or withdrawal of a tender offer. If (i) the Company increases or decreases the price to be paid for Shares, the Company increases or decreases the Dealer Managers' soliciting fee, the Company increases the number of Shares being sought and such increase in the number of Shares being sought exceeds 2% of the outstanding Shares, or the Company decreases the number of Shares being sought, and (ii) the Offer is scheduled to expire at any time earlier than the expiration of a period ending on the tenth business day from, and including, the date that notice of such

increase or decrease is first published, sent or given, the Offer will be extended until the expiration of such period of ten business days.

16. FEES AND EXPENSES

The Company has retained Goldman, Sachs & Co. and Oppenheimer & Co., Inc. as the Dealer Managers in connection with the Offer. The Dealer Managers may contact stockholders by mail, telephone, telex, telegraph and personal

interviews and may request brokers, dealers and other nominee stockholders to forward materials relating to the Offer to beneficial owners. The Dealer Managers will receive, in the aggregate, a fee of \$.12 per Share purchased pursuant to the Offer, subject to a minimum fee of \$100,000. The Company will also reimburse the Dealer Managers for their reasonable out-of-pocket expenses relating to the Offer, including the reasonable fees and expenses of their counsel. The Company has agreed to indemnify the Dealer Managers against certain liabilities in connection with the Offer, including certain liabilities under the federal securities laws.

The Company has retained American Stock Transfer & Trust Company as Depositary in connection with the Offer. The Depositary will receive reasonable and customary compensation for its services. The Company will also reimburse the Depositary for out-of-pocket expenses, including reasonable attorneys' fees, and has agreed to indemnify the Depositary against certain liabilities in connection with the Offer, including certain liabilities under the federal securities laws. The Depositary has not been retained to make solicitations or recommendations in connection with the Offer.

The Company will not pay fees or commissions to any broker, dealer, commercial bank, trust company or other person (other than the Dealer Managers) for soliciting any Shares pursuant to the Offer. The Company will, however, on request, reimburse such persons for customary handling and mailing expenses incurred in forwarding materials in respect of the Offer to the beneficial owners for which they act as nominees. No such broker, dealer, commercial bank or trust company has been authorized to act as the Company's agent for purposes of the Offer. The Company will pay (or cause to be paid) any stock transfer taxes on its purchase of Shares, except as otherwise provided in Instruction 7 of the Letter of Transmittal.

17. MISCELLANEOUS

The Offer is not being made to, nor will the Company accept tenders from, holders of Shares in any jurisdiction in which the Offer or its acceptance would not comply with the securities or blue sky laws of such jurisdiction. In any jurisdiction in which the securities or blue sky laws require the Offer to be made by a licensed broker or dealer, the Offer is being made on the Company's behalf by the Dealer Managers or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

INSTRUMENT SYSTEMS CORPORATION

November 10, 1994

ANNEX A

Set forth below is a list of all transactions in the Shares by the Company since September 14, 1994. All such transactions were open-market purchases on the NYSE.

TRADE DATE	NUMBER OF SHARES	PRICE PER SHARE
September 27, 1994.....	10,000	\$ 7.625
September 30, 1994.....	6,500	7.75
September 30, 1994.....	1,000	7.875
October 3, 1994.....	500	7.625
October 4, 1994.....	34,600	7.75
October 5, 1994.....	600	7.625
October 6, 1994.....	4,100	7.50
October 7, 1994.....	1,000	7.625
October 7, 1994.....	8,000	7.75
October 10, 1994.....	7,000	7.75
October 10, 1994.....	1,500	7.625
October 11, 1994.....	1,000	7.625
October 11, 1994.....	9,000	7.75
October 12, 1994.....	10,000	7.75
October 13, 1994.....	200	7.75
October 13, 1994.....	9,800	7.875
October 14, 1994.....	10,000	7.875

October 17, 1994.....	8,500	7.875
October 18, 1994.....	8,500	7.75
October 19, 1994.....	1,400	7.75
October 19, 1994.....	1,500	7.625

Facsimile copies of the Letter of Transmittal will be accepted. The Letter of Transmittal and certificates for the Shares and any other required documents should be sent or delivered by each stockholder or his broker, dealer, commercial bank, trust company or other nominee to the Depositary at its address set forth below:

THE DEPOSITARY:

AMERICAN STOCK TRANSFER & TRUST COMPANY

BY MAIL, BY HAND
OR BY OVERNIGHT COURIER:
40 WALL STREET
46TH FLOOR
NEW YORK, NEW YORK 10005

FACSIMILE TRANSMISSION:
(718) 234-5001
CONFIRM BY TELEPHONE:
(212) 936-5100

FOR INFORMATION TELEPHONE:

(800) 937-5449

Any questions or requests for assistance or for additional copies of this Offer to Purchase, the Letter of Transmittal or the Notice of Guaranteed Delivery may be directed to the Depositary, at the telephone number and address above, or to the Dealer Managers, at the telephone numbers and addresses below. You may also contact your broker, dealer, commercial bank or trust company for assistance concerning the Offer. To confirm delivery of your Shares, you are directed to contact the Depositary.

THE DEALER MANAGERS:

GOLDMAN, SACHS & CO.
85 BROAD STREET
NEW YORK, NEW YORK 10004
(212) 902-1000

OPPENHEIMER & CO., INC.
ONE WORLD FINANCIAL CENTER
NEW YORK, NEW YORK 10281
(212) 667-7000

LETTER OF TRANSMITTAL
TO ACCOMPANY SHARES OF COMMON STOCK
(INCLUDING THE ASSOCIATED COMMON STOCK PURCHASE RIGHTS)

OF

INSTRUMENT SYSTEMS CORPORATION

TENDERED PURSUANT TO THE OFFER TO PURCHASE

DATED NOVEMBER 10, 1994

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS EXPIRE AT
12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, DECEMBER 9,
1994 UNLESS THE OFFER IS EXTENDED.

To: American Stock Transfer & Trust Company, Depository

By Mail, By Hand or
By Overnight Courier:
40 Wall Street
46th Floor
New York, New York 10005

Facsimile Transmission
(718) 234-5001
Confirm by Telephone:
(212) 936-5100

For Information Telephone:
(800) 937-5449

DESCRIPTION OF SHARES TENDERED
(See Instructions 3 and 4)

Table with columns: NAME(S) AND ADDRESS(ES) OF REGISTERED HOLDER(S), CERTIFICATE(S) TENDERED, CERTIFICATE NUMBER(S)*, NUMBER OF SHARES REPRESENTED BY CERTIFICATE(S)*, NUMBER OF SHARES TENDERED**.

Indicate in this box the order (by certificate number) in which Shares are to be purchased in the event of proration.*** (Attach additional signed list if necessary.)

See Instruction 10.

1st: ; 2nd: ; 3rd: ; 4th: ; 5th:
* Need not be completed if Shares are delivered by book-entry transfer.

** If you desire to tender fewer than all Shares evidenced by any certificates listed above, please indicate in this column the number of Shares you wish to tender. Otherwise, all Shares evidenced by such certificates will be deemed to have been tendered. See Instruction 4.

*** If you do not designate an order, then in the event less than all shares tendered are purchased due to proration, Shares will be selected for purchase by the Depository.

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN THOSE SHOWN ABOVE OR TRANSMISSION OF INSTRUCTIONS VIA A FACSIMILE NUMBER OTHER THAN ONE OF THOSE LISTED ABOVE DOES NOT CONSTITUTE A VALID DELIVERY.

This Letter of Transmittal is to be used only (a) if certificates for Shares (as defined below) are to be forwarded with it (or such certificates will be delivered pursuant to a Notice of Guaranteed Delivery previously sent to the Depository) or (b) if a tender of Shares is to be made by book-entry transfer to the account maintained by the Depository at The Depository Trust Company ("DTC"), Midwest Securities Trust Company ("MSTC") or Philadelphia Depository Trust Company ("PDTC") (collectively, the "Book-Entry Transfer Facilities") pursuant to Section 3 of the Offer to Purchase.

Stockholders whose certificates are not immediately available or who cannot deliver their certificates for Shares and all other required documents to the Depository before the Expiration Time (as defined in the Offer to Purchase) or whose Shares cannot be delivered on a timely basis pursuant to the procedure for book-entry transfer must tender their Shares according to the guaranteed delivery procedure set forth in Section 3 of the Offer to Purchase. See Instruction 2. Delivery of the Letter of Transmittal and any other required documents to one of the Book-Entry Transfer Facilities does not constitute delivery to the Depository.

/ /CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO AN ACCOUNT MAINTAINED BY THE DEPOSITARY WITH ONE OF THE BOOK-ENTRY TRANSFER FACILITIES, AND COMPLETE THE FOLLOWING:

Name of Tendering Institution:

Check Box of Applicable Book-Entry Transfer Facility:

/ / DTC / / MSTC / / PDTC

Account Number:

Transaction Code Number:

/ /CHECK HERE IF CERTIFICATES FOR TENDERED SHARES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITARY, AND COMPLETE THE FOLLOWING:

Name(s) of Registered Holder(s):

Date of Execution of Notice of Guaranteed Delivery:.....

Name of Institution Which Guaranteed Delivery:.....

Check Box of Applicable Book-Entry Transfer Facility and Give Account Number if Delivered by Book-Entry Transfer:

/ / DTC / / MSTC / / PDTC

Account Number:

Transaction Code Number:

ODD LOTS (See Instruction 8)

To be completed ONLY if Shares are being tendered by or on behalf of a person owning beneficially, as of the close of business on November 7, 1994, an aggregate of fewer than 100 Shares.

The undersigned either (check one box):

/ /was the beneficial owner as of the close of business on November 7, 1994 and will continue to be the beneficial owner as of the Expiration Time, of an aggregate of fewer than 100 Shares, all of which are being tendered; or

/ /is a broker, dealer, commercial bank, trust company or other nominee

which:

- (a) is tendering, for the beneficial owners thereof, Shares with respect to which it is the record holder; and
- (b) believes, based upon representations made to it by such beneficial owners, that each such person was the beneficial owner as of the close of business on November 7, 1994 and each such person will continue to be the beneficial owner as of the Expiration Time, of an aggregate of fewer than 100 Shares and is tendering all of such Shares.

In addition, the undersigned is tendering Shares (check one box):

/ /at the Purchase Price (as defined below), as the same shall be determined by the Company in accordance with the terms of the Offer (persons checking this box need not indicate the price per Share below);
or

/ /at the price per Share indicated under "Price (in Dollars) Per Share at Which Shares Are Being Tendered" in this Letter of Transmittal.

5

Ladies and Gentlemen:

The undersigned hereby tenders to Instrument Systems Corporation, a Delaware corporation (the "Company"), the above-described shares of the Company's common stock, par value \$.25 per share (the "Shares"), including the associated Common Stock Purchase Rights (the "Rights"), at the price per Share indicated in this Letter of Transmittal, net to the seller in cash, upon the terms and subject to the conditions set forth in the Company's Offer to Purchase dated November 10, 1994, receipt of which is hereby acknowledged, and in this Letter of Transmittal (which together constitute the "Offer"). Unless the Rights are redeemed by the Company, a tender of Shares will also constitute a tender of the associated Rights. Unless the context requires otherwise, all references herein to Shares shall include the associated Rights.

Subject to, and effective on acceptance for payment of the Shares tendered hereby in accordance with, the terms of the Offer (including, if the Offer is extended or amended, the terms or conditions of any such extension or amendment), the undersigned hereby sells, assigns and transfers to or upon the order of the Company all right, title and interest in and to all Shares tendered hereby or orders the registration of such Shares tendered by book-entry transfer that are purchased pursuant to the Offer to or upon the order of the Company and hereby irrevocably constitutes and appoints the Depositary as attorney-in-fact of the undersigned with respect to such Shares, with full power of substitution (such power of attorney being an irrevocable power coupled with interest), to:

- (a) deliver certificates for such Shares, or transfer ownership of such Shares on the account books maintained by a Book-Entry Transfer Facility, together in either such case with all accompanying evidences of transfer and authenticity, to or upon the order of the Company, upon receipt by the Depositary, as the undersigned's agent, of the Purchase Price (as defined below) with respect to such Shares;
- (b) present certificates for such Shares for cancellation and transfer on the Company's books; and
- (c) receive all benefits and otherwise exercise all rights of beneficial ownership of such Shares, subject to the next paragraph, all in accordance with the terms of the Offer.

The undersigned hereby represents and warrants that:

- (a) the undersigned understands that tenders of Shares pursuant to any one of the procedures described in Section 3 of the Offer to Purchase and in the Instructions hereto will constitute the undersigned's acceptance of the terms and conditions of the Offer, including the undersigned's representation and warranty that (i) the undersigned has a "net long position" in Shares or "equivalent securities" at least equal to the Shares tendered within the meaning of Rule 14e-4 promulgated under the Securities Exchange Act of 1934, as amended, and (ii) such tender of Shares complies with Rule 14e-4;

(b) when and to the extent the Company accepts the Shares for purchase, the Company will acquire good, marketable and unencumbered title to them, free and clear of all security interests, liens, charges, encumbrances, conditional sales agreements or other obligations relating to their sale or transfer, and not subject to any adverse claim;

(c) on request, the undersigned will execute and deliver any additional documents the Depositary or the Company deems necessary or desirable to complete the assignment, transfer and purchase of the Shares tendered hereby; and

(d) the undersigned has read and agrees to all of the terms of the Offer.

6

The names and addresses of the registered holders should be printed, if they are not already printed above, exactly as they appear on the certificates representing Shares tendered hereby. The certificate numbers, the number of Shares represented by such certificates, the number of Shares that the undersigned wishes to tender and the purchase price at which such Shares are being tendered should be indicated in the appropriate boxes on this Letter of Transmittal.

The undersigned understands that the Company will, upon the terms and subject to the conditions of the Offer, determine a single per Share price (not greater than \$9.25 nor less than \$8.00 per Share) that it will pay for Shares properly tendered and not withdrawn pursuant to the Offer (the "Purchase Price"), taking into account the number of shares so tendered and the prices specified by tendering stockholders. The undersigned understands that the Company will select the lowest Purchase Price which will allow it to buy 3,000,000 Shares (or such lesser number of Shares as are properly tendered and not withdrawn at prices not greater than \$9.25 nor less than \$8.00 per Share) pursuant to the Offer, or such greater number of Shares as the Company may elect to purchase. The undersigned understands that all Shares properly tendered and not withdrawn at prices at or below the Purchase Price will be purchased at the Purchase Price, net to the seller in cash, upon the terms and subject to the conditions of the Offer, including its proration provisions, and that the Company will return all other Shares, including Shares tendered and not withdrawn at prices greater than the Purchase Price and Shares not purchased because of proration.

The undersigned recognizes that under certain circumstances set forth in the Offer to Purchase, the Company may terminate or amend the Offer or may postpone the acceptance for payment of, or the payment for, Shares tendered or may not be required to purchase any of the Shares tendered hereby or may accept for payment fewer than all of the Shares tendered hereby. In either event, the undersigned understands that certificate(s) for any Shares not tendered or not purchased will be returned to the undersigned at the address indicated above, unless otherwise indicated under the "Special Payment Instructions" or "Special Delivery Instructions" below. The undersigned recognizes that the Company has no obligation, pursuant to the Special Payment Instructions, to transfer any certificate for Shares from the name of their registered holder, or to order the registration or transfer of such Shares tendered by book-entry transfer, if the Company purchases none of the Shares represented by such certificate or tendered by such book-entry transfer.

The undersigned understands that acceptance of Shares by the Company for payment will constitute a binding agreement between the undersigned and the Company upon the terms and subject to the conditions of the Offer.

The check for the Purchase Price for such of the tendered Shares as are purchased will be issued to the order of the undersigned and mailed to the address indicated above unless otherwise indicated under the Special Payment Instructions or the Special Delivery Instructions below.

All authority conferred or agreed to be conferred in this Letter of Transmittal shall survive the death or incapacity of the undersigned, and any obligations of the undersigned under this Letter of Transmittal shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned. Except as stated in the Offer to Purchase, this tender is irrevocable.

7

NOTE: SIGNATURES MUST BE PROVIDED BELOW

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

PRICE (IN DOLLARS) PER SHARE AT WHICH SHARES ARE BEING TENDERED

IF SHARES ARE BEING TENDERED AT MORE THAN ONE PRICE, USE A SEPARATE LETTER OF TRANSMITTAL FOR EACH PRICE SPECIFIED. (SEE INSTRUCTION 5.)

CHECK ONLY ONE BOX. IF MORE THAN ONE BOX IS CHECKED, OR IF NO BOX IS CHECKED (EXCEPT AS OTHERWISE PROVIDED HEREIN), THERE IS NO PROPER TENDER OF SHARES.

/ /	\$8.000	/ /	\$8.750
/ /	\$8.125	/ /	\$8.875
/ /	\$8.250	/ /	\$9.000
/ /	\$8.375	/ /	\$9.125
/ /	\$8.500	/ /	\$9.250
/ /	\$8.625		

8

SPECIAL PAYMENT INSTRUCTIONS (SEE INSTRUCTIONS 1, 4, 6, 7 AND 9)

To be completed ONLY if certificates for Shares not tendered or not purchased and/or any check for the Purchase Price of Shares purchased are to be issued in the name of and sent to someone other than the undersigned.

Issue / / Check / / Certificates to:

Name: Please Print

Address: (Include Zip Code)

(Tax Identification or Social Security Number)

/ / Credit Shares tendered by book-entry transfer and not purchased to the account set forth below:

Name of account party:

Account number:

Check box of applicable Book-Entry Transfer Facility:

DTC / / MSTC / / PDTC / /

SPECIAL DELIVERY INSTRUCTIONS (SEE INSTRUCTIONS 1, 4, 6, AND 9)

To be completed ONLY if certificates for Shares not tendered or not purchased issued in the name of the undersigned and/or any check for the

Purchase Price of Shares purchased issued in the name of undersigned are to be sent to someone other than the undersigned or to the undersigned at an address other than that shown above.

Deliver / / Check / / Certificates to:

Name:
Please Print

Address:
.....
.....
.....
(Include Zip Code)

9

STOCKHOLDER(S) SIGN HERE
(SEE INSTRUCTIONS 1 AND 6)

(PLEASE COMPLETE SUBSTITUTE FORM W-9 ON REVERSE SIDE)

Must be signed by the registered holder(s) exactly as name(s) appear(s) on certificate(s) or on a security position listing or by person(s) authorized to become registered holder(s) by certificate(s) and documents transmitted with this Letter of Transmittal. If signature is by attorney-in-fact, executor, administrator, trustee, guardian, officer of a corporation or another acting in a fiduciary or representative capacity, please set forth the full title. See Instruction 6.

.....
.....
(Signature(s))

Dated: , 1994

Name(s):
.....
(Please Print)

Capacity (full title):
.....

Address:
.....
.....

Area Code and Telephone Number:

Tax Identification or
Social Security Number(s):

Dated:

GUARANTEE OF SIGNATURE(S)
(SEE INSTRUCTIONS 1 AND 6)

Authorized Signature:
Name:
(Please Print)

Title:

Name of Firm:

Address:
.....
.....
.....
Area Code and Telephone Number:
Dated: , 1994
Tax Identification or Social Security Number(s):

INSTRUCTIONS

FORMING PART OF THE TERMS OF THE OFFER

1. GUARANTEE OF SIGNATURES. No signature guarantee is required if either:

(a) this Letter of Transmittal is signed by the registered holder of the Shares (which term, for purposes of this document, shall include any participant in a Book-Entry Transfer Facility whose name appears on a security position listing as the owner of Shares) exactly as the name of the registered holder appears on the certificate tendered with this Letter of Transmittal unless such holder has completed either the box entitled "Special Payment Instructions" or the box entitled "Special Delivery Instructions"; or

(b) such Shares are tendered for the account of a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office, branch or agency in the United States (each such entity, an "Eligible Institution"). See Instruction 6.

In all other cases, an Eligible Institution must guarantee all signatures on this Letter of Transmittal. See Instruction 6.

2. DELIVERY OF LETTER OF TRANSMITTAL AND CERTIFICATES; GUARANTEED DELIVERY PROCEDURES. This Letter of Transmittal is to be used only if certificates are delivered with it to the Depository (or such certificates will be delivered pursuant to a Notice of Guaranteed Delivery previously sent to the Depository) or if tenders are to be made pursuant to the procedure for tender by book-entry transfer set forth in Section 3 of the Offer to Purchase. Certificates for all physically tendered Shares, or confirmation of a book-entry transfer into the Depository's account at a Book-Entry Transfer Facility of Shares tendered electronically, together in each case with a properly completed and duly executed Letter of Transmittal or duly executed facsimile of it, and any other documents required by this Letter of Transmittal, should be mailed or delivered to the Depository at the appropriate address set forth herein and must be delivered to the Depository on or before the Expiration Time (as defined in the Offer to Purchase). Delivery of documents to one of the Book-Entry Transfer Facilities does not constitute delivery to the Depository.

Stockholders whose certificates are not immediately available or who cannot deliver Shares and all other required documents to the Depository before the Expiration Time, or whose Shares cannot be delivered on a timely basis pursuant to the procedure for book-entry transfer, may tender their Shares by or through any Eligible Institution by properly completing (including the price at which the Shares are being tendered) and duly executing and delivering a Notice of Guaranteed Delivery (or a facsimile of it) and by otherwise complying with the guaranteed delivery procedure set forth in Section 3 of the Offer to Purchase. Pursuant to such procedure, the certificates for all physically tendered Shares or book-entry confirmation, as the case may be, as well as a properly completed Letter of Transmittal and all other documents required by this Letter of Transmittal, must be received by the Depository within five New York Stock Exchange trading days after receipt by the Depository of such Notice of Guaranteed Delivery, all as provided in Section 3 of the Offer to Purchase.

The Notice of Guaranteed Delivery may be delivered by hand or transmitted by telegram, facsimile transmission or mail to the Depository and must include a guarantee by an Eligible Institution in the form set forth in such Notice. For

Shares to be properly tendered pursuant to the guaranteed delivery procedure, the Depositary must receive the Notice of Guaranteed Delivery before the Expiration Time.

THE METHOD OF DELIVERY OF ALL DOCUMENTS, INCLUDING CERTIFICATES FOR SHARES, IS AT THE ELECTION AND RISK OF THE TENDERING STOCKHOLDER. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE DELIVERY.

11

The Company will not accept any alternative, conditional or contingent tenders, nor will it purchase any fractional Shares. All tendering stockholders, by execution of this Letter of Transmittal (or a facsimile of it), waive any right to receive any notice of the acceptance of their tender.

3. INADEQUATE SPACE. If the space provided in the box captioned "Description of Shares Tendered" is inadequate, the certificate numbers and/or the number of Shares should be listed on a separate signed schedule and attached to this Letter of Transmittal.

4. PARTIAL TENDERS AND UNPURCHASED SHARES. (Not applicable to stockholders who tender by book-entry transfer.) If fewer than all of the Shares evidenced by any certificate are to be tendered, fill in the number of Shares which are to be tendered in the column entitled "Number of Shares Tendered." In such case, if any tendered Shares are purchased, a new certificate for the remainder of the Shares evidenced by the old certificate(s) will be issued and sent to the registered holder(s), unless otherwise specified in the "Special Payment Instructions" or "Special Delivery Instructions" box on this Letter of Transmittal, as soon as practicable after the Expiration Time. All Shares represented by the certificate(s) listed and delivered to the Depositary are deemed to have been tendered unless otherwise indicated.

5. INDICATION OF PRICE AT WHICH SHARES ARE BEING TENDERED. For Shares to be properly tendered, the stockholder must check the box indicating the price per Share at which he is tendering Shares under "Price (In Dollars) Per Share at Which Shares Are Being Tendered" on this Letter of Transmittal; provided, however, that an Odd Lot Owner (as defined in Instruction 8) may check the box above in the section entitled "Odd Lots" indicating that he is tendering all of his Shares at the Purchase Price. ONLY ONE BOX MAY BE CHECKED. IF MORE THAN ONE BOX IS CHECKED, OR IF NO BOX IS CHECKED (EXCEPT AS OTHERWISE PROVIDED HEREIN), THERE IS NO PROPER TENDER OF SHARES. A stockholder wishing to tender portions of his Share holdings at different prices must complete a separate Letter of Transmittal for each price at which he wishes to tender each such portion of his Shares. The same Shares cannot be tendered (unless previously properly withdrawn as provided in Section 4 of the Offer to Purchase) at more than one price.

6. SIGNATURES ON LETTER OF TRANSMITTAL, STOCK POWERS, AND ENDORSEMENTS.

(a) If this Letter of Transmittal is signed by the registered holder(s) of the Shares tendered hereby, the signature(s) must correspond exactly with the name(s) as written on the face of the certificate without any change whatsoever.

(b) If the Shares are registered in the names of two or more joint holders, each such holder must sign this Letter of Transmittal.

(c) If any tendered Shares are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal (or facsimiles of it) as there are different registrations of certificates.

(d) When this Letter of Transmittal is signed by the registered holder(s) of the Shares listed and transmitted hereby, no endorsements of certificate(s) representing such Shares or separate stock powers are required unless payment is to be made, or the certificate(s) for Shares not tendered or not purchased are to be issued, to a person other than the registered holder(s). If this Letter of Transmittal is signed by a person other than the registered holder(s) of the certificate(s) listed, or if payment is to be made or certificate(s) for Shares not tendered or not purchased are to be issued to a person other than the registered holder(s), the certificate(s) must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear(s) on the certificate(s), and any signature(s) on such certificate(s) or stock power(s) must be guaranteed by an Eligible

Institution. See Instruction 1.

(e) If this Letter of Transmittal or any certificates or stock powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting

12

in a fiduciary or representative capacity for the registered holder(s) of the certificates listed, such persons should so indicate when signing and must submit proper evidence satisfactory to the Company of their authority so to act.

7. STOCK TRANSFER TAXES. Except as provided in this Instruction, no stock transfer tax stamps or funds to cover such stamps need accompany this Letter of Transmittal. The Company will pay or cause to be paid any stock transfer taxes payable on the transfer to it of Shares purchased pursuant to the Offer. If, however:

(a) payment of the Purchase Price is to be made to any person other than the registered holder(s);

(b) Shares not tendered or not accepted for purchase are to be registered in the name of any person other than the registered holder(s); or

(c) tendered certificates are registered in the name of any person other than the person(s) signing this Letter of Transmittal;

then the Depositary will deduct from the Purchase Price the amount of any stock transfer taxes (whether imposed on the registered holder, such other person or otherwise) payable on account of the transfer to such person unless satisfactory evidence of the payment of such taxes, or an exemption from them, is submitted.

8. ODD LOTS. As described in Section 2 of the Offer to Purchase, if the Company is to purchase less than all Shares properly tendered and not withdrawn before the Expiration Time, the Shares purchased first will consist of all Shares properly tendered and not withdrawn by any stockholder who owned beneficially as of the close of business on November 7, 1994 and who continues to own as of the Expiration Time, an aggregate of fewer than 100 Shares and who tenders all of his Shares at or below the Purchase Price (an "Odd Lot Owner"). This preference will not be available unless the box captioned "Odd Lots" is completed.

9. SPECIAL PAYMENT AND DELIVERY INSTRUCTIONS. If certificate(s) for Shares not tendered or not purchased and/or check(s) are to be issued in the name of a person other than the signer of the Letter of Transmittal or if such certificate(s) and/or check(s) are to be sent to someone other than the signer of the Letter of Transmittal or to the signer at a different address, the boxes captioned "Special Payment Instructions" and/or "Special Delivery Instructions" on this Letter of Transmittal should be completed and signatures must be guaranteed as described in Instructions 1 and 6.

10. ORDER OF PURCHASE IN EVENT OF PRORATION. As described in Section 1 of the Offer to Purchase, stockholders may designate the order in which their Shares are to be purchased in the event of proration. The order of purchase may have an effect on the federal income tax classification of any gain or loss on the Shares purchased. See Section 1 of the Offer to Purchase.

11. IRREGULARITIES. The Company will determine, in its sole discretion, all questions as to the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of Shares, and its determination shall be final and binding on all parties. The Company reserves the absolute right to reject any or all tenders determined by it not to be in proper form or the acceptance of which or payment for which may, in the opinion of the Company's counsel, be unlawful. The Company also reserves the absolute right to waive any of the conditions of the Offer or any defects or irregularities in the tender of any particular Shares, and the Company's interpretation of the terms of the Offer (including these instructions) will be final and binding on all parties. No tender of Shares will be deemed to be properly made until all defects and irregularities have been cured or waived. Unless waived, any defects or irregularities in connection with tenders must be cured within such time as the Company shall determine. None of the Company, the Dealer Manager, the Depositary nor any other person is or will be obligated to give notice of any defects or irregularities in tenders, nor shall any of them incur any liability for failure

to give any such notice.

13

12. QUESTIONS AND REQUESTS FOR ASSISTANCE AND ADDITIONAL COPIES. Questions and requests for assistance may be directed to, or additional copies of the Offer to Purchase, the Notice of Guaranteed Delivery, and this Letter of Transmittal may be obtained from the Dealer Managers or the Depositary at their addresses and telephone numbers set forth at the end of this Letter of Transmittal or from your broker, dealer, commercial bank or trust company.

13. SUBSTITUTE FORM W-9 AND FORM W-8. Stockholders other than corporations and certain foreign individuals may be subject to backup federal income tax withholding. Each such tendering stockholder or other payee who does not otherwise establish to the satisfaction of the Depositary an exemption from backup federal income tax withholding is required to provide the Depositary with a correct taxpayer identification number ("TIN") on Substitute Form W-9 which is provided as a part of this Letter of Transmittal, and to indicate that the stockholder or other payee is not subject to backup withholding by checking the box in Part 2 of the form. For an individual, his TIN will generally be his social security number. Failure to provide the information on the form or to check the box in Part 2 of the form may subject the tendering stockholder or other payee to 31% backup federal income tax withholding on the payments made to the stockholder or other payee with respect to Shares purchased pursuant to the Offer and to a \$50.00 penalty imposed by the Internal Revenue Service. Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained. The box in Part 3 of the form may be checked if the tendering stockholder or other payee has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If the box in Part 3 is checked and the Depositary is not provided with a TIN within sixty (60) days, the Depositary will withhold 31% on all such payments thereafter until a TIN is provided to the Depositary. Stockholders who are foreign individuals should submit Form W-8 to certify that they are exempt from backup withholding, unless Instruction 14 applies. Form W-8 may be obtained from the Depositary. For additional information concerning Substitute Form W-9, see the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9."

14. WITHHOLDING ON FOREIGN STOCKHOLDERS. The Depositary will withhold federal income taxes equal to 30% of the gross payments payable to a foreign stockholder or his agent unless the Depositary determines that a reduced rate of withholding or an exemption from withholding is applicable. (Exemption from backup withholding does not exempt a foreign stockholder from the 30% withholding.) For this purpose, a foreign stockholder is any stockholder that is not (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof or (iii) an estate or trust the income of which is subject to United States federal income taxation regardless of the source of such income. The Depositary will determine a stockholder's status as a foreign stockholder and eligibility for a reduced rate of, or an exemption from, withholding by reference to the stockholder's address and to any outstanding certificates or statements concerning eligibility for a reduced rate of, or exemption from, withholding unless facts and circumstances indicate that reliance is not warranted. In order to obtain an exemption from withholding on the grounds that the gross proceeds paid pursuant to the Offer are effectively connected with the conduct of a trade or business within the United States, a foreign stockholder must deliver to the Depositary a properly executed Form 4224. Such form can be obtained from the Depositary or the Dealer Manager. A foreign stockholder who has not previously submitted the appropriate certificates or statements with respect to a reduced rate of, or exemption from, withholding for which such stockholder may be eligible should consider doing so in order to avoid overwithholding. A foreign stockholder may be eligible to obtain a refund of tax withheld if such stockholder meets one of the three tests for capital gain or loss treatment described in Section 14 of the Offer to Purchase or is otherwise able to establish that no tax or reduced amount of tax was due. Foreign stockholders are urged to consult their tax advisors regarding the application of federal income tax withholding, including eligibility for a withholding tax reduction or exemption and the refund procedures.

14

15. EMPLOYEE STOCK OWNERSHIP PLAN. Participants in the Company's Employee Stock Ownership Plan may not use this Letter of Transmittal to direct the tender of Shares attributed to a participant's account, but must use the separate

instruction form sent to them.

IMPORTANT: THIS LETTER OF TRANSMITTAL OR A MANUALLY SIGNED FACSIMILE OF IT (TOGETHER WITH CERTIFICATE(S) FOR SHARES OR CONFIRMATION OF BOOK-ENTRY TRANSFER AND ALL OTHER REQUIRED DOCUMENTS) OR, IF APPLICABLE, THE NOTICE OF GUARANTEED DELIVERY MUST BE RECEIVED BY THE DEPOSITARY BEFORE THE EXPIRATION TIME.

15

IMPORTANT TAX INFORMATION

Under United States federal income tax law, a stockholder whose tendered Shares are accepted for payment generally is required by law to provide the Depositary with such stockholder's correct TIN on Substitute Form W-9 below. If the Depositary is not provided with the correct TIN, the Internal Revenue Service may subject the stockholder or other payee to a \$50 penalty. In addition, payments that are made to such stockholder or other payee with respect to Shares purchased pursuant to the Offer may be subject to backup withholding.

Certain stockholders (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. In order for a foreign individual to qualify as an exempt recipient, the stockholder must submit a Form W-8, signed under penalties of perjury, attesting to the individual's exempt status. A Form W-8 can be obtained from the Depositary. See the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for more instructions.

If backup withholding applies, the Depositary is required to withhold 31% of any such payments made to the stockholder or other payee. Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained.

PURPOSE OF SUBSTITUTE FORM W-9

To prevent backup withholding on payment made to a stockholder or other payee with respect to Shares purchased pursuant to the Offer, the stockholder is required to notify the Depositary of the stockholder's correct TIN by completing the form below, certifying that the TIN provided on Substitute Form W-9 is correct (or that such stockholder is awaiting a TIN) and that:

- (a) the stockholder is exempt from backup withholding;
- (b) the stockholder has not been notified by the Internal Revenue Service that the stockholder is subject to backup withholding as a result of failure to report all interest or dividends; or
- (c) the Internal Revenue Service has notified the stockholder that the stockholder is no longer subject to backup withholding.

WHAT NUMBER TO GIVE THE DEPOSITARY

The stockholder is required to give the Depositary the TIN (e.g., social security number or employer identification number) of the registered holder of the Shares. If the Shares are in more than one name or are not in the name of the actual owner, consult the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for additional guidance on which number to report.

16

PAYER'S NAME

SUBSTITUTE FORM W-9 DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE

PART 1 -- PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW Social Security Number OR Taxpayer Identification Number

PAYER'S REQUEST FOR TAXPAYER IDENTIFICATION NUMBER (TIN)

PART 2 -- Check the box if you are NOT subject to backup withholding under the provisions of Section 3406(a)(1)(C) of the Internal Revenue Code because (1) you are exempt from backup withholding, or (2) you have not been notified by the Internal Revenue Service that you are subject to backup withholding as a result of failure to report all interest or dividends, or (3) the Internal Revenue Service has notified you that you are no longer subject to backup withholding. / /

CERTIFICATION -- UNDER THE PENALTIES
OF PERJURY, I CERTIFY THAT THE INFOR-
MATION PROVIDED ON THIS FORM IS TRUE,
CORRECT AND COMPLETE.

PART 3

Awaiting TIN / /

Signature Date

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN A BACKUP
WITHHOLDING OF 31% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER.
PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER
IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU
CHECK THE BOX IN PART 3 OF SUBSTITUTE FORM W-9

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number
has not been issued to me, and either (a) I have mailed or delivered an
application to receive a taxpayer identification number to the appropriate
Internal Revenue Service Center or Social Security Administration Office, or (b)
I intend to mail or deliver an application in the near future. I understand that
if I do not provide a taxpayer identification number within sixty (60) days, 31%
of all reportable payments made to me thereafter will be withheld until I
provide a number.

.....
Signature Date

17

FACSIMILE COPIES OF THE LETTER OF TRANSMITTAL WILL BE ACCEPTED FROM
ELIGIBLE INSTITUTIONS. THE LETTER OF TRANSMITTAL AND CERTIFICATES FOR SHARES AND
ANY OTHER REQUIRED DOCUMENTS SHOULD BE SENT OR DELIVERED BY EACH TENDERING
STOCKHOLDER OR HIS BROKER, DEALER, COMMERCIAL BANK, TRUST COMPANY OR OTHER
NOMINEE TO THE DEPOSITARY AT ITS ADDRESS SET FORTH BELOW.

The Depositary: American Stock Transfer & Trust Company

By Mail, By Hand or
By Overnight Courier:
40 Wall Street
46th Floor
New York, New York 10005

Facsimile Transmission:
(718) 234-5001
Confirm by Telephone:
(212) 936-5100

For Information Telephone:
(800) 937-5449

ANY QUESTIONS OR REQUESTS FOR ASSISTANCE OR FOR ADDITIONAL COPIES OF THE
OFFER TO PURCHASE, THE LETTER OF TRANSMITTAL OR THE NOTICE OF GUARANTEED
DELIVERY MAY BE DIRECTED TO THE DEPOSITARY AT THE TELEPHONE NUMBERS AND
ADDRESSES SET FORTH ABOVE OR TO THE DEALER MANAGERS AT THE TELEPHONE NUMBER AND
ADDRESS SET FORTH BELOW. A TENDERING STOCKHOLDER MAY ALSO CONTACT HIS BROKER,
DEALER, COMMERCIAL BANK OR TRUST COMPANY FOR ASSISTANCE CONCERNING THE OFFER. IN
ORDER TO CONFIRM THE DELIVERY OF HIS SHARES, A TENDERING STOCKHOLDER SHOULD
CONTACT THE DEPOSITARY.

The Dealer Managers:

Goldman, Sachs & Co.
85 Broad Street
New York, New York 10004
(212) 902-1000

Oppenheimer & Co., Inc.
One World Financial Center
New York, New York 10281
(212) 667-7000

INSTRUMENT SYSTEMS CORPORATION

OFFER TO PURCHASE FOR CASH
3,000,000 SHARES
OF ITS COMMON STOCK
(INCLUDING THE ASSOCIATED COMMON STOCK
PURCHASE RIGHTS) AT A PURCHASE PRICE
NOT GREATER THAN \$9.25 NOR LESS THAN \$8.00 PER SHARE

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS EXPIRE AT 12:00
MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, DECEMBER 9, 1994,
UNLESS THE OFFER IS EXTENDED.

November 10, 1994

To: Brokers, Dealers, Commercial Banks,
Trust Companies and Other Nominees:

Instrument Systems Corporation, a Delaware corporation (the "Company"), has appointed us to act as Dealer Managers in connection with its offer to purchase 3,000,000 shares of its Common Stock, par value \$.25 per share (the "Shares"), including the associated Common Stock Purchase Rights (the "Rights") at prices, net to the seller in cash, not greater than \$9.25 nor less than \$8.00 per Share, specified by tendering stockholders, upon the terms and subject to the conditions set forth in its Offer to Purchase, dated November 10, 1994, and the related Letter of Transmittal (which together constitute the "Offer"). Unless the Rights are redeemed by the Company, a tender of Shares will also constitute a tender of the associated Rights. Unless the context requires otherwise, all references herein to Shares include the associated Rights.

The Company will, upon the terms and subject to the conditions of the Offer, determine a single per Share price (not greater than \$9.25 nor less than \$8.00 per Share) that it will pay for Shares properly tendered and not withdrawn pursuant to the Offer (the "Purchase Price"), taking into account the number of Shares so tendered and the prices specified by tendering stockholders. The Company will select the lowest Purchase Price which will allow it to purchase 3,000,000 Shares (or such lesser number of Shares as are properly tendered and not withdrawn at prices not greater than \$9.25 nor less than \$8.00 per Share) pursuant to the Offer. All Shares properly tendered and not withdrawn at prices at or below the Purchase Price will be purchased at the Purchase Price, net to the seller in cash, upon the terms and subject to the conditions of the Offer, including the proration terms thereof. See Section 1 of the Offer to Purchase.

If, prior to the Expiration Time (as defined in the Offer to Purchase), more than 3,000,000 Shares are properly tendered and not withdrawn at or below the Purchase Price, the Company will, upon the terms and subject to the conditions of the Offer, buy Shares first from all Odd Lot Owners (as defined in the Offer to Purchase) who properly tender and do not withdraw all their Shares at or below the Purchase Price and then on a pro rata basis from all other stockholders whose Shares are properly tendered and not withdrawn at or below the Purchase Price.

THE OFFER IS NOT CONDITIONED ON ANY MINIMUM NUMBER OF SHARES BEING TENDERED. THE OFFER IS, HOWEVER, SUBJECT TO CERTAIN OTHER CONDITIONS. SEE SECTION 6 OF THE OFFER TO PURCHASE.

For your information and for forwarding to your clients for whom you hold Shares registered in your name or in the name of your nominee, we are enclosing the following documents:

1. Offer to Purchase, dated November 10, 1994;
2. Letter to Clients that may be sent to your clients for whose accounts you hold Shares registered in your name or in the name of your nominee, with space provided for obtaining such clients' instructions with regard to the Offer;
3. Letter dated November 10, 1994 from Harvey R. Blau, Chairman of the Board of the Company, and Robert Baleman, President of the Company, to

stockholders of the Company;

4. Letter of Transmittal for your use and for the information of your clients (together with accompanying Substitute Form W-9 and guidelines); and

5. Notice of Guaranteed Delivery to be used to accept the Offer if the Share certificates and all other required documents cannot be delivered to the Depositary by the Expiration Time or if the procedure for book-entry transfer cannot be completed on a timely basis.

WE URGE YOU TO CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE. THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, DECEMBER 9, 1994, UNLESS THE OFFER IS EXTENDED.

No fees or commissions will be payable to brokers, dealers or any person for soliciting tenders of Shares pursuant to the Offer other than fees paid to the Dealer Managers or the Depositary as described in the Offer to Purchase. The Company will, however, upon request, reimburse you for customary mailing and handling expenses incurred by you in forwarding any of the enclosed materials to the beneficial owners of Shares held by you as a nominee or in a fiduciary capacity. The Company will pay or cause to be paid any stock transfer taxes applicable to its purchase of Shares, except as otherwise provided in Instruction 7 of the Letter of Transmittal.

In order to take advantage of the Offer, a duly executed and properly completed Letter of Transmittal and any other required documents should be sent to the Depositary with either certificate(s) representing the tendered Shares or confirmation of their book-entry transfer all in accordance with the instructions set forth in the Letter of Transmittal and the Offer to Purchase.

As described in Section 3, "Procedure for Tendering Shares," of the Offer to Purchase, tenders may be made without the concurrent deposit of stock certificates or concurrent compliance with the procedure for book-entry transfer, if such tenders are made by or through a broker or dealer which is a member firm of a registered national securities exchange, or a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office, branch or agency in the United States. Certificates for Shares so tendered (or a confirmation of a book-entry transfer of such Shares into the Depositary's account at one of the Book-Entry Transfer Facilities described in the Offer to Purchase), together with a properly completed and duly executed Letter of Transmittal and any other documents required by the Letter of Transmittal, must be received by the Depositary within five New York Stock Exchange trading days after timely receipt by the Depositary of a properly completed and duly executed Notice of Guaranteed Delivery.

Any inquiries you may have with respect to the Offer should be addressed to Goldman, Sachs & Co. or Oppenheimer & Co., Inc. at their respective addresses and telephone numbers set forth on the back cover page of the Offer to Purchase.

3

Additional copies of the enclosed material may be obtained from Goldman, Sachs & Co., telephone: (212) 902-1000, or Oppenheimer & Co., Inc., telephone: (212) 667-7000.

Very truly yours,

Goldman, Sachs & Co.

Oppenheimer & Co., Inc.

Enclosures

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY OTHER PERSON AS AN AGENT OF THE COMPANY OR ANY OF ITS AFFILIATES, THE DEALER MANAGERS OR THE DEPOSITARY, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE OFFER OTHER THAN THE DOCUMENTS ENCLOSED HERewith AND THE STATEMENTS CONTAINED THEREIN.

INSTRUMENT SYSTEMS CORPORATION

Offer to Purchase for Cash
3,000,000 Shares
of its Common Stock
(Including the Associated Common Stock
Purchase Rights) at a Purchase Price Not Greater
than \$9.25 Nor Less than \$8.00 Per Share

To Our Clients:

Enclosed for your consideration are the Offer to Purchase, dated November 10, 1994 and the related Letter of Transmittal (which together constitute the "Offer") in connection with the Offer by Instrument Systems Corporation, a Delaware corporation (the "Company"), to purchase 3,000,000 shares of its common stock, par value \$.25 per share (the "Shares"), including the associated Common Stock Purchase Rights (the "Rights"), at prices net to the seller in cash, not greater than \$9.25 nor less than \$8.00 per Share, specified by tendering stockholders, on the terms and subject to the conditions of the Offer. Unless the Rights are redeemed by the Company, a tender of Shares will also constitute a tender of the associated Rights. Unless the context requires otherwise, all references herein to Shares shall include the associated Rights.

The Company will, upon the terms and subject to the conditions of the Offer, determine a single per Share price (not greater than \$9.25 nor less than \$8.00 per Share) that it will pay for the Shares properly tendered and not withdrawn pursuant to the Offer (the "Purchase Price"), taking into account the number of Shares so tendered and the prices specified by tendering stockholders. The Company will select the lowest Purchase Price which will allow it to purchase 3,000,000 Shares (or such lesser number of Shares as are properly tendered and not withdrawn at prices not greater than \$9.25 nor less than \$8.00 per Share) pursuant to the Offer. All Shares properly tendered and not withdrawn at prices at or below the Purchase Price will be purchased at the Purchase Price, net to the seller in cash, upon the terms and subject to the conditions of the Offer, including the proration terms thereof. The Company will return all other Shares, including Shares tendered at prices greater than the Purchase Price and Shares not purchased because of proration. See Section 1 of the Offer to Purchase.

If, prior to the Expiration Time (as defined in the Offer to Purchase), more than 3,000,000 Shares (or such greater number of Shares as the Company may elect to purchase) are properly tendered and not withdrawn, the Company will, upon the terms and subject to the conditions of the Offer, accept Shares for purchase first from Odd Lot Owners (as defined in the Offer to Purchase) who properly tender their Shares at or below the Purchase Price and then on a pro rata basis from all other stockholders whose Shares are properly tendered at or below the Purchase Price and not withdrawn. See Section 2 of the Offer to Purchase.

WE ARE THE HOLDER OF RECORD OF SHARES HELD FOR YOUR ACCOUNT. AS SUCH, WE ARE THE ONLY ONES WHO CAN TENDER YOUR SHARES, AND THEN ONLY PURSUANT TO YOUR INSTRUCTIONS. WE ARE SENDING YOU THE LETTER OF TRANSMITTAL FOR YOUR INFORMATION ONLY; YOU CANNOT USE IT TO TENDER SHARES WE HOLD FOR YOUR ACCOUNT.

Please instruct us as to whether you wish us to tender any or all of the Shares we hold for your account on the terms and subject to the conditions of the Offer.

We call your attention to the following:

1. You may tender Shares at prices, net to you in cash, not greater than \$9.25 nor less than \$8.00 per Share, as indicated in the attached instruction form.
2. You may designate the priority in which your Shares will be purchased in the event of proration.
3. The Offer is not conditioned upon any minimum number of Shares being tendered.

4. The Offer, proration period and withdrawal rights will expire at 12:00 Midnight, New York City time, on Friday, December 9, 1994, unless the Company extends the Offer.

5. The Offer is for 3,000,000 Shares, constituting approximately 9% of the Shares outstanding as of November 10, 1994.

6. Tendering stockholders will not be obligated to pay any brokerage commissions, solicitation fees or, subject to Instruction 7 of the Letter of Transmittal, stock transfer taxes on the Company's purchase of Shares pursuant to the Offer.

7. If you owned beneficially as of the close of business on November 7, 1994 and will continue to own beneficially as of the Expiration Time an aggregate of fewer than 100 Shares (not including Shares held in the Company's Employee Stock Ownership Plan) and you instruct us to tender on your behalf all such Shares at or below the Purchase Price before the Expiration Time and check the box captioned "Odd Lots" in the attached instruction form, the Company, upon the terms and subject to the conditions of the Offer, will accept all such Shares for purchase before proration, if any, of the purchase of other Shares tendered and not withdrawn at or below the Purchase Price.

8. If you wish to tender portions of your Share holdings at different prices you must complete separate instructions for each price at which you wish to tender each such portion of your Shares. We must submit separate Letters of Transmittal on your behalf for each price you will accept.

If you wish to have us tender any or all of your Shares, please so instruct us by completing, executing and returning to us the attached instruction form. An envelope to return your instructions to us is enclosed. If you authorize us to tender your Shares, we will tender all such Shares unless you specify otherwise on the attached instruction form.

YOUR INSTRUCTION FORM SHOULD BE FORWARDED TO US IN AMPLE TIME TO PERMIT US TO SUBMIT A TENDER ON YOUR BEHALF ON OR BEFORE THE EXPIRATION OF THE OFFER. THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, DECEMBER 9, 1994, UNLESS THE COMPANY EXTENDS THE OFFER.

As described in Section 1 of the Offer to Purchase, if before the Expiration Time a greater number of Shares is properly tendered and not withdrawn at or below the Purchase Price than the Company will accept for purchase, the Company will accept Shares for purchase at the Purchase Price in the following order of priority:

(a) first, all Shares properly tendered and not withdrawn at or below the Purchase Price before the Expiration Time by any Odd Lot Owner who:

(1) tenders all Shares beneficially owned by such Odd Lot Owner at or below the Purchase Price (partial tenders will not qualify for this preference); and

(2) completes the box captioned "Odd Lots" on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery; and

(b) then, after purchase of all of the foregoing Shares, all other Shares properly tendered and not withdrawn at or below the Purchase Price before the Expiration Time on a pro rata basis (with adjustments to avoid purchases of fractional Shares), as provided in the Offer to Purchase.

The Company is not making the Offer to, nor will it accept tenders from or on behalf of, owners of Shares in any jurisdiction in which the Offer or its acceptance would violate the securities, blue sky or other laws of such jurisdiction. In any jurisdiction in which the securities or blue sky laws require the Offer to be made by a licensed broker or dealer, the Offer is being made on the Company's behalf by Goldman, Sachs & Co. or Oppenheimer & Co., Inc. or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

Offer to Purchase for Cash
Up to 3,000,000 Shares
of Common Stock
(Including the Associated
Common Stock Purchase Rights)
of

INSTRUMENT SYSTEMS CORPORATION
AT A PURCHASE PRICE PER SHARE NOT GREATER
THAN \$9.25 NOR LESS THAN \$8.00 PER SHARE

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase, dated November 10, 1994 and the related Letter of Transmittal (which together constitute the "Offer"), in connection with the Offer by Instrument Systems Corporation, a Delaware corporation (the "Company"), to purchase 3,000,000 shares of its common stock, par value \$.25 per share (the "Shares"), including the associated Common Stock Purchase Rights (the "Rights"), at prices, net to the Seller in cash, not greater than \$9.25 nor less than \$8.00 per Share, specified by the undersigned, upon the terms and subject to the conditions of the Offer. Unless the Rights are redeemed by the Company, a tender of Shares will also constitute a tender of the associated Rights. Unless the context requires otherwise, all references herein to Shares shall include the associated Rights.

The undersigned acknowledges that the Company will, upon the terms and subject to the conditions of the Offer, determine a single per Share price (not greater than \$9.25 nor less than \$8.00 per Share) that it will pay for Shares properly tendered and not withdrawn pursuant to the Offer (the "Purchase Price"), taking into account the number of Shares so tendered and the prices specified by tendering stockholders. The Company will select the lowest Purchase Price which will allow it to purchase 3,000,000 Shares (or such lesser number of Shares as are properly tendered and not withdrawn at prices not greater than \$9.25 nor less than \$8.00 per Share) pursuant to the Offer. All Shares properly tendered and not withdrawn at prices at or below the Purchase Price will be purchased at the Purchase Price, net to the seller in cash, upon the terms and subject to the conditions of the Offer, including the proration terms thereof. The Company will return all other Shares, including Shares tendered at prices greater than the Purchase Price and Shares not purchased because of proration. See Section 1 of the Offer to Purchase.

The undersigned hereby instruct(s) you to tender to the Company the number of Shares indicated below or, if no number is indicated, all Shares you hold for the account of the undersigned, at the price per Share indicated below, pursuant to the terms and subject to the conditions of the Offer. The Company will return Shares tendered at prices greater than the Purchase Price and Shares not purchased because of proration.

AGGREGATE NUMBER OF SHARES TO BE TENDERED BY YOU FOR
THE ACCOUNT OF THE UNDERSIGNED:*

SHARES

- -----

* Unless otherwise indicated, all of the Shares held for the account of the undersigned will be tendered.

4

ODD LOTS

/ / By checking this box, the undersigned represents that the undersigned owned beneficially as of the close of business on November 7, 1994 and will continue to own beneficially as of the Expiration Time an aggregate of fewer than 100 Shares and is instructing the holder to tender all such Shares.

In addition, the undersigned is tendering Shares (check one box):

/ / at the Purchase Price (as defined below), as the same shall be determined by the Company in accordance with the terms of the Offer (persons checking this box need not indicate the price per Share below); or

/ / at the price per Share indicated below under "Price (in Dollars) Per Share at which Shares are Being Tendered."

5

PRICE (IN DOLLARS) PER SHARE AT
WHICH SHARES ARE BEING TENDERED

IF SHARES ARE BEING TENDERED AT MORE
THAN ONE PRICE, USE A SEPARATE
INSTRUCTION FORM FOR EACH PRICE SPECIFIED.

CHECK ONLY ONE BOX.
IF MORE THAN ONE BOX IS CHECKED, OR IF
NO BOX IS CHECKED (EXCEPT AS OTHERWISE PROVIDED
HEREIN), THERE IS NO PROPER TENDER OF SHARES.

/ /	\$8.000	/ /	\$8.500	/ /	\$9.000
/ /	\$8.125	/ /	\$8.625	/ /	\$9.125
/ /	\$8.250	/ /	\$8.750	/ /	\$9.250
/ /	\$8.375	/ /	\$8.875		

6

SIGNATURE BOX

Signature(s) _____

Dated _____, 1994

Name(s) and Address(es) _____

(Please Print)

Area Code and Telephone Number _____

Taxpayer Identification or
Social Security Number _____

NOTICE OF GUARANTEED DELIVERY
OF
SHARES OF COMMON STOCK
(INCLUDING THE ASSOCIATED COMMON STOCK PURCHASE RIGHTS)
OF

INSTRUMENT SYSTEMS CORPORATION

This form or a facsimile of it must be used to accept the Offer, as defined below, if:

(a) certificates for common stock, par value \$.25 per share (the "Shares"), including the associated Rights (as defined herein), of Instrument Systems Corporation, a Delaware corporation, are not immediately available or certificates for Shares and all other required documents cannot be delivered to the Depository before the Expiration Time (as defined in Section 1 of the Offer to Purchase, as defined below); or

(b) Shares cannot be delivered on a timely basis pursuant to the procedure for book-entry transfer.

This form or a facsimile of it, signed and properly completed, may be delivered by hand, mail, telegram or facsimile transmission to the Depository. See Section 3 of the Offer to Purchase.

To: American Stock Transfer & Trust Company

By Mail, By Hand
or By Overnight Courier:

Facsimile Transmission:
(718) 234-5001

40 Wall Street
46th Floor
New York, New York 10005

Confirm by Telephone:
(212) 936-5100

For Information Telephone:
(800) 937-5449

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN THOSE
SHOWN ABOVE OR TRANSMISSION OF INSTRUCTIONS VIA A
FACSIMILE NUMBER OTHER THAN THAT LISTED ABOVE
DOES NOT CONSTITUTE A VALID DELIVERY.

Ladies and Gentlemen:

The undersigned hereby tenders to Instrument Systems Corporation, at the price per Share indicated below, net to the seller in cash, upon the terms and conditions set forth in the Offer to Purchase, dated November 10, 1994 (the "Offer to Purchase") and the related Letter of Transmittal (which together constitute the "Offer"), receipt of which is hereby acknowledged,

Shares, including the associated Common Stock Purchase Rights issued pursuant to the Rights Agreement dated April 2, 1986, as amended (the "Rights"), pursuant to the guaranteed delivery procedure set forth in Section 3 of the Offer to Purchase. Unless the Rights are redeemed by the Company prior to the Expiration Time (as defined in the Offer), a tender of Shares will also constitute a tender of the associated Rights. Unless the context requires otherwise, all references herein to the Shares shall include the associated Rights.

ODD LOTS

To be completed ONLY if Shares are being tendered by or on behalf of a person owning beneficially, as of the close of business on November 7, 1994 and who will continue to own beneficially as of the Expiration Time, an aggregate of fewer than 100 Shares.

The undersigned either (check one):

// was the beneficial owner as of the close of business November 7, 1994 and will continue to be the beneficial owner as of the Expiration Time, of an aggregate of fewer than 100 Shares, all of which are being tendered; or

// is a broker, dealer, commercial bank, trust company or other nominee which:

(a) is tendering, for beneficial owners, Shares with respect to which it is the registered holder; and

(b) believes, based upon representations made to it by such beneficial owners, that each such person was the beneficial owner as of the close of business on November 7, 1994 and each such person would continue to be the beneficial owner as of the Expiration Time, of an aggregate of fewer than 100 Shares and is tendering all of such Shares.

In addition, the undersigned is tendering Shares (check one box):

// at the Purchase Price (as defined below), as the same shall be determined by the Company in accordance with the terms of the Offer (persons checking this box need not indicate the price per Share below); or

// at the price per Share indicated below under "Price (in Dollars) Per Share at Which Shares Are Being Tendered."

3

CHECK ONLY ONE BOX. IF MORE THAN ONE BOX IS CHECKED, OR IF NO BOX IS CHECKED (EXCEPT AS OTHERWISE PROVIDED HEREIN), THERE IS NO PROPER TENDER OF SHARES.

PRICE (IN DOLLARS) PER SHARE AT WHICH SHARES ARE BEING TENDERED

IF SHARES ARE BEING TENDERED AT MORE THAN ONE PRICE, USE A SEPARATE INSTRUCTION FORM FOR EACH PRICE SPECIFIED.

CHECK ONLY ONE BOX. IF MORE THAN ONE BOX IS CHECKED, OR IF NO BOX IS CHECKED (EXCEPT AS OTHERWISE PROVIDED HEREIN), THERE IS NO PROPER TENDER OF SHARES.

// \$8.000 // \$8.750
// \$8.125 // \$8.875
// \$8.250 // \$9.000
// \$8.375 // \$9.125
// \$8.500 // \$9.250
// \$8.625

4

Certificate Nos. (if available):

Name(s):

PLEASE TYPE OR PRINT

Address(es):

ZIP CODE

Area Code and
Telephone Number:

SIGN HERE

Dated: _____, 1994

If Shares will be tendered by book-entry transfer, check box of applicable Book-Entry Facility:

- / / The Depository Trust Company
- / / Midwest Securities Trust Company
- / / Philadelphia Depository Trust Company

Account Number:

5

GUARANTEE

The undersigned is (1) a member firm of a registered securities exchange; (2) a member of the National Association of Securities Dealers, Inc.; or (3) a commercial bank or trust company having an office, branch or agency in the United States, and represents that:

(a) the above-named person(s) has a "net long position" in Shares or "equivalent securities" at least equal to the Shares tendered within the meaning of Rule 14e-4 promulgated under the Securities Exchange Act of 1934, as amended; and

(b) such tender of Shares complies with such Rule 14e-4;

and guarantees that the Depository will receive certificates for the Shares tendered hereby in proper form for transfer, or Shares will be tendered pursuant to the procedure for book-entry transfer at The Depository Trust Company, Midwest Securities Trust Company or Philadelphia Depository Trust Company, in any case, together with a properly completed and duly executed Letter of Transmittal and any other documents required by the Letter of Transmittal (or a manually signed facsimile of them), all within five New York Stock Exchange trading days after the day the Depository receives this Notice.

Name of Firm:

Address:

Authorized Signature

Zip Code

Name:

Area Code and
Telephone Number:

Please Print

Title:

Dated:

-----, 1994

DO NOT SEND SHARE CERTIFICATES WITH THIS NOTICE. SHARE CERTIFICATES SHOULD BE SENT WITH YOUR LETTER OF TRANSMITTAL.

November 10, 1994

To Our Shareholders:

Instrument Systems Corporation is offering to purchase up to 3,000,000 shares of its Common Stock from its shareholders at a cash price not greater than \$9.25 nor less than \$8.00 per share. The Company is conducting the Offer through a procedure commonly referred to as a "Dutch Auction."

This procedure allows you to select the price within that price range at which you are willing to sell your shares to the Company. Based upon the number of shares tendered and the prices specified by the tendering shareholders, the Company will determine the single per share price within that price range which will allow it to buy 3,000,000 shares (or such lesser number of shares as are properly tendered and not withdrawn at prices not greater than \$9.25 or less than \$8.00). Subject to possible proration, all of the shares that are properly tendered at prices at or below that purchase price (and are not withdrawn) will be purchased at that purchase price, net to the selling shareholder in cash. All other shares that have been tendered and not purchased will be returned to the shareholder.

For those shareholders who own an aggregate of fewer than 100 shares, the Offer may represent an opportunity to sell all of their shares without any applicable odd-lot discounts normally payable on a sale of their shares.

The Offer, proration period and withdrawal rights expire at 12:00 midnight, New York City time, on Friday, December 9, 1994, unless the Offer is extended.

Neither the Company nor its Board of Directors makes any recommendation to any shareholder as to whether to tender or refrain from tendering shares. You must make your own decision whether to tender shares and, if so, how many shares to tender and at which price or prices.

This Offer is explained in detail in the enclosed Offer to Purchase and Letter of Transmittal. If you want to tender your shares, the instructions on how to tender shares are also explained in detail in the enclosed materials. I encourage you to read these materials carefully before making any decision with respect to the Offer.

Very truly yours,

/s/ HARVEY R. BLAU

Harvey R. Blau
Chairman of the Board

/s/ ROBERT BALEMIAN

Robert Balemian
President

IMMEDIATE ATTENTION REQUIRED

November 10, 1994

RE: DIRECTION CONCERNING TENDER OF SHARES

DEAR ESOP PARTICIPANT:

Enclosed are materials that require your immediate attention. They describe matters directly affecting your interest in the Instrument Systems Corporation Employee Stock Ownership Plan (ESOP). Read all the materials carefully. You will need to complete the enclosed Direction Form and return it in the postage paid envelope provided. THE DEADLINE FOR RECEIPT OF YOUR COMPLETED DIRECTION FORM IS 5:00 P.M., EST, WEDNESDAY, DECEMBER 7, 1994 (UNLESS EXTENDED). YOU SHOULD COMPLETE THE FORM AND RETURN IT EVEN IF YOU DECIDE NOT TO PARTICIPATE IN THE TRANSACTION DESCRIBED IN THE MATERIALS.

The remainder of this letter summarizes the transaction and your rights and options under the ESOP, but you also should review the more detailed explanation provided in the other materials.

BACKGROUND

As you no doubt have heard, Instrument Systems Corporation (Company) has made a tender offer to purchase up to three million shares of its Common Stock. The objectives of the purchase, and financial and other information relating to the offer, are described in detail in the enclosed Offer to Purchase and Letter of Transmittal, which are being provided to all stockholders of the Company.

As a participant in the ESOP, you are directly affected, because the Company's Offer to Purchase extends to the approximately 2.6 million shares of the Company's stock currently held by the ESOP. Only U.S. Trust Company of California, N.A. (U.S. Trust), as the Trustee of the ESOP, actually can tender these shares for sale. However, as an ESOP participant, you have the right pursuant to the terms of the ESOP to direct the Trustee whether or not to tender the shares that are allocated to your ESOP Account as of September 30, 1994. If you elect to have the Trustee tender these shares, you also are entitled to specify the price or prices at which they should be tendered.

Please note that the Trustee is the holder of record of shares allocated to your Account as a participant in the ESOP. A tender of such shares can be made only by the Trustee as the holder of record; however the Trustee generally must act pursuant to your directions as explained herein. The Letter of Transmittal is furnished to you for your information only and cannot be used by you to tender shares allocated to your ESOP Account.

THE COMPANY'S BOARD OF DIRECTORS HAS APPROVED THE MAKING OF THE OFFER TO PURCHASE. HOWEVER, NEITHER THE COMPANY, ITS BOARD OF DIRECTORS, U.S. TRUST AS TRUSTEE, NOR ANY OTHER PARTY MAKES ANY RECOMMENDATIONS TO PARTICIPANTS AS TO WHETHER TO TENDER SHARES, THE PRICE AT WHICH TO TENDER, OR TO REFRAIN FROM TENDERING SHARES. EACH PARTICIPANT MUST MAKE HIS OWN DECISION ON THESE MATTERS.

To assure the confidentiality of your decision, the Company has retained American Stock Transfer & Trust Company (American Stock) to tabulate the directions of ESOP participants. You will note from the included envelope that your Direction Form is to be returned to American Stock. To further assure confidentiality and independence of all actions, the Company also has hired U.S. Trust, as Trustee of the ESOP, to make all discretionary determinations. In particular, the Trustee will decide whether to tender or hold shares of the ESOP that currently have not been allocated to participants' Accounts. The Trustee will also decide the disposition of shares that are allocated to Accounts of participants who fail to return timely or complete directions. Finally, the Trustee will determine whether the implementation of any participant's directions or adherence to any ESOP provisions would be a violation of the Employee Retirement Income Security Act of 1974, as

amended (ERISA). Although it is not anticipated that any direction will violate ERISA, such that the direction would have to be reversed or ignored, the Department of Labor requires that the Trustee, as the independent fiduciary for

ESOP participants, retain this discretion.

HOW THE OFFER TO PURCHASE WORKS

The details of the Offer to Purchase are described in the enclosed materials, which you should review carefully. However, in broad outline, the transaction will work as follows with respect to ESOP participants.

- The Company has offered to purchase up to 3 million of its shares of common stock at a price not less than \$8.00 nor more than \$9.25 per share.

- If you want any of the shares allocated to your ESOP Account sold, you need to direct that they be offered (or "tendered") for sale.

- You also need to specify the price at which you want the shares tendered. That price must be at or between the two limits above.

- After the deadline for the tender of shares by all stockholders, including the ESOP, American Stock will complete the tabulation of all directions.

- The Company will then determine the price, at or between the two limits, at which the Company can purchase the number of shares that it wants. This is referred to as the Purchase Price.

- Unless the offer is voided or discontinued in accordance with its terms, the Company then will buy all the shares, up to 3 million, that were tendered at that price or below. However, all sellers will receive the same Purchase Price, even if they tendered at or below the Purchase Price.

- If you direct the tender of any shares at a price in excess of the Purchase Price as finally determined, those shares will not be purchased, and they will remain allocated to your ESOP Account.

This form of transaction is commonly called a "Dutch Auction" and requires some strategy on your part. For example, if you are anxious to sell, you may want to tender your shares at a price at or near the lower limit. If you are not sure whether or not you want to participate, but would be willing to sell at a price above the lower limit, then you may want to specify a higher price, not to exceed the upper limit, of course. If you do not want to sell under any circumstances an option is provided for you to direct that shares allocated to your ESOP Account will be held.

Of course, the Trustee may override any direction that it determines to be in violation of ERISA, as previously described. In particular, the Company will be prohibited from purchasing shares from the ESOP if the Purchase Price, as finally determined, is less than the prevailing market price of the shares on the date the shares are accepted for purchase. Finally, the Company will prorate the number of shares purchased from stockholders if there is an excess of shares over the exact number desired at the Purchase Price as ultimately determined.

PROCEDURE FOR DIRECTING TRUSTEE

A Direction Form for making your direction is enclosed. You must complete this form and return it in the included envelope in time to be received by American Stock no later than 5:00 p.m., Eastern time, on Wednesday, December 7, 1994 (unless the Offer to Purchase is extended or amended). If your form is not received by this deadline, or if it is not fully and properly completed, the shares in your ESOP Account will be tendered or held as decided by the Trustee. Please note the address label on the reverse side of the Direction Form; it indicates the number of shares allocated to your Account as of September 30, 1994. The number of shares shown on the address label includes any

3

shares allocated as a result of contributions made on your behalf by the Company for the year ended September 30, 1994.

To properly complete your Direction Form, you must do the following:

(1) On the face of the form, check Box 1 or 2. CHECK ONLY ONE BOX. Make your decision which box to check as follows:

- CHECK BOX 1 if you do not want the shares allocated to your Account tendered for sale at any price and simply want the ESOP to continue

holding shares allocated to your Account.

- CHECK BOX 2 in all other cases and complete the table immediately below Box 2. (You should not complete the table if you checked Box 1.) Use line A of the table to specify the number of shares that you want to tender at each price indicated. Typically, you would elect to have all of the shares tendered at a single price. However, the form gives you the option of splitting your shares among several prices. You must state the number of shares to be sold at each indicated price by filling in the number of shares in the box immediately below the price. Leave a box blank if you want no shares tendered at that price.

After you have specified your tender price or prices, total the number of shares in line A and insert the total in the box provided at the end of the line. Specify the number of shares, if any, that you do not want tendered but wish the Trustee to hold in the single box on line B.

Finally, total the shares in the end boxes on lines A and B and insert the total in the box on line C. The total in this box must equal the number of shares allocated to your ESOP Account as shown on the address label on the reverse side of the Direction Form.

(2) Turn the Direction Form over, date and sign it in the space provided.

(3) Return the Direction Form promptly in the included postage prepaid envelope so that it is received by American Stock no later than 5:00 p.m., Eastern time, on Wednesday, December 7, 1994 (unless this deadline is extended). Be sure to return the form even if you decide not to have the Trustee tender any shares. No facsimile transmittals will be accepted.

Your direction will be deemed irrevocable unless withdrawn by 5:00 p.m., Eastern time, on Wednesday, December 7, 1994 (unless the Offer is extended or amended). To be effective, a notice of withdrawal of your direction must be in writing and must be received by American Stock at the following address:

AMERICAN STOCK TRANSFER & TRUST COMPANY
40 Wall Street
46th Floor
New York, New York 10005

Your notice must include your name, address, Social Security number, and the number of shares allocated to your ESOP Account. Upon receipt of your notice by American Stock, your previous direction will be deemed cancelled. You may direct the retendering of any shares in your Account by repeating the previous instructions for directing the tendering set forth in this letter.

INVESTMENT OF TENDER PROCEEDS

For any ESOP shares that are tendered and purchased by the Company, the Company will pay cash to the ESOP. The Trustee then will decide whether to reinvest the proceeds in shares of the Company's stock or in alternative investments, being guided by the ESOP's terms and the trust agreement, subject to the limitations of ERISA. There can be no assurance that all or a portion of the

4

proceeds of the sale of shares allocated to your account will be reinvested by the Trustee in shares of common stock of the Company.

INDIVIDUAL PARTICIPANTS IN THE ESOP WILL NOT RECEIVE ANY PORTION OF THE TENDER PROCEEDS. ALL SUCH PROCEEDS AND THE ASSETS WILL REMAIN IN THE ESOP AND MAY BE WITHDRAWN ONLY IN ACCORDANCE WITH THE ESOP'S TERMS.

No gain or loss will be recognized by participants in the ESOP for federal income tax purposes in connection with the tender or sale of shares held in the ESOP.

CONFIDENTIALITY

AS MENTIONED ABOVE, BOTH AMERICAN STOCK AND U.S. TRUST WILL PROTECT THE

.....
Total the number of shares in row A and insert that total in the box at end of the row. Show shares to be held in the box at end of row B. Total the numbers in the end boxes of rows A and B and insert that total number in the end box of row C. The total in the end box of row C must equal the number of shares allocated to your Account as shown on the address label on the reverse side of this form.

6

INSTRUCTIONS

Carefully complete the face portion of this Direction Form. Then insert today's date and sign your name in the spaces provided immediately below. Enclose the form in the included postage prepaid envelope and mail it promptly. Your Direction Form must be received no later than 5:00 p.m., Eastern Standard Time, on Wednesday, December 7, 1994. Direction Forms that are not fully or properly completed, dated, and signed, or that are received after the deadline, will be ignored, and the shares allocated to your Account will be held or tendered, and if tendered, at a price, as determined by U.S. Trust Company of California, N.A., as Trustee. Note that the Trustee also has the right to ignore any direction that it determines cannot be implemented without violation of applicable law.

Neither the Company, its Board of Directors, the Trustee, nor any other party makes any recommendation to participants as to whether to tender shares, the price at which to tender, or to refrain from tendering shares. Each participant must make his or her own decision on these matters.

The Company has been advised that none of its directors or executive officers intends to tender any shares.

Date: _____, 1994

Your Signature (Please sign as your name appears below)

As of September 30, 1994, there were allocated to your Account the number of shares of Instrument Systems Corporation common stock shown to the right of your address on the label below.

NEWS RELEASE

Instrument Systems Corporation 100 Jericho Quadrangle, Jericho, New York 11753 (516) 938-5544

INSTRUMENT SYSTEMS CORPORATION REPORTS RECORD

OPERATING RESULTS FOR THE FOURTH QUARTER AND FISCAL YEAR

AND ANNOUNCES "DUTCH AUCTION" SELF-TENDER OFFER FOR UP TO

3,000,000 SHARES OF COMMON STOCK

Jericho, New York, November 8, 1994 -- Instrument Systems Corporation (NYSE:ISY) reported record operating results for the fourth quarter and fiscal year ended September 30, 1994.

Net sales for the quarter increased to \$141,658,000 up 8.6% over last year's \$130,469,000. Income from continuing operations for the fourth quarter was a record \$10,603,000 or \$.29 per share compared to \$9,560,000 or \$.25 per share last year. Net sales for the fiscal year increased by 11.9% up to \$488,957,000 from \$436,949,000 last year. Income from continuing operations for the fiscal year was a record \$29,705,000 or \$.80 per share compared to \$26,560,000 or \$.70 per share for fiscal 1993.

Increased sales and earnings in the building products division accounted for the increase in operating results in the fourth quarter. For fiscal 1994, earnings increased in each of the company's three core business units with significant increases in the building products and specialty plastic films units. The company also announced the acquisition of Residential Construction Specialties, Inc., an Atlanta, Georgia based installer and distributor of building products. This is the latest acquisition for the service

and installation segment of our building products business and will add sales of approximately \$30 million per year.

The Board of Directors of Instrument Systems Corporation today authorized a "Dutch Auction" self-tender offer for up to 3,000,000 shares of the company's Common Stock. The offer will commence within a week, and will be subject to the terms and conditions that will be more fully described in the offering materials.

Under the terms of the offer, the company will invite shareholders to tender their shares at prices between \$8.00 and \$9.25, as the shareholder shall specify. Within that range the company will determine the per share price (the "Purchase Price") that will allow it to purchase 3,000,000 shares or such lesser number as may be tendered. All shares tendered at or below the Purchase Price will be purchased at the Purchase Price. If more than 3,000,000 shares are tendered at or below the Purchase Price, there will be a proration.

The company has outstanding 33,738,000 shares of Common Stock and shares of Second Preferred Stock, Series I which are convertible into 1,677,000 shares of Common Stock. The offer will not be conditioned on any minimum number of shares being tendered.

Goldman, Sachs & Co. and Oppenheimer & Co., Inc. are the Dealer Managers for the offer, and the Depositary will be American Stock Transfer & Trust Co.

The self-tender offer is in addition to a previously announced program authorizing the purchase of up to 4,000,000 shares of the company's Common and

Preferred Stock, under which approximately 2.3 million shares of Common Stock have been purchased.

3

Instrument Systems Corporation is a leading manufacturer and marketer of residential garage doors, as well as a major supplier of industrial garage doors and a range of related products for the home building and replacement markets.

The company is a leader in the development and production of embossed and laminated specialty plastic films used in the baby diaper, feminine napkin, adult incontinent and surgical markets.

The company also develops and manufactures information and communication systems for government and commercial markets worldwide.

4

OPERATING HIGHLIGHTS

	For the Three Months Ended September 30,		For the Fiscal Years Ended September 30,	
	1994	1993	1994	1993
Net Sales	\$141,658,000	\$130,469,000	\$488,957,000	\$436,949,000
Income from continuing operations before income taxes	\$ 17,971,000	\$ 16,213,000	\$ 50,347,000	\$ 44,266,000
Provision for income taxes	7,368,000	6,653,000	20,642,000	17,706,000
Income from continuing operations	10,603,000	9,560,000	29,705,000	26,560,000
Discontinued operations, net of income tax effect	---	(825,000)	---	(8,475,000)
Net income	\$ 10,603,000	\$ 8,735,000	\$ 29,705,000	\$ 18,085,000
Income per share of common stock:				
Continuing operations	\$.29	\$.25	\$.80	\$.70
Discontinued operations	--	(.02)	--	(.22)
Net income	\$.29	\$.23	\$.80	\$.48
Weighted average number of shares used in the calculation of per share results	36,184,000	37,972,000	37,102,000	37,989,000

This announcement is neither an offer to purchase nor a solicitation of an offer to sell Shares. The Offer is made solely by the Offer to Purchase, dated November 10, 1994, and the related Letter of Transmittal. Capitalized terms not defined in this notice are defined in the Offer to Purchase. The Offer is not being made to, nor will tenders be accepted from or on behalf of, owners of Shares in any jurisdiction in which making or accepting the Offer would violate that jurisdiction's laws. In those jurisdictions whose laws require that the Offer be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of the Company by Goldman, Sachs & Co. or Oppenheimer & Co., Inc. as Dealer Managers, or one or more brokers or dealers registered or licensed under the laws of such jurisdictions.

NOTICE OF OFFER TO PURCHASE FOR CASH

BY

INSTRUMENT SYSTEMS CORPORATION

UP TO 3,000,000 SHARES OF ITS COMMON STOCK
(INCLUDING THE ASSOCIATED COMMON STOCK PURCHASE RIGHTS)
AT A PURCHASE PRICE NOT GREATER THAN
\$9.25 NOR LESS THAN \$8.00 PER SHARE

Instrument Systems Corporation, a Delaware corporation (the "Company"), invites stockholders to tender shares of its common stock, par value \$.25 per share (the "Shares") including the associated Common Stock Purchase Rights (the "Rights"), at prices, net to the seller in cash, not greater than \$9.25 nor less than \$8.00 per Share, specified by tendering stockholders, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated November 10, 1994 (the "Offer to Purchase"), and in the related Letter of Transmittal (which together constitute the "Offer"). Unless the Rights are redeemed by the Company, a tender of Shares will also constitute a tender of the associated Rights. Unless the context requires otherwise, all references herein to Shares shall include the associated Rights.

THE OFFER IS NOT CONDITIONED ON ANY MINIMUM NUMBER OF SHARES BEING TENDERED.

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, DECEMBER 9, 1994, UNLESS THE OFFER IS EXTENDED (THE "EXPIRATION TIME").

The Company will, upon the terms and subject to the conditions of the Offer, determine a single per Share price (not greater than \$9.25 nor less than \$8.00 per Share) that it will pay for Shares properly tendered and not withdrawn pursuant to the Offer (the "Purchase Price"), taking into account the number of Shares so tendered and the prices specified by tendering stockholders. The Company will select the lowest Purchase Price which will allow it to buy 3,000,000 Shares (or such lesser number as are properly tendered and not withdrawn at prices not greater than \$9.25 nor less than \$8.00 per Share) pursuant to the Offer, or such greater number of Shares as the Company may elect to purchase. All shares properly tendered and not withdrawn at prices at or below the Purchase Price will be purchased at the Purchase Price, net to the seller in cash, upon the terms and subject to the conditions of the Offer, including the proration terms thereof. For purposes of the Offer, the Company will be deemed to have accepted for payment (and thereby purchased), subject to proration, Shares which are properly tendered and not withdrawn at or below the Purchase Price when, as and if it gives oral or written notice to the Depositary of its acceptance of such Shares for payment pursuant to the Offer. In all cases, payment for Shares tendered and accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of certificates for such Shares (or a timely confirmation of a book-entry transfer of such Shares into the Depositary's account at one of the Book-Entry Transfer Facilities (as defined in the Offer to Purchase)), a properly completed and duly executed Letter of Transmittal (or facsimile thereof) and any other documents required by the Letter of Transmittal.

Upon the terms and subject to the conditions of the Offer, in the event

that prior to the Expiration Time a greater number of Shares is properly tendered and not withdrawn at or below the Purchase Price than the Company will accept for purchase, the Company will accept Shares for purchase in the following order of priority: (a) first, all Shares properly tendered and not withdrawn at or below the Purchase Price by or on behalf of any stockholder who beneficially owned as of the close of business on November 7, 1994 and continues to beneficially own as of the Expiration Time, an aggregate of fewer than 100 Shares, who tenders all such Shares at or below the Purchase Price (partial tenders will not qualify for this preference) and who completes the box captioned "Odd Lots" on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery, and (b) then, after purchase of all the foregoing Shares, all other shares properly tendered and not withdrawn at or below the Purchase Price before the Expiration Time on a pro rata basis (with adjustments to avoid purchases of fractional Shares).

2

The Company is making the Offer because its Board of Directors believes that, given the Company's businesses, assets and prospects and the current market price of the Shares, the purchase of the Shares is an attractive investment for the Company. In addition, the Offer provides stockholders who are considering a sale of all or a portion of their Shares the opportunity to sell those Shares for cash at a price that is greater than the market price prevailing immediately prior to announcement of the Offer without the usual transaction costs associated with open-market sales.

NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS MAKES ANY RECOMMENDATION TO ANY STOCKHOLDER AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING SHARES. EACH STOCKHOLDER MUST MAKE HIS OWN DECISION WHETHER TO TENDER SHARES AND, IF SO, HOW MANY SHARES TO TENDER AND AT WHICH PRICE OR PRICES. NO DIRECTOR OR OFFICER OF THE COMPANY INTENDS TO TENDER ANY SHARES PURSUANT TO THE OFFER.

The Company expressly reserves the right, in its sole discretion, at any time or from time to time, to extend the period of time during which the Offer is open by giving oral or written notice of such extension to the Depositary, followed by a public announcement thereof no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Time.

Except as otherwise provided in the Offer, tenders of Shares pursuant to the Offer are irrevocable. Shares tendered pursuant to the Offer may be withdrawn at any time before the Expiration Time and, unless theretofore accepted for payment by the Company, may also be withdrawn after 12:00 midnight, New York City time, on Tuesday, January 10, 1995. For a withdrawal to be effective, the Depositary must timely receive (at its address set forth on the back cover of the Offer to Purchase) a written, telegraphic or facsimile transmission notice of withdrawal. Such notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder, if different from that of the person who tendered such Shares. If the certificates have been delivered or otherwise identified to the Depositary, then, prior to the release of such certificates, the tendering stockholder must also submit the serial numbers shown on the particular certificates evidencing the Shares and the signature on the notice of withdrawal must be guaranteed by an Eligible Institution (as defined in the Offer to Purchase) (except in the case of Shares tendered by an Eligible Institution). If Shares have been tendered pursuant to the procedure for book-entry transfer set forth in Section 3 of the Offer to Purchase, the notice of withdrawal must specify the name and number of the account at the applicable Book-Entry Transfer Facility to be credited with the withdrawn Shares and otherwise comply with the procedures of such facility.

THE OFFER TO PURCHASE AND LETTER OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION WHICH SHOULD BE READ BEFORE STOCKHOLDERS DECIDE WHETHER TO ACCEPT OR REJECT THE OFFER. They have been mailed to record holders of Shares and have been furnished to brokers, banks and similar persons whose names, or the names of whose nominees, appear on the Company's stockholder list (or, if applicable, who are listed as participants in clearing agency's security position listing) for transmittal to beneficial owners of Shares.

THE INFORMATION REQUIRED TO BE DISCLOSED BY RULE 13e-4(d)(1) PROMULGATED UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, IS CONTAINED IN THE OFFER TO PURCHASE AND IS INCORPORATED IN THIS NOTICE BY REFERENCE.

Please contact the Depositary or the Dealer Managers for copies of the Offer to Purchase, the related Letter of Transmittal and other tender offer materials. The Depositary or the Dealer Managers will furnish copies promptly

at the Company's expense.

The Depositary:

AMERICAN STOCK TRANSFER & TRUST COMPANY

By Mail, By Hand or By Overnight Courier:

40 Wall Street
46th Floor
New York, New York 10005

(212) 936-5100

Facsimile Transmission:

(718) 234-5001

Confirm by Telephone:

(212) 936-5100

For Information Telephone:

(800) 937-5449

The Dealer Managers for the Offer are:

GOLDMAN, SACHS & CO.

85 Broad Street
New York, New York 10004
(212) 902-1000

OPPENHEIMER & CO., INC.

One World Financial Center
New York, New York 10281
(212) 667-7000

November 10, 1994

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION
NUMBER ON SUBSTITUTE FORM W-9

SECTION REFERENCES ARE TO THE INTERNAL REVENUE CODE.

Purpose of Form. -- A person who is required to file an information return with the IRS must obtain your correct TIN to report income paid to you, real estate transactions, mortgage interest you paid, the acquisition or abandonment of secured property, or contributions you made to an IRA. Use Form W-9 to furnish your correct TIN to the requester (the person asking you to furnish your TIN) and, when applicable, (1) to certify that the TIN you are furnishing is correct (or that you are waiting for a number to be issued), (2) to certify that you are not subject to backup withholding, and (3) to claim exemption from backup withholding if you are an exempt payee. Furnishing your correct TIN and making the appropriate certifications will prevent certain payments from being subject to backup withholding.

Note: If a requester gives you a form other than a W-9 to request your TIN, you must use the requester's form.

How To Obtain a TIN. -- If you do not have a TIN, apply for one immediately. To apply, get Form SS-5, Application for a Social Security Card (for individuals), from your local office of the Social Security Administration, or Form SS-4, Application for Employer Identification Number (for businesses and all other entities), from your local IRS office.

To complete Form W-9 if you do not have a TIN, write "Applied for" in the space for the TIN in Part I (or check box 2 of Substitute Form W-9), sign and date the form, and give it to the requester. Generally, you must obtain a TIN and furnish it to the requester by the time of payment. If the requester does not receive your TIN by the time of payment, backup withholding, if applicable, will begin and continue until you furnish your TIN to the requester.

Note: Writing "Applied for" (or checking box 2 of the Substitute Form W-9) on the form means that you have already applied for a TIN OR that you intend to apply for one in the near future.

As soon as you receive your TIN, complete another Form W-9, include your TIN, sign and date the form, and give it to the requester.

What Is Backup Withholding? -- Persons making certain payments to you after 1992 are required to withhold and pay to the IRS 31% of such payments under certain conditions. This is called "backup withholding." Payments that could be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee compensation, and certain payments from fishing boat operators, but do not include real estate transactions.

If you give the requester your correct TIN, make the appropriate certifications, and report all your taxable interest and dividends on your tax return, your payments will not be subject to backup withholding. Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester, or
2. The IRS notifies the requester that you furnished an incorrect TIN,
or
3. You are notified by the IRS that you are subject to backup withholding because you failed to report all your interest and dividends on your tax return (for reportable interest and dividends only), or
4. You do not certify to the requester that you are not subject to backup withholding under 3 above (for reportable interest and dividend accounts opened after 1983 only), or
5. You do not certify your TIN. This applies only to reportable interest, dividend, broker, or barter exchange accounts opened after 1983, or broker accounts considered inactive in 1983.

Except as explained in 5 above, other reportable payments are subject to backup withholding only if 1 or 2 above applies. Certain payees and payments are exempt from backup withholding and information reporting. See Payees and Payments Exempt From Backup Withholding, below, and Example Payees and Payments under Specific Instructions, below, if you are an exempt payee.

Payees and Payments Exempt From Backup Withholding. -- The following is a list of payees exempt from backup withholding and for which no information reporting is required. For interest and dividends, all listed payees are exempt except item (9). For broker transactions, payees listed in (1) through (13) and a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker are exempt. Payments subject to reporting under sections 6041 and 6041A are generally exempt from backup withholding only if made to payees described in items (1) through (7), except a corporation that provides medical and health care services or bills and collects payments for such services is not exempt from backup withholding or information reporting. Only payees described in items (2) through (6) are exempt from backup withholding for barter exchange transactions, patronage dividends, and payments by certain fishing boat operators.

(1) A corporation. (2) An organization exempt from tax under section 501(a), or an IRA, or a custodial account under section 403(b)(7). (3) The United States or any of its agencies or instrumentalities. (4) A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities. (5) A foreign government or any of its political subdivisions, agencies, or instrumentalities. (6) An international organization or any of its agencies or instrumentalities. (7) A foreign central bank of issue. (8) A dealer in securities or commodities required to register in the United States or a possession of the United States. (9) A futures commission merchant registered with the Commodity Futures Trading Commission. (10) A real estate investment trust. (11) An entity registered at all times during the tax year under the Investment Company Act of 1940. (12) A common trust fund operated by a bank under section 584(a). (13) A financial institution. (14) A middleman known in the investment community as a nominee or listed in the most recent publication of the American Society of Corporate Secretaries, Inc., Nominee List. (15) A trust exempt from tax under section 664 or described in section 4947.

Payments of dividend and patronage dividends generally not subject to backup withholding include the following:

- Payments to nonresident aliens subject to withholding under section 1441.
- Payments to partnerships not engaged in a trade or business in the United States and that have at least one nonresident partner.
- Payments of patronage dividends not paid in money.
- Payments made by certain foreign organizations.

Payments of interest generally not subject to backup withholding include the following:

- Payments of interest on obligations issued by individuals.

Note: You may be subject to backup withholding if this interest is \$600 or more and is paid in the course of the payer's trade or business and you have not provided your correct TIN to the payer.

- Payments of tax-exempt interest (including exempt-interest dividends under section 852).
- Payments described in section 6049(b)(5) to nonresident aliens.
- Payments on tax-free covenant bonds under section 1451.
- Payments made by certain foreign organizations.
- Mortgage interest paid by you.

Payments that are not subject to information reporting are also not subject to backup withholding. For details, see sections 6041, 6041A(a), 6042, 6044,

6045, 6049, 6050A, and 6050N, and their regulations.

PENALTIES

Failure To Furnish TIN. -- If you fail to furnish your correct TIN to a requester, you will be subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil Penalty for False Information With Respect to Withholding. -- If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal Penalty for Falsifying Information. -- Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. -- If the requester discloses or uses TINs in violation of Federal law, the requester may be subject to civil and criminal penalties.

SPECIFIC INSTRUCTIONS

Name. -- If you are an individual, you must generally provide the name shown on your Social Security card. However, if you have changed your last name, for instance, due to marriage, without informing the Social Security Administration of the name change, please enter your first name, the last name shown on your Social Security card, and your new last name.

If you are a sole proprietor, you must furnish your individual name and either your SSN or EIN. You may also enter your business name or "doing business as" name on the business name line. Enter your name(s) as shown on your Social Security card and/or as it was used to apply for your EIN on Form SS-4.

SIGNING THE CERTIFICATION

1. Interest, Dividend, Broker and Barter Exchange Accounts Opened Before 1984 and Broker Accounts Considered Active During 1983. You are required to furnish your correct TIN, but you are not required to sign the certification.

2. Interest, Dividend, Broker, and Barter Exchange Accounts Opened After 1983 and Broker Accounts Considered Inactive During 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real Estate Transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other Payments. You are required to furnish your correct TIN, but you are not required to sign the certification unless you have been notified of an incorrect TIN. Other payments include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services, payments to a nonemployee for services (including attorney and accounting fees), and payments to certain fishing boat crew members.

5. Mortgage Interest Paid by You, Acquisition or Abandonment of Secured Property, IRA Contributions. You are required to furnish your correct TIN, but you are not required to sign the certification.

6. Exempt Payees and Payments. If you are exempt from backup withholding, you should complete this form to avoid possible erroneous backup withholding. Enter your correct TIN in Part I, write "EXEMPT" in the block in Part II, and sign and date the form. If you are a nonresident alien or

4

foreign entity not subject to backup withholding, give the requester a complete Form W-8, Certificate of Foreign Status.

7. TIN "Applied for." Follow the instructions under How To Obtain a TIN on page 1, and sign and date this form.

Signature. -- For a joint account, only the person whose TIN is shown in Part I should sign.

Privacy Act Notice. -- Section 6109 requires you to furnish your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, or contributions you made to an IRA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 31% of taxable interest, dividend, and certain other payments to a payee who does not furnish a TIN to a payer. Certain penalties may also apply.

WHAT NAME AND NUMBER TO GIVE THE REQUESTER

- | | |
|--|---|
| For this type of account: | Give name and SSN of: |
| 1. Individual..... | The individual |
| 2. Two or more individuals (joint account)..... | The actual owner of the account or, if combined funds, the first individual on the account(1) |
| 3. Custodian account of a minor (Uniform Gift to Minors Act)..... | The minor(2) |
| 4. a. The usual revocable savings trust (grantor is also trustee)..... | The grantor-trustee(1) |
| b. So-called trust account that is not a legal or valid trust under state law..... | The actual owner(1) |
| 5. Sole proprietorship..... | The owner(3) |
| For this type of account: | Give name and EIN of: |
| 6. Sole proprietorship..... | The owner(3) |
| 7. A valid trust, estate, or pension trust..... | Legal entity(4) |
| 8. Corporate..... | The corporation |
| 9. Association, club, religious, charitable, educational, or other tax-exempt organization..... | The organization |
| 10. Partnership..... | The partnership |
| 11. A broker or registered nominee..... | The broker or nominee |
| 12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district or prison) that receives agriculture program payments..... | The public entity |

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- (1) List first and circle the name of the person whose number you furnish.
 - (2) Circle the minor's name and furnish the minor's SSN.
 - (3) Show your individual name. You may also enter your business name. You may use your SSN or EIN.
 - (4) List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

Note: If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.