SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1999-03-26** | Period of Report: **1998-12-31**

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FILER

LINDBERG CORP /DE/

CIK:**59593**| IRS No.: **361391480** | State of Incorp.:**DE** | Fiscal Year End: **1231**
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SIC: **3390** Miscellaneous primary metal products

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ROSEMONT IL 60018

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[x] ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1998

Commission File Number 0-8287

LINDBERG CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	36-1391480
(State of Incorporation)	(IRS Identification No.)

6133 North River Road, Suite 700 Rosemont, Illinois 60018
(847) 823-2021
(Address and telephone number of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:
Common stock
Common Stock Purchase Rights (currently traded with Common Stock)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of the voting stock held by non-affiliates of the registrant (based on the closing sale price on the Nasdaq Stock Market on March 10, 1999) was $35,641,231.

The number of shares of the registrant's common stock outstanding as of March 10, 1999 was 5,890,386.

Documents Incorporated by Reference

Those sections or portions of the registrant's 1998 Annual Report to Stock-holders (the "Annual Report") and of the registrant's definitive proxy statement for use in connection with its annual meeting of stockholders to be held on April 27, 1999 (the "Proxy Statement"), described in the table of contents and attached hereto, are incorporated by reference into Parts I, II and III of this report.

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<CAPTION>

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PART I

STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This report or documents incorporated herein by reference contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are those that are not statements of historical fact, including statements regarding future revenues, expenses and profits. These forward-looking statements are subject to known and unknown risks, uncertainties or other factors which may cause the actual results of the Company to be materially different from the historical results or from any results expressed or implied by the forward-looking statements. Such risks and factors include, but are not limited to, those discussed in Exhibit 99.1 attached to this report and under "Management's Discussion and Analysis of Results of Operations and Financial Condition" incorporated by reference below. All cautionary statements made in this report and documents incorporated herein should be read as being applicable to all related forward-looking statements wherever they appear.

ITEM 1. BUSINESS

General development of business

Lindberg is the largest commercial heat treating company in North America, with operations in major industrial centers throughout the United States and in Mexico. The Company serves more than 10,000 customers in diverse industries, including commercial aerospace, automotive/light truck, off-road vehicle, oilfield equipment, defense, consumer products, tool and die, agri-products and a variety of other industries. The Company was founded in 1922 and, through both internal growth and acquisitions, today operates 28 heat treating plants and six heat treating facilities located on the premises of customers, in 15 states and in Mexico.

Lindberg made its initial public offering of common stock in 1959. On August 3, 1998, the Company sold 1,000,000 new shares of its common stock at a public offering price of $17.00 per share, net of an underwriting discount or $1.00 per share. Proceeds of $16.0 million, less offering expenses, was used to repay debt under the Company's revolving credit agreement.

On January 16, 1998, the Company acquired all of the outstanding shares of both Industrial Steel Treating Co. and Fabriform Metal Brazing, Inc. (collectively, "Industrial"), related heat treating companies in the Los Angeles area which primarily service the aerospace industry. On April 16, 1998, the Company acquired all of the outstanding shares of Houston Heat Treating Company ("HHT"). HHT primarily serves the oil and gas industry. On September 30, 1998, the Company acquired all of the outstanding shares of Merrell Enterprises, Inc. (operating as Mann Aircraft Forming) of Gardena, California, a metal stretching and forming business. On November 12, 1998, the Company acquired all of the outstanding shares of Quality Heat-Treat, Inc. ("Quality") and the assets of certain related companies of Quality. Quality primarily serves the off-road vehicle and oilfield equipment industries. Subsequent to the end of 1998, on February 17, 1999, the Company acquired all of the outstanding shares of Metal-Lab of Wisconsin, Inc., a heat treating company primarily serving the tool and die industry. Since May 1996, the Company has acquired nine companies in the United States, and continues to seek other acquisitions.

In 1998, the Company started its first heat treating operation in Mexico, outside Monterrey. The Company intends that the plant will be a base of operations that could expand over time to meet other market needs, particularly in the growing metal-working markets of northern Mexico.

In 1998 and early 1999, the Company sold the operations of its discontinued Precision Products segment. On April 22, 1998, the Company sold certain assets of Impact Industries, Inc.; on June 11, 1998, the Company sold the assets of Harris Metals; and on January 18, 1999, the Company sold the assets of Arrow-Acme Company. As a result, the Company presently operates solely in the heat treating industry segment.

Industry

Heat treating in the United States is performed in-house in captive heat treating departments of manufacturers or externally by a commercial heat treating company such as Lindberg. The U.S. Department of Commerce reported sales by commercial heat treating companies of approximately $2 billion in 1996. Management believes that $2 billion represents about 10% of the annual heat treating performed in the U.S., with the balance performed in captive heat treating departments. In-house heat treating facilities are typically part of a larger facility, such as a steel mill or an automobile components factory, whose large volumes justify a captive operation. Commercial heat treaters are independent companies that specialize in heat treating or other metal treatments and serve a large number of customers across a variety of industries. Commercial heat treating sales, as compiled by the Metal Treating Institute, an industry association, have grown at a compound annual rate of approximately 7% from 1994 through 1998.

Due to the time and costs associated with transporting materials and customers' need for quick turnaround times for heat treated products, commercial heat treating has developed as a regional industry, with customers typically located within 100 to 200 miles of the heat treating supplier. Consequently, the commercial heat treating industry is highly fragmented. Commercial heat treaters are concentrated in major industrial centers of the country. Average 1998 revenues reported by the Metal Treating Institute members participating in its annual survey were approximately $4 million. Management estimates that the top five commercial heat treating companies in terms of revenues in the U.S. represent approximately 15% of the commercial market.

The fragmented nature of the commercial heat treating industry has presented opportunity for consolidation. Several factors have motivated smaller commercial heat treating owners to sell to larger commercial heat treaters, including increasingly burdensome regulatory and certification requirements, capital expenditures necessary to remain competitive, increasing demand for technical expertise, and succession planning considerations. In addition, a number of industry participants have acquired other heat treaters in order to expand their geographical presence and provide expanded or enhanced service capabilities.

Management expects outsourcing to be a continuing opportunity in the heat treating industry. Many smaller companies involved in the manufacture of metal components outsource their heat treating requirements to commercial heat treaters in order to avoid the significant cost of heat treating equipment. In recent years, larger manufacturers have also outsourced heat treating requirements due to the increased demand for technical expertise required in heat treating and the relatively small portion of the total cost of the finished product represented by heat treating.

Processes

Lindberg offers a wide range of heat treating processes for steel, aluminum, cast iron, titanium alloys and other metals. Processes are performed on customer-provided products at various steps in the manufacturing cycle. The Company does not maintain a raw material inventory or own work-in-process. The range of processing offered by the Company requires different types and sizes of primary and secondary heat treating equipment.

Heat treating improves the mechanical properties, performance, durability and wear resistance of metals and is an important step in many manufacturing processes involving metals. Heat treating can soften metal to improve formability, make a part harder to improve strength, put a hard surface on a relatively soft component to increase strength or abrasion resistance, put a corrosion-resistant surface on an item that would otherwise corrode or temper a brittle product. Heat treated parts are essential to the operation of automobiles, aircraft, spacecraft, consumer products, and heavy equipment of every kind. Typical products that the Company heat treats are aircraft components, automotive parts, machine tools and dies, oilfield drill rig parts, bearings, gears, axles, fasteners, camshafts, crankshafts and cutting tools.

Heat treating is a process in which metal is heated and cooled under tight controls. Heat treating processes require three basic steps: (i) heating to a specified temperature, (ii) holding at that temperature for the appropriate amount of time, and (iii) cooling according to a prescribed method. Temperatures may range as high as 2400 F, and time at temperature may vary from a few seconds to as many as 60 hours or more. Some materials are cooled slowly in the furnace, but others must be cooled quickly, or "quenched." Primary quenching media include water, oils, gases and polymer solutions. Each quenching medium has specific characteristics that make it well-suited for certain applications.

Of the Company's wide range of heat treating processes, the following are the most common:

Hardening, Tempering and Annealing are performed using a variety of media, including electric and gas furnaces, neutral salt baths, press quenching and vacuum furnaces. The purpose of these processes is to create the ideal metallurgical properties in the treated material.

Solution Treating and Aging is performed on aluminum, titanium and stainless steel pieces to create desired properties of ductility and hardness throughout the piece.

Surface Treating utilizes a specialized furnace to heat steels to an appropriate temperature. Once the selected temperature is achieved, a carbon or nitrogen rich gas is introduced to the furnace and elements within the gas diffuse into the surface of the steel. The surface of the material is transformed into a tougher, more wear resistant structure, while the core of the material retains its ductility. Types of surface treatment include carburizing, nitriding, carbo nitriding and ferritic nitrocarburizing.

Brazing is a process which uses heat treating to bond two different pieces. The Company utilizes electric furnaces, vacuum furnaces and induction in its brazing process.

Lindberg has established itself as a leading commercial heat treater based on its level of quality and service, technical expertise and network of facilities, industry certifications and national reputation. The Company delivers its services on a timely basis, while its technical expertise provides the capability to develop customized solutions that meet specific customer needs. Most of the Company's plants are recognized with third-party quality endorsements, such as ISO 9000, QS 9000, NADCAP, and AS 9000, and have approved vendor status from many major manufacturers. These certifications and approvals enable the Company to heat treat products manufactured by or for some of the largest domestic manufacturers, and, increasingly, represent a barrier to entry for those heat treaters seeking to serve such manufacturers.

Operations

Because the industry is fragmented and localized, the Company's operations are decentralized so each plant can react quickly and effectively to local market conditions. The Company's divisions have considerable autonomy in most operational areas, including sales, pricing, hiring and participation in strategic planning for their respective local markets. In addition, the Company's facilities tend to be

clustered in certain geographic areas, which permits individual facilities to utilize additional capacity or other heat treating processes at alternate sites if necessary.

Each plant is equipped with furnaces of various types and sizes, and support equipment. Many pieces of primary equipment are capable of running several different processes. Auxiliary items include fixtures, atmosphere generators, material handling equipment, cleaning equipment and metallurgical testing equipment. Key suppliers provide electricity and natural gas. Other important purchased materials include quench oils, process gases, fixtures, maintenance supplies, laboratory and testing supplies and auxiliary equipment. The Company has not experienced any material restrictions by its suppliers of sources of energy or any other significant raw materials necessary in the process of heat treating.

The Company services certain customers which are seasonal in nature. However, in large part because of compensating variations and the large majority of non-seasonal customers, the Company does not view its business as seasonal.

Customers

The Company serves about 10,000 customers that range from owner-operated job shops to large, national manufacturing companies. At the plant level, each of the Company's 28 heat treating facilities serve an average of 350 customers. The Company's largest direct customer accounted for less than 3% of the Company's net sales in 1998. The ten largest customers accounted for approximately 11% of net sales in 1998.

The Company's customers are suppliers to companies operating in a variety of manufacturing industries, including commercial aerospace, automotive/light truck, off-road vehicle, oilfield equipment, defense, consumer products, building components, tool and die, agriproducts and a variety of other industries. The Company also provides heat treating services directly to those companies in such industries.

Management estimates that customers serving the commercial aerospace industry currently account for approximately 30-35% of the Company's net sales and that customers serving the automotive/light truck industry account for approximately 10-15% of net sales. Because the Company provides heat treating services at different stages of the manufacturing process to a wide range of manufacturers and their suppliers in a variety of industries, the Company cannot measure precisely its penetration of specific industries.

Most of the Company's plants are located in a major industrial area of the Midwest, California, Texas or the Northeast, and usually serve customers in that region. Because customers generally want to minimize the expense and risks associated with transporting their products over long distances to and from commercial heat treating plants, they tend to prefer heat treaters located in close proximity to their own facilities. Customers often deliver and pick up their parts, or the plant provides some delivery with its own trucking. This market configuration has led to some degree of specialization for most of the Company's plants, with each plant focusing on the particular needs of its major customers in its area. The Company operates with a limited backlog due to the localized nature of its businesses and the customers' necessity for a quick turnaround. The Company's plants typically process orders within one to five days; therefore, backlog in facilities is generally estimated to be less than one week.

Competition

Due to the regional and highly fragmented nature of the commercial heat treating industry, each plant has competition of varying degrees of intensity. Competition consists of local heat treating owner-

operators and certain facilities of larger regional heat treating companies. Each plant competes in its market on the basis of service and on-time delivery, quality and price. Local management at each of the Company's facilities is largely responsible for its own pricing and cost control, and thus has the flexibility to respond to local market conditions.

National competition in the commercial heat treating industry is limited. There are competitors in particular localities that are larger than the Company's facility located in those markets. Such competitors may also be divisions of larger regional companies and, therefore, have access to additional resources. Competition also exists from in-house heat treating facilities of manufacturers, although the Company also considers such manufacturers as potential customers.

Management believes that the Company's national presence, size and reputation for quality and service position it to supply many of the nation's largest corporations. The certification requirements by many of these major companies are a significant barrier to entry for heat treaters seeking to serve such customers.

Associates

Currently, the Company employs approximately 1,250 associates at its 28 plants, as compared to 975 associates in the Company's heat treating operations at December 31, 1997. Of these associates, 172 are covered by collective bargaining agreements. One agreement is subject to renewal negotiation in 2000. The Company believes that its employee relations are good.

Environmental Regulation

The Company employs some environmentally hazardous materials. The Company has made expenditures to comply with laws and regulations relating to the protection of the environment, including studies, investigations and remediation of ground contamination, and expects to make such expenditures in the future in its efforts to comply with existing and future requirements. While such expenditures to date have not materially affected the Company's capital expenditures, competitive position, financial condition or results of operations, there can be no assurance that more stringent regulation or enforcement in the future will not have such effects.

In some cases, the Company has notified state authorities of a possible need for remediation at sites it previously operated or currently operates. These include the environmental remediation assumed as part of its acquisition of Industrial in January 1998. At all such sites, costs which may be incurred are difficult to accurately predict until the level of contamination is determined, and would be subject to increase if more contamination is discovered during investigation or remediation or if state authorities require more remediation than anticipated. Such costs may be less if the contamination proves to be less than currently expected and to the extent costs are covered by insurance or are allocable to others.

The Company has also been notified by various state and federal governmental authorities that they believe the Company may be a "potentially responsible party" or otherwise have responsibility with respect to clean-up obligations at four waste disposal sites which were never owned or operated by the Company. The Company is participating in negotiations for settlement with the relevant authorities or other parties believed by the Company to be responsible for clean-up obligations and further believes its responsibility to be of a minor nature. Management believes that the ultimate outcome will not have a material effect on its financial condition or results of operations.

At December 31, 1998, the Company had reserves of $2.2 million to cover future anticipated costs. The Company has estimated a range of costs in establishing these reserves. Such reserves give no

effect to possible recoveries from insurers or other potentially responsible parties, nor do they reflect any discount for the several years over which investigation or remediation amounts may be paid out.

Patents, Trademarks and Licenses

The Company is a minority stockholder in a consortium of industrial partners called Thixomat, Inc. Thixomat, Inc. was formed in 1989 to promote and commercialize the ThixomoldingTM technology, a specialized molding process.

ITEM 2. PROPERTIES

The principal plants of the Company, the approximate square footage and whether the plants are leased or owned are as follows:

<TABLE>
<CAPTION>

<S> Location	<C> Square Feet	<C> Leased or Owned
Melrose Park, IL..............	200,000	Owned
Houston, TX (1)...............	200,000	Owned
Racine, WI....................	193,500	Owned
Solon, OH.....................	96,300	Owned
Lansing, MI...................	83,800	Owned
Paramount, CA (1).............	80,000	Leased
Gardena, CA (1)...............	75,000	Leased
Dallas, TX....................	60,000	Owned
Rancho Dominguez, CA..........	55,000	Leased
New Berlin, WI................	50,000	Owned
St. Louis, MO................	50,000	Owned
Worcester, MA.................	45,000	Owned
Huntington Park, CA (1).......	40,000	Owned
Minneapolis, MN...............	40,000	Leased
Sturtevant, WI................	40,000	Owned
Westminster, CA...............	38,400	Owned
Berlin, CT....................	36,700	Owned
Santa Fe Springs, CA..........	36,000	Leased
Waterbury, CT.................	32,600	Leased

Los Angeles, CA...............	31,000	Owned
Tulsa, OK.....................	30,300	Owned
Wichita, KS...................	30,000	Leased
Garden Grove, CA..............	21,000	Leased
Rochester, NY.................	17,000	Leased
Monterrey, Mexico.............	2,900	Leased

____
(1) Consisting of two plants.
</TABLE>

The following SP 2000 operations are located in customer facilities at the locations indicated (in each case with no substantial occupancy charge):

<TABLE>
<CAPTION>

<S> <C>

Location	Square Feet
Reading, PA...................	15,000
Lexington, TN.................	10,000
Bedford Heights, OH...........	9,600
Clintonville, WI..............	5,000
Downers Grove, IL.............	4,500

</TABLE>

The Company's corporate office consists of an 8,900-square-foot leased space located in Rosemont, Illinois. Six of the Company's leases will expire within the next three years, four of which are renewable at the option of the Company.

The Company's facilities are suitable for their respective uses and are, in general, adequate for the Company's current needs. Those providing products in markets where economic activity is strong at any particular time operate at relatively high levels of plant utilization. The Company believes that it has sufficient capacity at its current facilities to absorb additional workloads at reasonably anticipated levels.

ITEM 3. LEGAL PROCEEDINGS

The Company is a defendant in a qui tam (whistle-blower) lawsuit filed by a former employee of the Company under seal on or about July 25, 1996 in the U.S. District Court for the Central District of California, seeking to recover damages and civil penalties arising from allegedly false statements and claims made by the Company in violation of the federal False Claims Act and seeking damages resulting from the plaintiff's allegedly wrongful discharge and retaliatory acts by the Company. The complaint alleges that the Company defrauded the government by submitting invoices and other documentation falsely representing that certain metal parts had been treated at one Company facility by equipment that met certain industry and government standards. The government notified the Company of the complaint in late May 1998, stating that the court partially unsealed the complaint to facilitate discussions between the parties. The government told the Company that it was also independently investigating the hardness testing certification of certain items treated at the same Company facility. The Company is in the process of settling with the government and the plaintiff on terms which will not have a material adverse affect on the Company's results of operations or financial condition.

The Company is a party to various other lawsuits and claims arising in the ordinary course of business. After review and consultation with legal counsel, the Company believes that any liability resulting from these matters would not materially affect its financial condition or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the fourth quarter of 1998.

PART II

ITEM 5. MARKET FOR THE COMPANY'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Incorporated by reference to page 28 of the Annual Report, section entitled "Stock Market Information" and to page 23 of the Annual Report - Note 5 to the Consolidated Financial Statements. As of March 10, 1999, the Company had 436 stockholders of record.

ITEM 6. SELECTED FINANCIAL DATA

Incorporated by reference to page 14 of the Annual Report, section entitled "Five-Year Financial Review."

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Incorporated by reference to pages 15-17 of the Annual Report, section entitled "Management's Discussion and Analysis."

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Incorporated by reference to pages 18-27 of the Annual Report, section entitled "Consolidated Financial Statements" and "Notes to Consolidated Financial Statements."

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY

(a) Identification of Directors

Incorporated by reference to pages 1-3 of the Proxy Statement, section entitled "The Election of Directors."

<TABLE>
<CAPTION>

(b) Identification of Executive Officers

<S> Name	<C> Age	<C> Position
Leo G. Thompson	58	President (since October 1987) and Chief Executive Officer (since January 1991).
Stephen S. Penley	49	Chief Financial Officer (since January 1989), Senior Vice President (since July 1993), Secretary (since October 1990); formerly Treasurer (January 1989 to July 1996).
Michael W. Nelson	51	Senior Group Vice President and Manager of East and Central Operations (since March 1998); formerly Senior Vice President and President of Heat Treat Operations (July 1993 to March 1998).
Paul J. McCarren	52	Group Vice President and Manager of West Coast Operations (since March 1998); prior thereto,

various operating positions (from 1972 to March 1998).

Executive Officers of the Company are elected annually by the Board of Directors of the Company in April.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated by reference to pages 3-8 of the Proxy Statement, section entitled "Executive Compensation."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Incorporated by reference to pages 10-11 of the Proxy Statement, section entitled "Stock Ownership."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated by reference to page 2 of the Proxy Statement, section entitled "The Election of Directors", and to page 6, section entitled "Executive Compensation - Compensation Committee Interlocks and Insider Participation."

PART IV

</TABLE>
<TABLE>
<CAPTION>

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

<S>	<C>
(a)(1) Financial Statements	Page or Reference
Consolidated Statements of Earnings and Stockholders' Equity for the years ended December 31, 1998, 1997 and 1996...	Annual Report, p. 18
Consolidated Balance Sheets as of December 31, 1998 and 1997...............	Annual Report, p. 19
Consolidated Statements of Cash Flows for the years ended December 31, 1998, 1997 and 1996................................	Annual Report, p. 20
Notes to Consolidated Financial Statements	Annual Report, pp. 21-27

Report of Independent Public Accountants	Annual Report, p. 27

(a)(2) Financial Statement Schedules

Schedule II -- Valuation and Qualifying Accounts and Reserves....................	14
Report of Independent Public Accountants on Schedules............................	15

</TABLE>

Schedules other than that listed above are omitted for the reason that they are not required or are not applicable, or because the required information is shown in the financial statements or notes thereto.

(b) Reports on Form 8-K

There were no Current Reports on Form 8-K filed by the Company during the fourth quarter of 1998.

(c) Exhibits Required by Item 601 of Regulation S-K

Exhibits required by Item 601 of Regulation S-K are listed in the Exhibit Index which is attached hereto at pages 17-19 and which is incorporated herein by reference.

LINDBERG CORPORATION AND SUBSIDIARIES

SCHEDULE II--VALUATION AND
QUALIFYING ACCOUNTS AND RESERVES
FOR THE YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996

<TABLE>
<CAPTION>
Allowance for Doubtful Accounts

<S>	<C> 1998	<C> 1997	<C> 1996
Balance at beginning of year......	$363,000	$325,000	$296,000
Provision charged to expense during the year...............	746,000	121,000	95,000

Reserves assumed in acquisitions..	137,000	65,000	--
Write-offs during the year, net of recoveries............	(358,000)	(148,000)	(66,000)
Balance at end of year...........	$888,000	$363,000	$325,000

</TABLE>

REPORT OF INDEPENDENT
PUBLIC ACCOUNTANTS
ON SCHEDULES

To the Stockholders of
Lindberg Corporation:

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements included in Lindberg Corporation's annual report to stockholders incorporated by reference in this Form 10-K and have issued our report thereon dated January 22, 1999. Our audit was made for the purpose of forming an opinion on those statements taken as a whole. The schedule listed in the index is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Chicago, Illinois
January 22, 1999

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 24, 1999.

LINDBERG CORPORATION

By /s/ Stephen S. Penley

Stephen S. Penley
Senior Vice President and Chief Financial Officer;
Principal Financial and Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company in the capacities and on March 24, 1999.

/s/ Leo G. Thompson

Leo G. Thompson
President and Chief Executive Officer and Director

/s/ Stephen S. Penley

Stephen S. Penley
Senior Vice President and Chief Financial Officer;
Principal Financial and Accounting Officer

/s/ George H. Bodeen

George H. Bodeen
Director

/s/ Dr. Raymond F. Decker

Dr. Raymond F. Decker
Director

/s/ Raymond A. Jean

Raymond A. Jean
Director

/s/ John W. Puth

John W. Puth
Director

/s/ J. Thomas Schanck

J. Thomas Schanck
Director

LINDBERG CORPORATION
Annual Report on Form 10-K
for the Year Ended December 31, 1998

EXHIBIT INDEX

<TABLE>
<CAPTION>

<S> Exhibit No.*	<C> Description
2.1	Purchase Agreement dated October 1, 1997 among Aerospace Aluminum Heat Treating Company, Alta Canada Corporation, California Manufacturing Enterprises, Inc. and Lindberg Corporation (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K dated October 15, 1997).
2.2	Purchase Agreement dated January 16, 1998 among the stockholders of Industrial Steel Treating Co. and Lindberg Corporation (incorporated by reference to Exhibit 2 of the Company's Current Report on Form 8-K dated January 30, 1998).
2.3	Purchase Agreement dated April 16, 1998 among the stockholders of Houston Heat Treating Company and Lindberg Corporation (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K dated April 23, 1998).
3.1	Composite Certificate of Incorporation, as amended through April 24, 1998 (incorporated by reference to Exhibit 3.1 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998).
3.2	Certificate of Amendment of Certificate of Incorporation effective as of April 27, 1979 (incorporated by reference to Exhibit 3.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995).
3.3	Certificate of Amendment of Certificate of Incorporation effective as of April 24, 1987 (incorporated by reference to page 6 of the Company's Definitive Proxy Statement on Schedule 14A filed with the Commission in connection with the Company's 1987 annual meeting of stockholders).
3.4	Certificate of Amendment of Certificate of Incorporation effective as of April 24, 1998 (incorporated by reference to Exhibit 3.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998).

3.5	By-laws, as amended through October 23, 1996 (incorporated by reference to Exhibit 3.4 of the Company's Annual Report on Form 10-K for the year ended December 31, 1996).
4.0	Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.0 of the Company's Registration Statement on Form S-2, Registration No. 333-57313).

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* Filed with this report unless otherwise indicated.

Exhibit No.*	Description
4.1	Amended and Restated Credit Agreement dated as of April 28, 1994 between the Company, various financial institutions and Continental Bank N.A. (now Bank of America National Trust and Savings Association), as agent (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K dated April 29, 1994).
4.2	First Amendment to Amended and Restated Credit Agreement dated as of November 2, 1995 (incorporated by reference to Exhibit 4.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1995).
4.3	Second Amendment to Amended and Restated Credit Agreement dated as of January 31, 1996 (incorporated by reference to Exhibit 4.3 of the Company's Annual Report on Form 10-K for the year ended December 31, 1995).
4.4	Third Amendment to Amended and Restated Credit Agreement dated as of September 29, 1997 (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated October 15, 1997).
4.5	Fourth Amendment to Amended and Restated Credit Agreement dated as of February 10, 1998 (incorporated by reference to Exhibit 4.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997).
4.6	Fifth Amendment to Amended and Restated Credit Agreement dated as of February 5, 1999.
4.7	Note Agreement dated as of October 15, 1995 (incorporated by reference to Exhibit 4.3 to the Company's Quarterly Report on

Form 10-Q for the quarter ended September 30, 1995).

4.8	Rights Agreement dated November 21, 1996, between the Company and Harris Trust and Savings Bank, as Rights Agent (incorporated by reference to Exhibit 99.1 of the Company's Report on Form 8-A dated December 6, 1996).
10.1	Description of Bonus Program (incorporated by reference to page 6 of the Company's Definitive Proxy Statement on Schedule 14A filed with the Commission in connection with the Company's 1996 annual meeting of stockholders).
10.2	Consulting Agreement between the Company and George H. Bodeen dated October 25, 1990 (incorporated by reference to Exhibit 10.5 of the Company's Annual Report on Form 10-K for the year ended December 31, 1990).**

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* Filed with this report unless otherwise indicated.

** Identifies management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 14(c).

Exhibit No.*	Description
10.3	Amended and Restated 1991 Stock Option Plan for Key Employees (incorporated by reference to Appendix A of the Company's Definitive Proxy Statement on Schedule 14A filed with the Commission in connection with the Company's 1995 annual meeting of stockholders).**
10.4	Amended and Restated 1991 Stock Option Plan for Directors (incorporated by reference to Appendix A of the Company's Definitive Proxy Statement on Schedule 14A filed with the Commission in connection with the Company's 1997 annual meeting of stockholders).**
10.5	Employment Agreement dated September 17, 1996, between the Company and Leo G. Thompson (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996).**
10.6	Employment Agreement dated September 17, 1996, between the Company and Stephen S. Penley (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996).**
11	Computation of Per Share Earnings.

13	Information on Annual Report to Stockholders incorporated herein by reference.
21	Subsidiaries of the Company.
23	Consent of Independent Public Accountants.
27	Financial Data Schedule.
99.1	Statement Concerning Forward-Looking Statements.

____

* Filed with this report unless otherwise indicated.

** Identifies management contract or compensatory plan or arrangement required to be filed as an exhibit pursuant to Item 14(c).

</TABLE>

EXHIBIT 4.6

FIFTH AMENDMENT
TO
AMENDED AND RESTATED
CREDIT AGREEMENT

THIS FIFTH AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment") is entered into as of February 5, 1999 among LINDBERG CORPORATION, a Delaware corporation (the "Company"), various financial institutions (collectively, the "Banks"), and BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION (successor by merger to Bank of America Illinois), as agent for the Banks (in such capacity, the "Agent").

W I T N E S S E T H:

WHEREAS, the Company, the Agent and the Banks are parties to an Amended and Restated Credit Agreement dated as of April 28, 1994 (as heretofore amended, the "Credit Agreement"); and

WHEREAS, the Company has requested that the Credit Agreement be amended in certain respects.

NOW, THEREFORE, in consideration of the premises and mutual agreements herein contained, the parties hereto agree as follows:

SECTION 1. DEFINED TERMS.

Terms defined in the Credit Agreement and not otherwise defined herein are used herein as therein defined.

SECTION 2. AMENDMENTS TO CREDIT AGREEMENT.

On the Effective Date (defined below), the amendments to the Credit Agreement set forth below shall be effective as of the Effective Date. On the Effective Date:

2.1 The definitions of "Commitment Termination Date" and "Guaranty" in Section 1.1 of the Credit Agreement shall be amended and restated to read in their entireties as follows:

Commitment Termination Date means December 31, 2001 (or such later date as may be set as the Commitment Termination Date pursuant to Section 2.14) or such other date on which the Commitments shall terminate pursuant to Section 6 or 12.

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Guaranty means a Guaranty substantially in the form of Exhibit K.
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2.2 The following definition shall be added to Section 1.1 of the Credit Agreement in its appropriate alphabetical position:

Incur means, with respect to any Debt, to incur, create, issue,
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assume, guaranty or otherwise become liable for or with respect to such Debt.

2.3 Section 2.1 of the Credit Agreement shall be amended by replacing the amount "$45,000,000" where it appears at the end of clauses (a) and (c)(y) of such Section with the amount "$70,000,000."

2.4 Section 6.1 of the Credit Agreement shall be amended by (i) changing the designation of Section 6.1.3 to Section 6.1.4 and (ii) inserting the following new Section 6.1.3:

6.1.3 Mandatory Reductions of Commitments.

(a) On December 31, 2000, the Revolving Commitments shall, without any further action, automatically and permanently be reduced by $20,000,000; provided that (i) the amount of such scheduled
----
reduction shall be decreased by the aggregate amount of all reductions of the Revolving Commitments pursuant to Section 6.1.3(b) occurring prior to the date of such scheduled
----
reduction and (ii) voluntary reductions of the Revolving Commitments pursuant to Section 6.1.2 shall not be applied to
----
reduce such scheduled reduction.

(b) If, after February 5, 1999 but prior to December 31, 2000, the Company or any Subsidiary shall receive any Net Cash Proceeds from any event specified in Section 6.2.1(a) (i) through (iii),
--------------------   -----
the Revolving Commitments shall, without any further action, automatically and permanently be reduced by an amount equal to 100% of Net Cash Proceeds received by the Company or such Subsidiary from such event; provided that the aggregate amount of
----
reductions to the Revolving Commitments pursuant to this Section 6.1.3(b) shall not exceed $20,000,000.

2.5 Section 6.2.1(a)(iii) shall be amended by deleting the word "issuance" where it appears and inserting in lieu thereof the word "Incurrence".

2.6 Section 6.2.1 of the Credit Agreement shall be amended by inserting the words "or 6.1.3" after the word "Section 6.1.2" in clause (b)
----- --------------
thereof.

2.7 Section 10.7(b) of the Credit Agreement shall be amended and restated in its entirety to read as follows:

(b) Debt. Incur or suffer to exist any Funded Debt or Current Debt,
----
except

(i) Funded Debt under the Loan Documents,

(ii) Funded Debt evidenced by the Senior Notes,

(iii) Funded Debt secured by Liens permitted by the provisions of clauses (iv), (v), (vi), (vii) and
------- ---- --- ---- -----
(ix) of Section 10.7(a),
---- ---------------

(iv) Funded Debt of any Subsidiary to the Company or any Subsidiary,

(v) Unsecured Funded Debt of the Company in an amount not to exceed $25,000,000 Incurred in a private placement with covenants no more restrictive to the Company than the covenants hereof, with a final maturity and a weighted average life to maturity at least one year after the Commitment Termination Date (provided that no Debt may be Incurred pursuant to
----
this clause (v) if, immediately before or after
----
giving effect to the Incurrence thereof, an Event of Default or Unmatured Event of Default exists),

(vi) Debt of the Company not otherwise permitted by this Section 10.7(b) in an aggregate principal amount not
----
to exceed $10,000,000 at any one time outstanding and

(vii) Debt listed under the heading "Continuing Debt" on Exhibit H;

2.8 Section 10.7(k) of the Credit Agreement shall be amended and restated in its entirety to read as follows:

(k) Capital Expenditures. Not, and not permit any Subsidiary to, make Capital Expenditures in Fiscal Year 1999 or in any Fiscal Year thereafter in an amount which exceeds 1.5 times the amount which appears in accordance with GAAP on the Company's consolidated balance sheet for such Fiscal Year opposite the line item "Depreciation" (it being understood that the Company and its Subsidiaries shall maintain the straight-line method of depreciation).

2.9 Section 10.12 of the Credit Agreement shall be amended and restated in its entirety to read as follows:

10.12 [Intentionally left blank]

2.10 The following Section 10.18 shall be added to the Credit Agreement:

10.18 Further Assurances. Take, and cause each Subsidiary to take, such actions as are necessary, or as the Agent or the Required Banks may reasonably request, from time to time to ensure that the obligations of the Company hereunder and under the other Loan Documents are guaranteed by all of the Subsidiaries, including without limitation by having each Subsidiary execute and deliver to the Agent a counterpart of the Guaranty. The Banks irrevocably authorize the Agent, at its option and in its discretion, to release any Subsidiary from the Guaranty: (i) upon termination of the Commitments and payment in full of all Loans and all other obligations of the Company hereunder and

the expiration or termination of all Letters of Credit; (ii) upon the sale or disposition of the stock of such Subsidiary if such Subsidiary is sold or to be sold or disposed of as part of or in connection with any disposition permitted hereunder; or (iii) if approved, authorized or ratified in writing by the Required Banks. Upon request by the Agent at any time, the Banks will confirm in writing the Agent's authority to release particular types or items of collateral pursuant to this Section 10.18.

2.11 Schedule I to the Credit Agreement shall be amended by replacing the
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amounts "$27,000,000", "$18,000,000" and "$45,000,000", respectively, under the column "Amount of Revolving Commitment" with the figures "$42,000,000", "$28,000,000" and "$70,000,000", respectively.

2.12 Exhibit C to the Credit Agreement shall be amended by (i) deleting therefrom the references to Harris Metals, Inc. and Impact Industries, Inc. and (ii) adding thereto the following:

Impind, Inc. (Delaware) - 100% of the stock of which is owned by Lindberg Corporation

TiCorm, Inc. (California) - 100% of the stock of which is owned by Lindberg Corporation

Fabriform Metal Brazing, Inc. (California) - 100% of the stock of which is owned by Lindberg Corporation

Industrial Steel Treating Co. (California) - 100% of the stock of which is owned by Lindberg Corporation

Merrell Enterprises, Inc. (California) - 100% of the stock of which is owned by Lindberg Corporation

Houston Heat Treating Company (Texas) - 100% of the stock of which is owned by Lindberg Corporation

Quality Heat-Treat, Inc. (Texas) - 100% of the stock of which is owned by Lindberg Corporation

2.13 Exhibit K to the Credit Agreement shall be replaced by Exhibit K hereto.

SECTION 3. CONDITIONS PRECEDENT.

The amendments to the Credit Agreement set forth in Section 2 of this
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Amendment shall become effective on such date (the "Effective Date") when the following conditions precedent have been satisfied:

3.1 Receipt of Documents. The Agent shall have received all of the
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following, each duly executed and dated the date hereof, and each in a

sufficient number of signed counterparts to provide one to each Bank:

(a) Amendment. An original of this Amendment duly executed by the Company and each Bank.

(b) Revolving Note. A Revolving Note executed by the Company payable to the order of each Bank in an aggregate principal amount equal to the maximum Revolving Loan Commitment of such Bank (collectively, the "New Notes").

(c) Guaranty. Counterparts of a Guaranty in substantially the form of Exhibit K hereto (the "Guaranty") executed by each Subsidiary of the Company.

(d) Company Resolutions. A copy, certified by the secretary or an assistant secretary of the Company, of resolutions of the Board of Directors of the Company authorizing or ratifying the execution and delivery of this Amendment and the New Notes and the borrowings under the Credit Agreement, as amended hereby.

(e) Company Incumbency and Signatures. A certificate of the secretary or an assistant secretary of the Company certifying the names of the officer or officers of the Company authorized to sign this Amendment and the New Notes, together with a sample of the true signature of each such officer.

(f) Subsidiary Resolutions. A copy, certified by the secretary or an assistant secretary of each Subsidiary, of resolutions of the Board of Directors of such Subsidiary authorizing or ratifying the execution and delivery of the Guaranty.

(g) Subsidiary Incumbency and Signatures. A certificate of the secretary or an assistant secretary of each Subsidiary certifying the names of the officer or officers of such Subsidiary authorized to sign the Guaranty, together with a sample of the true signature of each such officer.

(h) Certificate. A certificate, dated the Effective Date and signed by a duly authorized representative of the Company, as to the matters set forth in Section 3.2, in form and substance satisfactory to the Agent.

(i) Other. Such other documents as the Agent or any Bank may

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reasonably request.

3.2 Warranties True and Absence of Defaults. (i) No Event of Default or
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Unmatured Event of Default shall have occurred and shall be continuing as of the Effective Date (after

giving effect to this Amendment) and (ii) the warranties set forth in the Credit Agreement and each other Loan Document shall be true and correct in all material respects with the same effect as if made on the Effective Date.

3.3 Amendment Fee. The Agent shall have received for the account of the
----
Banks (pro rata according to each Bank's Total Percentage) an amend-ment fee of $25,000.

SECTION 4. MISCELLANEOUS.

4.1 Governing Law. This Amendment shall be a contract made under and
----
governed by the internal laws of the State of Illinois.

4.2 Counterparts. This Amendment may be executed in any number of
----
counterparts, and by the parties hereto on the same or separate counterparts, and each such counterpart, when so executed and delivered, shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

4.3 References to Credit Agreement. Except as amended hereby, the Credit
----
Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects. On and after the effectiveness hereof, each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof," "herein" or words of like import, and each reference to the Credit Agreement in any Note or other Loan Document, shall be deemed a reference to the Credit Agreement, as amended hereby.

4.4 Waiver. The Banks hereby waive the Event of Default caused by the
------
Company's failure to comply with Section 10.7(k) of the Credit Agree-ment (as in effect prior to the effectiveness of this Amendment) for

Fiscal Year 1998.

[signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized as of the date and year first above written.

LINDBERG CORPORATION

By: /s/ Stephen S. Penley

Title: Senior Vice President

BANK OF AMERICA NATIONAL
TRUST AND SAVINGS ASSOCIATION, as Agent

By: /s/ David A. Johanson

Title: Vice President

BANK OF AMERICA NATIONAL TRUST AND SAVINGS,
as a Bank

By: /s/ David A. Stang

Title: Vice President

HARRIS TRUST AND SAVINGS BANK, as a Bank

By: /s/ M. James Barry III

Title: Vice President

EXHIBIT K

GUARANTY

THIS GUARANTY dated as of February 5, 1999, is executed in favor of

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION (individually and as Agent) and the other Banks parties to the Credit Agreement referred to below.

W I T N E S S E T H:

WHEREAS, Lindberg Corporation (the "Company") has entered into an Amended and Restated Credit Agreement dated as of April 29, 1994 (as amended or otherwise modified from time to time, the "Credit Agreement") with Bank of America National Trust and Savings Association (successor to Continental Bank, N.A.), individually and as agent (in its capacity as agent, together with any successor in such capacity, the "Agent") and the various financial institutions from time to time party to the Credit Agreement (together with their respective successors and assigns, the "Banks"), pursuant to which the Banks have agreed to make loans to, and issue or participate in letters of credit for the account of, the Company; and

WHEREAS, each of the undersigned will benefit from the making of loans and the issuance of letters of credit pursuant to the Credit Agreement and is willing to guaranty the Liabilities (as defined below) as hereinafter set forth;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the undersigned hereby jointly and severally unconditionally, as primary obligor and not merely as surety, guarantees the full and prompt payment when due, whether by acceleration or otherwise, and at all times thereafter, of all obligations (monetary or otherwise) of the Company to each of the Banks and the Agent, howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due, including (without limitation) all obligations which arise out of or in connection with the Credit Agreement, the Notes (as defined in the Credit Agreement), any other Loan Document (as defined in the Credit Agreement) or any Hedging Agreement (as defined in the Credit Agreement), in each case as the same may be amended, modified, extended or renewed from time to time (all such obligations being herein collectively called the "Liabilities"); provided, however, that the liability of each of the undersigned hereunder shall be limited to the maximum amount of the Liabilities which such undersigned may guaranty without violating any fraudulent conveyance or fraudulent transfer law (plus all costs and expenses paid or incurred by the Agent or any Bank in enforcing this Guaranty against such undersigned).

Each of the undersigned agrees that, in the event of the dissolution or insolvency of the Company or any undersigned, or the inability or failure of the Company or any undersigned to pay debts as they become due, or an assignment by the Company or any undersigned for the benefit of creditors, or the occurrence of any other Event of Default (as defined in the Credit

Agreement) under Section 12.1.4 of the Credit Agreement, and if such event shall occur at a time when any of the Liabilities may not then be due and payable, such undersigned will pay to the Agent for the account of the Banks forthwith the full amount which would be payable hereunder by such undersigned if all Liabilities were then due and payable.

To secure all obligations of each of the undersigned hereunder, the Agent and each Bank shall have a lien on and security interest in and may, without demand or notice of any kind, at any time and from time to time when any Unmatured Event of Default under Section 12.1.4 of the Credit Agreement or any Event of Default under the Credit Agreement exists, appropriate and apply toward the payment of such amount, in such order of application as the Agent or the Banks may elect, any and all balances, credits, deposits, accounts or moneys of or in the name of such undersigned now or hereafter with the Agent or such Bank and any and all property of every kind or description of or in the name of such undersigned now or hereafter, for any reason or purpose whatsoever, in the possession or control of, or in transit to, the Agent or such Bank or any agent or bailee for the Agent or such Bank.

This Guaranty shall in all respects be a continuing, absolute and unconditional guaranty, and shall remain in full force and effect (notwithstanding, without limitation, the dissolution of any of the undersigned or that at any time or from time to time no Liabilities are outstanding) until all Commitments (as defined in the Credit Agreement) have terminated and all Liabilities have been paid in full.

The undersigned further agree that if at any time all or any part of any payment theretofore applied by the Agent or any Bank to any of the Liabilities is or must be rescinded or returned by the Agent or such Bank for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of the Company or any of the undersigned), such Liabilities shall, for the purposes of this Guaranty, to the extent that such payment is or must be rescinded or returned, be deemed to have continued in existence, notwithstanding such application by the Agent or such Bank, and this Guaranty shall continue to be effective or be reinstated, as the case may be, as to such Liabilities, all as though such application by the Agent or such Bank had not been made.

The Agent or any Bank may, from time to time, at its sole discretion and without notice to the undersigned (or any of them), take any or all of the following actions: (a) retain or obtain a security interest in any property to secure any of the Liabilities or any obligation hereunder, (b) retain or obtain the primary or secondary obligation of any obligor or obligors, in addition to the undersigned, with respect to any of the Liabilities, (c) extend or renew any of the Liabilities for one or more periods (whether or not longer than the original period), alter or exchange any of the Liabilities, or release or compromise any obligation of any of the undersigned hereunder or any obligation of any nature of any other obligor with respect to any of the Liabilities, (d) release its security interest in, or surrender, release or permit any substitution or exchange for, all or any part of any property securing any of the Liabilities or any obligation hereunder, or extend or renew for one or more periods (whether or not longer than the original period) or release, compromise, alter or exchange any obligations of any nature of any obligor with respect to any

such property, and (e) resort to the undersigned (or any of them) for payment of any of the Liabilities when due, whether or not the Agent or such Bank shall have resorted to any property securing any of the Liabilities or any obligation hereunder or shall have proceeded against any other of the undersigned or any other obligor primarily or secondarily obligated with respect to any of the Liabilities.

Any amounts received by the Agent or any Bank from whatever source on account of the Liabilities may be applied by it toward the payment of the Liabilities; and, notwithstanding any payments made by or for the account of any of the undersigned pursuant to this Guaranty, the undersigned shall not be subrogated to any rights of the Agent or any Bank until such time as this Guaranty shall have been discontinued as to all of the undersigned and the Agent and the Banks shall have received payment of the full amount of all liabilities of the undersigned hereunder.

Each of the undersigned hereby expressly waives: (a) notice of the acceptance by the Agent or any Bank of this Guaranty, (b) notice of the existence or creation or non-payment of all or any of the Liabilities, (c) presentment, demand, notice of dishonor, protest, and all other notices whatsoever, (d) all diligence in collection or protection of or realization upon any Liabilities or any security for or guaranty of any Liabilities and (e) any claim or right which such undersigned may now have or hereafter acquire against the Company or any other person or entity that arises from the existence, payment, performance or enforcement of the obligations of such undersigned under this Guaranty, including (without limitation) any right of subrogation, reimbursement, restitution, exoneration, contribution or indemnification.

Each of the undersigned further agrees to pay all expenses (including attorneys' fees and legal expenses) paid or incurred by the Agent or any Bank in endeavoring to collect the Liabilities of such undersigned, or any part thereof, and in enforcing this Guaranty against such undersigned.

The creation or existence from time to time of additional Liabilities to the Agent or the Banks or any of them is hereby authorized, without notice to the undersigned (or any of them), and shall in no way affect or impair the rights of the Agent or the Banks or the obligations of the undersigned under this Guaranty, including each of the undersigned's guaranty of such additional Liabilities.

The Agent and any Bank may from time to time, in accordance with

Section 14.9 of the Credit Agreement, without notice to the undersigned (or any of them), assign or transfer any or all of the Liabilities or any interest therein; and, notwithstanding any such assignment or transfer or any subsequent assignment or transfer thereof, such Liabilities shall be and remain Liabilities for the purposes of this Guaranty, and each and every immediate and successive assignee or transferee of any of the Liabilities or of any interest therein shall, to the extent of the interest of such assignee or transferee in the Liabilities, be entitled to the benefits of this Guaranty to the same extent as if such assignee or transferee were a Bank.

No delay on the part of the Agent or any Bank in the exercise of any right or remedy shall

operate as a waiver thereof, and no single or partial exercise by the Agent or any Bank of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy; nor shall any modification or waiver of any provision of this Guaranty be binding upon the Agent or the Banks except as expressly set forth in a writing duly signed and delivered on behalf of the Agent. No action of the Agent or any Bank permitted hereunder shall in any way affect or impair the rights of the Agent or any Bank or the obligations of the undersigned under this Guaranty. For purposes of this Guaranty, Liabilities shall include all obligations of the Company to the Agent or any Bank arising under or in connection with the Credit Agreement, any Note, any other Loan Document or any Hedging Agreement, notwithstanding any right or power of the Company or anyone else to assert any claim or defense as to the invalidity or unenforceability of any obligation, and no such claim or defense shall affect or impair the obligations of the undersigned hereunder.

Pursuant to the Credit Agreement, (a) this Guaranty has been delivered to the Agent and (b) the Agent has been authorized to enforce this Guaranty on behalf of itself and each of the Banks. All payments by the undersigned pursuant to this Guaranty shall be made to the Agent for the ratable benefit of the Banks.

This Guaranty shall be binding upon the undersigned and the successors and assigns of the undersigned; and to the extent that the Company or any of the undersigned is either a partnership or a corporation, all references herein to the Company and to the undersigned, respectively, shall be deemed to include any successor or successors, whether immediate or remote, to such partnership or corporation. The term "undersigned" as used herein shall mean all parties executing this Guaranty and each of them, and all such parties shall be jointly and severally obligated hereunder.

This Guaranty has been delivered at Chicago, Illinois, and shall be construed in accordance with and governed by the internal laws of the State of Illinois. Wherever possible each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

This Guaranty may be executed in any number of counterparts and by the different parties hereto on separate counterparts, and each such counterpart shall be deemed to be an original but all such counterparts shall together constitute one and the same Guaranty. At any time after the date of this Guaranty, one or more additional persons or entities may become parties hereto by executing and delivering to the Agent a counterpart of this Guaranty. Immediately upon such execution and delivery (and without any further action), each such additional person or entity will become a party to, and will be bound by all of the terms of, this Guaranty.

ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS GUARANTY OR ANY OTHER LOAN DOCUMENT,

SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF ILLINOIS OR IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. EACH OF THE UNDERSIGNED HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF ILLINOIS AND OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE. EACH OF THE UNDERSIGNED FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, TO THE ADDRESS SET FORTH OPPOSITE ITS SIGNATURE HERETO (OR SUCH OTHER ADDRESS AS IT SHALL HAVE SPECIFIED IN WRITING TO THE AGENT AS ITS ADDRESS FOR NOTICES HEREUNDER) OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF ILLINOIS. EACH OF THE UNDERSIGNED HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT ANY OF THE UNDERSIGNED HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OF FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, SUCH UNDERSIGNED HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS GUARANTY AND THE OTHER LOAN DOCUMENTS.

EACH OF THE UNDERSIGNED HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS GUARANTY, ANY OTHER LOAN DOCUMENT AND ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT

DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH OR THEREWITH OR ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH ANY OF THE FOREGOING, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

IN WITNESS WHEREOF, this Guaranty has been duly executed and delivered as of the day and year first above written.

IMPIND, INC.

By: /s/ Stephen S. Penley

Title: Vice President

Address: 6133 N. River Road, Suite 700
Rosemont, Illinois 60018
Facsimile: 847/823-0795

TICORM, INC.

By: /s/ Stephen S. Penley

Title: Vice President

Address: 6133 N. River Road, Suite 700
Rosemont, Illinois 60018
Facsimile: 847/823-0795

FABRIFORM METAL BRAZING, INC.

By: /s/ Stephen S. Penley

Title: Vice President

Address: 6133 N. River Road, Suite 700
Rosemont, Illinois 60018
Facsimile: 847/823-0795

INDUSTRIAL STEEL TREATING CO.

By: /s/ Stephen S. Penley

Title: Vice President

Address: 6133 N. River Road, Suite 700
Rosemont, Illinois 60018
Facsimile: 847/823-0795

MERRELL ENTERPRISES, INC.

By: /s/ Stephen S. Penley

Address: 6133 N. River Road, Suite 700 Title: Vice President
Rosemont, Illinois 60018
Facsimile: 847/823-0795

HOUSTON HEAT TREATING COMPANY

By: /s/ Stephen S. Penley

Address: 6133 N. River Road, Suite 700 Title: Vice President
Rosemont, Illinois 60018
Facsimile: 847/823-0795

QUALITY HEAT-TREAT, INC.

By: /s/ Stephen S. Penley

Address: 6133 N. River Road, Suite 700 Title: Vice President
Rosemont, Illinois 60018
Facsimile: 847/823-0795

Signature page to the Guaranty dated as of February 5, 1999, as amended, in favor of Bank of America National Trust and Savings Association, individually and as Agent, and the other Banks referred to therein.

The undersigned is executing a counterpart hereof for purposes of becoming a party hereto:

[-----------------]

By:

Address: Its:

Facsimile:

EXHIBIT 11

COMPUTATION OF NET EARNINGS PER COMMON SHARE

<TABLE>
<CAPTION>

	Year Ended December 31, 1998	1997	1996
<S>	<C>	<C>	<C>
EARNINGS			
Earnings from Continuing Operations	$ 9,537,904	$ 6,961,090	$ 4,838,274
Earnings (Loss) from Discontinued Operations	--	(6,698,240)	178,118
Net Earnings	$ 9,537,904	$ 262,850	$ 5,016,392
SHARES			
Weighted Average Number of Common Shares Outstanding (See Note)	5,274,881	4,806,834	4,756,789
Additional Shares Assuming Conversion of Stock Options	205,250	125,994	103,766
Weighted Average Common Shares Outstanding and Equivalents	5,480,131	4,932,828	4,860,555
Basic Earnings Per Share:			
Earnings From Continuing Operations	$ 1.81	$ 1.45	$ 1.01
Earnings (Loss) From Discontinued Operations	--	(1.40)	.04
Net Earnings	$ 1.81	$ .05	$ 1.05
Diluted Earnings Per Share:			
Earnings From Continuing Operations	$ 1.74	$ 1.41	$ .99
Earnings (Loss) From Discontinued Operations	--	(1.36)	.04
Net Earnings	$ 1.74	$ .05	$ 1.03

Note: All activity during the year has been adjusted for the number of days in the year that the shares were outstanding.

</TABLE>

EXHIBIT 13

1998 Lindberg Corporation Annual Report

Lindberg Corporation completed six acquisitions during 1998 and early 1999. In addition to these acquisitions, Lindberg's business strategy centers on its key competitive strengths including its high level of quality, service and technical expertise.

Strategies For Continued Profitable Growth:
Lindberg Annual Report 1998

Lindberg Corporation

Lindberg Corporation is the largest commercial heat treating company in North America. Through its more than 1,200 dedicated associates, Lindberg serves over 10,000 customers in major industrial centers.

Financial Highlights

Lindberg Corporation has achieved a compound annual growth rate for heat treating operations since 1994 of 20% in sales and 40% in net earnings, leading to record sales and earnings in 1998.

<TABLE>
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Years Ended December 31,	1998	1997	% Change Increase/(Decrease)
<S>	<C>	<C>	<C>
Operations (in thousands)			
Net Sales	$ 125,069	$ 88,784	41%
Earnings From Continuing Operations	9,538	6,961	37%
Financial Position (in thousands)			
Total Assets	$ 115,490	$ 89,563	29%
Total Debt	34,761	36,166	(4%)
Stockholders' Equity	55,793	32,091	74%
Debt/Capitalization Ratio	38%	53%	(28%)
Per Share Data			
Earnings From Continuing Operations - Diluted	$ 1.74	$ 1.41	23%
Cash Dividends	.32	.32	--
Book Value	9.48	6.65	43%

</TABLE>

Net Sales (in thousands)

$59,380	$67,967	$72,776	$88,784	$125,069
1994	1995	1996	1997	1998

Earnings From Continuing Operations (in thousands)

$2,443	$4,173	$4,838	$ 6,961	$9,538
1994	1995	1996	1997	1998

Strategies For Continued Profitable Growth

Safe Harbor Statement Statements contained in this annual report that are not based on historical facts are forward-looking statements subject to uncertainties and risks including, but not limited to, product and service demand and acceptance; economic conditions; the impact of competition and pricing; capacity and supply constraints or difficulties; results of financing and acquisition efforts; regulatory and other legal issues; and other risks detailed in the company's Securities and Exchange Commission filings.

Letter to Stockholders: Strategies For Continued Profitable Growth

A Letter from the Chairman of the Board and the President and Chief Executive Officer, February 23, 1999

Fellow Stockholders:

In addition to being a record year in revenue and earnings, 1998 was marked by unprecedented expansion of Lindberg Corporation's business through acquisitions, internal growth and a public stock offering that allowed us to pay down debt and further position ourselves for continued growth. We also successfully divested the divisions that comprised our Precision Products segment and will now concentrate on enhancing our position as the largest commercial heat treater in North America.

Although we enter 1999 on a cautious note with softness in some markets - aerospace, oilfield equipment and agricultural equipment - most of our other markets remain solid. Two start-up projects - expansion into Mexico and a large Strategic Partnership 2000, or SP 2000, facility-management operation in the United States - are also expected to generate sales and profits in 1999. Therefore, barring unforeseen developments, we remain confident that Lindberg will again exceed our internal benchmarks of 10% growth in sales and 15% growth in net earnings annually.

At divisions where we serve softer markets, we are taking steps to balance operations through added emphasis on other markets and efforts to lower our operating costs. We are also streamlining all of our operations through better resource allocation and the updating of our companywide quality program. All of these steps are designed to enhance service and value to our customers and to build on Lindberg's reputation for quality.

Record 1998 Results

During 1998, net sales reached $125 million, a 41% increase over the prior year and a record for Lindberg. Net earnings were $9.5 million, a 37% increase over results from continuing operations in 1997. Earnings per share were $1.74 on a diluted basis. This was our fifth straight year of earnings improvement of at least 15% and resulted in a record year for earnings.

We continue to maintain a strong financial position, with solid cash flow and long-term debt below target levels. A credit facility, recently expanded to $70 million, also provides us with the flexibility for expansion, acquisitions and capital improvements.

Our public offering of one million shares of common stock in the third quarter provided $16 million in proceeds which further strengthened our financial position.

Stepped-Up Acquisition Pace

As consolidation of the commercial heat treat industry continued through 1998 and into 1999, our investment in acquisitions more than doubled on a dollar basis compared with the previous year. In all, we spent more than $40 million to acquire Industrial Steel Treating Company, Fabriform Metal Brazing, Inc. and Mann Aircraft Forming, all located in the Los Angeles area, Houston Heat Treating Company of Houston, Quality Heat-Treat, Inc. of Dallas and, in early 1999, Metal-Lab of Wisconsin, Inc., in Sturtevant, Wisconsin.

The three additions in the Los Angeles area further increased our west coast presence. In providing oversight to our growing number of business units, our western operations have been re-organized and placed under the direction of Group Vice President Paul McCarren. Paul joins Michael Nelson, Senior Group Vice President responsible for the central and eastern regions, in providing leadership and direction to our operations.

Although it is difficult to predict whether the pace of new acquisitions in 1999 will match that of 1998, we continue to focus on more than two dozen suitable companies. Acquisitions will remain a key part of our business strategy. Where possible, our goal is to acquire businesses in proximity to other Lindberg facilities to expand our regional presence. We believe this affords us the greatest opportunity to build on Lindberg's reputation for quality and to channel work to the facilities with the most appropriate equipment for a customer's needs. That is not to say, however, that we will not consider a strong candidate that could operate outside of areas where we currently have facilities.

The criteria for acquisitions remain constant: well-run companies, with solid management teams in place, that would contribute to shareholder value. We are a leader in the consolidation of the commercial heat treating industry, bringing our national reputation for quality and service to the newly acquired businesses.

Internal Growth

We have completed the start-up of our new facility in Monterrey, Mexico, and expect that operation to generate revenues during 1999, with strong prospects for future growth. The facility is equipped to process materials for a variety of metal-working customers that we identified through market studies. Additionally, this provides a base of operations that could expand over time to meet other market needs.

Our eighth SP 2000 facility, which also is expected to begin generating revenue during 1999, reflects the continued expansion of this program of operating dedicated heat treating facilities for major customers. Since 1994, revenues from this program have grown from under $1 million to more than $8 million in 1998.

SP 2000 facilities are designed to capture a portion of the in-house heat treat market, which is estimated to represent about 90% of total heat treating. The continued trend among manufacturers toward outsourcing processes that are not a part of their core competencies has drawn increasing interest from major companies, and we are currently pursuing several additional opportunities.

In large part to establish these SP 2000 programs, as well as to continue improvements at our other divisions, capital expenditures during 1998 reached $10.1 million, up from $7.3 million in 1997. In 1999 we will continue making capital expenditures to accommodate growth opportunities in our business.

Standardizing Practices

As we've grown Lindberg to the preeminent position it now occupies, we have been integrating our new facilities and standardizing our practices to ensure uniform quality and service for our customers. We have established a companywide quality manual that provides guidelines for an enhanced quality control system and details the metrics of measuring performance.

Our objectives are to continue to build on Lindberg's established reputation for quality and service and to strengthen our position as the preferred heat treater of major manufacturers. Ultimately, our goal is to have these major companies strongly recommend that their suppliers use Lindberg for heat treating.

Continued Growth Expected In 1999

We are counting on our strong management team and highly skilled associates to help us deliver another record year in 1999. Given the current economic outlook, we expect to achieve modest growth at our operations owned prior to 1998 while benefitting from the full-year results of our 1998 acquisitions. New acquisitions will also contribute as they are integrated. Overall, we expect to benefit from efforts to broaden our customer base and to operate our facilities at the highest efficiency and quality within our industry.

We also rely on our Board of Directors for their leadership and experience. We would especially like to thank John Puth for his more than a decade of service on the Lindberg Corporation Board. John, who reaches mandatory retirement age this year, has been instrumental in helping us shape our strategic and financial direction along with providing guidance to our management team. We will miss his participation on the board and his invaluable counsel.

Finally, we would like to express our appreciation for the support of our loyal stockholders, customers and associates. To all of our stockholders, including those who joined us during 1998, we wish to renew our pledge to work together to enhance the value of your investment.

/s/ George Bodeen
George H. Bodeen
Chairman of the Board

/s/ Leo G. Thompson
Leo G. Thompson
President and Chief Executive Officer

Continuing to Build for the Future

Lindberg Corporation built on its standing as North America's largest commercial heat treater with record sales and earnings and an unprecedented volume of acquisitions during 1998.

Solid Customer Base

Most of the markets that Lindberg serves remain strong, with a base of more than 10,000 customers operating in diverse industries.

Six New Acquisitions

Lindberg has completed six acquisitions since the beginning of 1998, adding businesses that were profitable and directed by experienced management teams.

Building on a Strong Reputation

Enhancements to a companywide quality manual which outlines standardized "Best Practices" and continuing training requirements for associates at all levels ensure that Lindberg's customers receive the best quality and service.

Largest North American Heat Treating Company

Lindberg Corporation continued to enhance its position as North America's largest commercial heat treater, as 1998 was its most active year in terms of acquisitions. Lindberg is now concentrating entirely on its core business of heat treating following the sale of its final Precision Products division in January 1999. This is a strategy that has paid off as Lindberg posted record sales and earnings during the year. Earnings growth from heat treat operations exceeded 15 percent for the fifth consecutive year, with 1998 net earnings up 37 percent to $9.5 million. Sales increased 41 percent to $125 million.

Lindberg also expanded beyond U.S. borders to establish a facility in Monterrey, Mexico, designed to take advantage of opportunities the company has identified among metal-working industries located in that region.

The company's Strategic Partnership 2000 (SP 2000) program took another major step forward with the start-up of its eighth facility which is ramping up for full production in 1999.

Ongoing Market Strength

Although some markets - notably those serving the aerospace, oilfield equipment and agricultural equipment industries - experienced weakness during portions of 1998, demand is expected to remain strong in the other industries Lindberg serves. The aerospace industry is expected to regain strength during 1999, as year-end softness was attributed largely to inventory adjustments by suppliers to major aerospace manufacturers. The latest outlook for the oilfield equipment market, affected by curtailed drilling activity during the year, is not as encouraging and may not show signs of recovery until 2000 or beyond. Other markets served by Lindberg include automotive, defense, consumer products, tool and die and off-road equipment.

Based on the strength of most of its markets and the positive effect of acquisitions, Lindberg expects to once again reach its internal goal of annually increasing revenues by 10 percent and net earnings by 15 percent.

Heat Treating - A Vital Service for Industry

Since 1922, Lindberg Corporation has provided heat treating services, in which ferrous, aluminum and other metals are processed at precise temperatures in specific conditions to improve their mechanical properties, durability and wear resistance. Lindberg offers heat treating services such as hardening and tempering, carburizing, nitriding, selective hardening, solution treating and aging, stress relieving, normalizing and brazing as well as other specialty processes.

Finished goods that benefit from Lindberg's services include consumer items such as dental instruments, bicycle locks, golf clubs and other sporting goods. Lindberg also processes commercial aircraft parts including structural skin components, frame parts and engine components. Other commercial products heat treated by Lindberg include drive train mechanism, transmission and clutch parts for automotive and truck applications as well as engine, transmission and track assembly parts for construction equipment. In all, Lindberg provides a wide range of services, treating myriad parts, for more than 10,000 customers in diverse industries.

The total heat treat market in the United States is estimated at more than

$20 billion, with about 90 percent of that performed by manufacturers in-house. The company is pursuing several additional opportunities for SP 2000 projects, which are designed to capture some of the business that is being performed in-house.

Lindberg's business strategy is based in part on capitalizing on the trend toward manufacturers outsourcing processes - such as heat treating - that are outside their core competencies. Lindberg is also continuing to grow through a strategic acquisition program aimed at the highly fragmented commercial heat treating industry. Commercial heat treating sales have been growing at a compound annual rate of about 7 percent over the past five years.

Accelerated Acquisitions

With consolidation of the commercial heat treat industry continuing through 1998 and into 1999, Lindberg acquired a total of six new companies for more than $40 million. These include Industrial Steel Treating Company, Fabriform Metal Brazing, Inc. and Merrell Enterprises, Inc. (known as Mann Aircraft Forming), all in the Los Angeles area, Houston Heat Treating Company of Houston, Quality Heat-Treat, Inc. of Dallas and Metal-Lab of Wisconsin, Inc. in Sturtevant, Wisconsin.

The company's basic criteria for acquisitions remain the same: a complementary, profitable and well-run business with a strong management team in place.

Capitalizing on Superior Quality and Service

Operating from 34 facilities in major commercial centers in the United States and Mexico, Lindberg is able to serve customers as a local business in an industry that is largely regional. At the same time, it is able to provide an array of value-added services that only a company of its size can offer.

Lindberg possesses a well-earned national reputation for quality and on-time delivery. Additionally, it provides assistance to customers through experienced heat treaters and metallurgists based at its various facilities. For specialized needs, Lindberg calls on the varied skills and metallurgical knowledge throughout the corporation. This technical assistance also has been instrumental in identifying new SP 2000 opportunities.

With new divisions being integrated into Lindberg over the past three years, the company has standardized many practices to ensure uniform quality and service and to further solidify the company's standing as a preferred supplier for major manufacturers. A companywide quality manual outlines the best practices for various processes, provides guidelines for running a quality control system and details the means of measuring process capability.

With the help of these tools, Lindberg is better positioned to meet or exceed the expectations of its customers, while maximizing the return for the business.

Lindberg's customers also benefit from the company's more than 1,200 skilled and dedicated associates. As part of the Lindberg "Benchmarks of Quality" program, each associate is expected to receive a minimum of 28 hours of annual training designed to improve services and processes at all levels of the business. Most of Lindberg's facilities have been recognized with third-party quality endorsements, such as ISO 9000, NADCAP or QS-9000 and have received "approved vendor" status from most major manufacturers. For example, Lindberg's Tulsa facility in November received the Oklahoma Quality Award in recognition of strong leadership and organization-wide commitment to customer satisfaction and continuous improvement of products and services.

Investing in the Future

Lindberg continues to invest in its future with capital expenditures that add or upgrade equipment at its commercial heat treating facilities and at SP 2000 sites.

Lindberg's strong financial position - enhanced by a stock offering in 1998 and a recently expanded credit facility - also enables it to take advantage of acquisition opportunities that may arise.

With existing business expected to remain strong and the benefit of full-year results from recent acquisitions, Lindberg expects 1999 to be another record year.

Technical Expertise

Lindberg's "Benchmarks of Quality" program ensures adherence to stringent quality standards.

we instill confidence
Widely varied products demand customized solutions.

Lindberg associates continually monitor quality.
Customers depend on Lindberg to meet their demanding specifications.

[PHOTO PAGE]

Broad Customer Base

Lindberg's regional facilities serve diverse customers with specialized needs.

we fulfill expectations
The selection of appropriate equipment ensures on-time performance.
A wide range of heat treating services yields desired characteristics.
Treated components are a vital part of customers' manufacturing processes.

[PHOTO PAGE]

Accelerated Acquisitions

Since the beginning of 1998, Lindberg has acquired six new facilities.

we deliver service
Acquired businesses complement existing operations.
New facilities are profitable and well managed.
The emphasis on quality and "best practices" is part of the integration into Lindberg.

[PHOTO PAGE]

<TABLE>
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Five-Year Financial Review

For the Years Ended December 31,	1998	1997	1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>
Operations (in thousands)					
Net Sales	$ 125,069	$ 88,784	$ 72,776	$ 67,967	$ 59,380
Gross Profit	38,575	25,092	20,257	19,265	15,028
Selling and Administrative Expenses	(20,478)	(13,211)	(11,507)	(11,530)	(10,217)
Equity in Earnings of Partnership	-	1,436	893	301	54
Operating Earnings	18,097	13,317	9,643	8,036	4,865
Interest Expense (Net)	(2,510)	(1,681)	(1,512)	(1,638)	(789)
Other Income	444	-	-	615	-
Earnings Before Income Taxes	16,031	11,636	8,131	7,013	4,076
Provision for Income Taxes	(6,493)	(4,675)	(3,293)	(2,840)	(1,633)
Earnings From Continuing Operations	9,538	6,961	4,838	4,173	2,443
Earnings (Loss) From Discontinued Operations	-	(6,698) 1	178	1,462	1,931
Net Earnings	$ 9,538	$ 263	$ 5,016	$ 5,635	$ 4,374
Diluted Earnings Per Share:					
Earnings From Continuing Operations	$ 1.74	$ 1.41	$ .99	$ .88	$ .51
Earnings (Loss) From Discontinued Operations	-	(1.36)	.04	.30	.41
Net Earnings	$ 1.74	$ .05	$ 1.03	$ 1.18	$ .92
Financial Position (in thousands)					
Working Capital	$ 8,622	$ 16,147	$ 30,100	$ 29,237	$ 23,726
Property and Equipment (Net)	66,737	39,097	30,879	27,332	26,224
Total Assets	115,490	89,563	74,888	68,639	65,878
Long-Term Debt	32,684	25,863	20,700	18,900	16,500
Total Debt	34,761	36,166	21,601	18,900	17,900

Stockholders' Equity	55,793	32,091	33,047	29,182	24,669
Other Financial Information					
Cash Dividends Declared and Paid (in thousands)	$ 1,715	$ 1,538	$ 1,379	$ 1,181	$ 989
Cash Dividends Per Share	.32	.32	.29	.25	.21
Return on Average Stockholders' Equity	22%	1%	16%	21%	19%
Book Value Per Share of Stockholders' Equity	$ 9.48	$ 6.65	$ 6.91	$ 6.17	$ 5.23
Debt/Capitalization Ratio	38%	53%	40%	39%	42%
Shares Outstanding at Year-End	5,882,736	4,828,381	4,779,141	4,727,391	4,717,016
Capital Expenditures (in thousands)	$ 10,051	$ 7,336	$ 5,365	$ 4,029	$ 4,396
Depreciation and Amortization (in thousands)	6,698	4,204	3,695	3,459	3,258
Number of Employees at Year-End	1,220	975	667	642	633

</TABLE>

1 1997 includes a net charge of $5,944,000 related to the discontinuance of the company's Precision Products segment.

Management's Discussion and Analysis

Of Financial Condition: In 1998, the Company's borrowings decreased $1.4 million from $36.2 million at December 31, 1997 to $34.8 million at December 31, 1998. The ratio of debt to total capitalization was 38% at the close of 1998 as compared to 53% at year-end 1997.

The most significant use of funds in 1998 related to the Company's acquisition activities. During the year, the Company completed the acquisitions of Industrial Steel Treating Company and Fabriform Metal Brazing, Inc. (collectively "Industrial") - two related companies - for $10.6 million, Houston Heat Treating, Inc. ("HHT") for $10.7 million, Merrell Enterprises, Inc., known as Mann Aircraft Forming, ("Mann") for $2.8 million and Quality Heat-Treating, Inc. ("Quality") for $8.5 million. The Company financed these acquisitions with bank borrowings. Also during 1998, notes payable related to the 1997 acquisitions of Ticorm, Inc. ("Ticorm") of $1.9 million and Alumatherm Heat Treating Company ("Alumatherm") of $6.3 million were repaid.

Capital expenditures were another significant use of funds in 1998. The Company spent $10.1 million on capital projects during 1998 as compared to $7.3 million in 1997. The figures for both years exclude amounts related to the purchase price of acquisitions and amounts related to discontinued operations. The Company made capital investments in 1998 primarily to accommodate new business opportunities and, to a lesser degree, upgrade facilities and equipment. Spending related to the Company's SP 2000 program represented about 20% of the total capital expenditures in 1998.

In the second quarter of 1998, the Company sold the operating assets of Impact Industries, Inc. ("Impact") and Harris Metals, two of three operations within the Precision Products segment. This segment has been reported as discontinued operations since the fourth quarter of 1997. The Company received $6.6 million in cash and $2.5 million of notes receivable from the sales. The Company also retained and collected $3.8 million of accounts receivable net of certain assumed liabilities related to Impact in 1998.

During the third quarter of 1998, the Company sold 1,000,000 new shares of its common stock at a public offering price of $17.00 per share, net of an underwriting discount of $1.00 per share. Proceeds of $16.0 million, less offering expenses, were used to repay debt under the Company's revolving credit agreement ("Credit Agreement").

Levels of working capital, excluding amounts purchased in acquisitions, decreased at year-end 1998 from the prior year providing a source of cash. Because the Company's heat treating customers maintain ownership of products shipped to the Company for processing, the business does not have a working capital need related to inventories.

In 1998, the Company made cash outlays related to environmental matters. These outlays largely included costs for consulting/engineering, legal support, and in certain cases, remediation. The Company believes it will make such expenditures in the future, but that such spending will continue to have a limited effect on its financial condition and liquidity.

During 1998, the Company paid cash dividends of $.32 per share totaling $1.7 million. The total paid represents an increase of 12% from the $1.5 million paid in 1997.

The Company believes that its borrowing capacity and funds generated through operations will be sufficient to meet currently foreseeable capital investment and working capital needs both for 1999 and for the longer term.

Of Results of Operations: 1998 versus 1997 Net sales in 1998 were $125.1 million, up $36.3 million, or 41%, from $88.8 million in 1997. The higher level of net sales resulted primarily from the acquisition of seven heat treating companies from July 1997 through November 1998, expansion of the SP 2000 program during 1998 and modest growth at the Company's existing heat treating plants. In 1998, the Company's sales results were primarily influenced by the commercial aerospace, automotive and oilfield equipment markets which represent approximately 50% of total net sales. The commercial aerospace and oilfield equipment markets, which began strong in 1998, softened by the fourth quarter of the year.

The acquisition of Ticorm and Alumatherm in 1997 and of Industrial, HHT, Mann and Quality in 1998 accounted for 91% of the increase in net sales for 1998. Also, in 1998 the Company's SP 2000 program provided net sales of $8.4 million in comparison to $6.2 million in 1997. Finally, net sales excluding the aforementioned acquisitions and the SP 2000 program increased by 2% in 1998 from net sales in 1997.

Gross profit in 1998 was $38.6 million, up $13.5 million, or 54%, from $25.1 million in 1997. The gross margin in 1998 was 30.8%, compared to 28.3% in the prior year. The increase in gross margin resulted primarily from the addition of acquisitions discussed above as most of the acquired businesses had gross margins higher than the Company's margin at the time of their acquisition. The improved gross margin was also the result of cost containment efforts.

Selling and administrative expenses in 1998 were $20.5 million, compared to $13.2 million in 1997. The increase in the level of expenses in 1998 over the prior year resulted primarily from additional expenses of approximately $4.0 million incurred at the acquired facilities discussed earlier. The remaining increase relates mainly to additional salaries and incentives paid during the year and to the write-off of two large trade accounts receivable. Selling and administrative expenses as a percentage of net sales increased to 16.4% in 1998 from 14.9% in 1997 due primarily to the aforementioned expense increases.

During 1998, the Company carried no investments under the equity method of accounting. Therefore, no equity earnings were recorded. In 1997, the Company recorded such earnings from its 50% interest in the Alumatherm joint venture. For the nine months prior to the acquisition of its partner's interest, the Company recorded equity earnings of $1.4 million.

Interest expense in 1998 was $2.5 million, compared to $1.7 million in 1997. The increase primarily resulted from higher levels of borrowing during the year. The effect of the acquisitions, offset to a degree by the proceeds from the stock offering and sales of discontinued operations, led to these higher borrowing levels. The average interest rate on borrowings in 1998 was 6.6%. This was the same rate as experienced during 1997.

In the fourth quarter of 1998, the Company recorded dividend income of $444,000 related to its 17% minority interest in Thixomat, Inc. The dividend was received in January 1999. This was the first such dividend declared by Thixomat, and the Company is not certain whether and to what extent Thixomat will pay dividends in the future.

Reflecting the above items, net earnings from continuing operations in 1998 were $9.5 million, up $2.6 million, or 37%, from $7.0 million in 1997. Net earnings from continuing operations in 1998 were $1.74 per diluted share, up $.33, or 23%, from $1.41 per diluted share in 1997.

In the fourth quarter of 1997, the Company established a plan to divest its Precision Products business segment. Accordingly, this segment was accounted for as discontinued operations. During 1998, discontinued operations had no effect on the Company's results of operations because all activity was charged to a reserve established in 1997. The Company does not believe that additional charges will be needed to complete its divestiture activities. For 1997, an after-tax loss of $754,000 from operations and a $5.9 million after-tax charge related to the estimated loss on the eventual sale of the segment's operations were recorded.

Net earnings for 1998 were $9.5 million, or $1.74 per diluted share, as compared to $263,000, or $.05 per diluted share, in 1997.

Of Results of Operations: 1997 versus 1996   Net sales in 1997 were $88.8 million, up $16.0 million, or 22%, from $72.8 million in 1996. The higher level of net sales resulted primarily from the acquisition of three heat treating companies from May 1996 through October 1997, expansion of the SP 2000 program during 1997 and growth at certain heat treating plants where customer demand was strong, in particular those serving the commercial aerospace industry.

The acquisition of Vac-Hyd in 1996, and of Ticorm and Alumatherm in 1997 accounted for 48% of the increase in net sales for 1997. Also in 1997, the Company expanded the number of SP 2000 sites in operation to seven from six at the close of 1996. This program provided net sales in 1997 of $6.2 million in comparison to $3.9 million in 1996, thereby contributing to the overall increase in Company sales in 1997. Finally, while not all of the Company's heat treating plants generated sales growth in 1997 as compared to the prior year, heat treating operations in existence at the beginning of 1996 reported an overall 9% increase in net sales.

Gross profit in 1997 was $25.1 million, up $4.8 million, or 24%, from $20.3 million in 1996. The gross margin in 1997 was 28.3%, compared to 27.8% in the prior year. The increase in gross margin related primarily to the higher level of net sales during 1997, providing incremental earnings in excess of the prior year's rate of gross margin. The improved gross margin was also the result of cost containment efforts.

Selling and administrative expenses in 1997 were $13.2 million, compared to $11.5 million in 1996. Selling and administrative expenses as a percentage of net sales decreased to 14.9% in 1997 from 15.8% in 1996. The increase in the level of expenses in 1997 over the prior year resulted primarily from additional expenses of approximately $1.0 million incurred at Ticorm and Alumatherm.

For the first nine months of 1997 prior to the Company's acquisition of its partner's 50% interest in the Alumatherm joint venture, equity earnings related to the partnership recorded by the Company totaled $1.4 million. This compared to $893,000 recorded for the full year 1996.

Interest expense in 1997 was $1.7 million, compared to $1.5 million in 1996. The increase resulted from the increased borrowings due to acquisitions. The average interest rate on borrowings in 1997 was 6.6% compared to 6.7% for 1996.

Reflecting the above items, net earnings from continuing operations in 1997 were $7.0 million, up $2.1 million, or 44%, from $4.8 million in 1996. Net earnings from continuing operations in 1997 were $1.41 per diluted share, up $.42, or 42%, from $.99 per diluted share in 1996.

The results of the Company's Precision Products segment, net of income taxes, are presented as discontinued operations. In 1997, an after-tax loss of $754,000 from operations was recorded compared to $178,000 in earnings for 1996. The loss from operations in 1997 resulted largely from a sales decline at the segment's Impact facility. Also in 1997, the Company recorded a $5.9 million after-tax charge related to an estimated loss on the eventual sale of the segment's operations. The Company concluded to divest the Precision Products businesses and concentrate financial and operating resources on the higher margin core heat treating business, which had represented approximately 70% of total Company net sales during 1997.

Net earnings for 1997 were $263,000, or $.05 per diluted share, as compared to $5.0 million, or $1.03 per diluted share, in 1996.

Inflation: Although the Company cannot accurately determine the exact effect of inflation on its past, current or future operations, it does not believe inflation had a material effect during the past three years on sales or results of operations.

Possible Effects of Year 2000: The Company categorizes its exposure to Year 2000 issues as follows: information technology (IT) systems at its operating facilities; IT systems at its corporate office; embedded technology; customers; and suppliers.

The Company's IT systems at its operating facilities are maintained by Company personnel. The Company is in the process of developing new software which will replace and enhance the functionality of proprietary systems currently used for order entry, billing, plant routing, shipping and process management. This new software will be Year 2000 compliant. The development of this new software was not accelerated due to the Year 2000 issue, as the existing software is being modified to be Year 2000 compliant. No additional employees have been hired, nor have any additional outside costs been incurred, to revise the existing software for compliance.

The Company's corporate office utilizes IT systems supplied by third party vendors primarily for accounting functions and payroll processing. All such vendors have stated that their software is now or will be Year 2000 compliant. The Company is monitoring progress related to stated solutions to the issue and is in the process of verifying compliance. As is typical of third party software, the Company pays annual maintenance fees for the use of the software. No additional costs have been incurred nor are any expected related to this area.

The Company's operations primarily involve furnaces and ancillary equipment. Some of these use embedded technology such as microprocessor-based process controllers. It has been determined that the embedded technology used in the operations is not date sensitive in many cases, or is Year 2000 compliant in others.

No single customer accounted for more than 3% of the Company's sales in 1998. In addition, the Company serves over 10,000 customers. The effect on the Company of the loss of a single customer, therefore, will largely be mitigated due to the Company's diversified customer base. However, there can be no assurance that individual plants will not be adversely affected by the temporary loss of one or more major customers.

With respect to suppliers, the Company's largest costs, excluding labor, are electricity and natural gas. In the event a utility supplier cannot provide its service for an extended period, the locations involved would be adversely affected. It is not feasible for the Company to arrange alternative power sources due to the level of demand involved. Short-term disruptions are not expected to have a significant impact on the Company due to geographic dispersion of the Company's facilities. Other purchased items used in the operations are available from many suppliers and there is little or no product differentiation. A disruption related to these suppliers would have little impact on the Company.

While subject to speculation, the most reasonably likely worst case scenario is currently considered by the Company to be the loss of either electric or gas power at an operating facility. However, the Company believes that this occurrence would be localized and tend to be of a short duration.

The Company also benefits from having over 99% of its revenues generated within the U.S. which has given the Year 2000 issue a high focus.

The Company has designated a group of management personnel to coordinate Year 2000 activities. This group has begun to develop a Year 2000 contingency plan and intends to complete it in advance of the Year 2000.

Market Risk: The Company is subject to certain fluctuations in rates related to market sensitive instruments. In particular, outstanding debt under the Company's Credit Agreement is carried at variable interest rates related primarily to the Eurodollar interest rate and to the U.S. prime rate. In order to reduce its interest costs, the Company maintains most of its outstanding Credit Agreement debt at the Eurodollar rate. As the level of Credit Agreement debt increases relative to its total outstanding debt, the Company investigates interest rate alternatives such as fixed rate notes or term loans. The Company does not use derivative financial instruments to manage its exposure. Based on its year-end debt level, the Company's interest costs in 1999 would increase $266,000 assuming a 1% increase in its average effective interest rate. This would reduce net earnings by approximately $158,000.

Subsequent Events: In January 1999, the Company sold the assets of the last remaining operation of its discontinued Precision Products business segment, Arrow-Acme Company. The sale price for the assets was $2.5 million, which included $1.9 million of cash and a $600,000 note receivable.

In February 1999, the Company acquired all of the outstanding common stock of Metal-Lab of Wisconsin, Inc. ("Metal-Lab") located in Sturtevant, Wisconsin. Metal-Lab provides heat treating for customers primarily in the tool and die market. The cash purchase price for the company was $9.9 million and was funded with additional borrowings under the Company's Credit Agreement. Metal-Lab had sales of $4.6 million in 1998.

Effective February 15, 1999, the Credit Agreement was amended to increase the total borrowing facility to $70 million from $45 million and to adjust certain loan covenants. Additionally, the maturity date was extended to December 31, 2001. As of March 3, 1999, the Company had approximately $33 million of available borrowing capacity under its amended Credit Agreement.

Consolidated Financial Statements

<TABLE>
<CAPTION>

Consolidated Statements of Earnings For the Years Ended December 31,	1998	1997	1996
<S>	<C>	<C>	<C>
Net Sales	$125,069,317	$ 88,783,577	$ 72,776,202
Cost of Sales	(86,494,542)	(63,691,330)	(52,519,365)
Gross Profit	38,574,775	25,092,247	20,256,837
Selling and Administrative Expenses	(20,477,693)	(13,211,421)	(11,507,041)
Equity in Earnings of Partnership	--	1,436,328	892,822
Operating Earnings	18,097,082	13,317,154	9,642,618
Interest Expense (Net)	(2,510,061)	(1,681,103)	(1,511,312)

Investment Earnings	444,300	--	--
Earnings From Continuing Operations Before Income Taxes	16,031,321	11,636,051	8,131,306
Provision for Income Taxes	(6,493,417)	(4,674,961)	(3,293,032)
Earnings From Continuing Operations	9,537,904	6,961,090	4,838,274
Discontinued Operations, Net of Income Taxes:			
Earnings (Loss) From Operations	--	(754,240)	178,118
Estimated Loss on Sale	--	(5,944,000)	--
Earnings (Loss) From Discontinued Operations	--	(6,698,240)	178,118
Net Earnings	$ 9,537,904	$ 262,850	$ 5,016,392
Basic Earnings Per Share:			
Earnings From Continuing Operations	$ 1.81	$ 1.45	$ 1.01
Earnings (Loss) From Discontinued Operations	--	(1.40)	.04
Net Earnings	$ 1.81	$ .05	$ 1.05
Diluted Earnings Per Share:			
Earnings From Continuing Operations	$ 1.74	$ 1.41	$ .99
Earnings (Loss) From Discontinued Operations	--	(1.36)	.04
Net Earnings	$ 1.74	$ .05	$ 1.03

</TABLE>

<TABLE>
<CAPTION>
Consolidated Statements of Stockholders' Equity
For the Years Ended December 31, 1998, 1997 and 1996

	Common Stock	Additional Paid-In Capital	Treasury Shares	Retained Earnings	Underfunded Pension Liability Adjustment	Cumulative Foreign Translation Adjustment	Comprehensive Income	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 1995	$14,183,493	$ 1,512,106	$(5,347,038)	$19,015,302	$(181,428)	$ --		$29,182,435
Comprehensive Income:								
Net Earnings				5,016,392			$5,016,392	5,016,392
Pension Adjustment					(46,492)		(46,492)	(46,492)
Comprehensive Income							$4,969,900	
Dividends Paid				(1,379,120)				(1,379,120)
Exercise of Stock Options		(18,700)	292,387					273,687
Balance, December 31, 1996	14,183,493	1,493,406	(5,054,651)	22,652,574	(227,920)	--		33,046,902
Comprehensive Income:								
Net Earnings				262,850			$ 262,850	262,850
Pension Adjustment					73,385		73,385	73,385
Comprehensive Income							$ 336,235	
Dividends Paid				(1,537,935)				(1,537,935)
Exercise of Stock Options		32,786	213,430					246,216
Balance, December 31, 1997	14,183,493	1,526,192	(4,841,221)	21,377,489	(154,535)	--		32,091,418
Comprehensive Income:								
Net Earnings				9,537,904			$9,537,904	9,537,904
Pension Adjustment					(22,079)		(22,079)	(22,079)
Foreign Translation Adjustment						(93,781)	(93,781)	(93,781)
Comprehensive Income							$9,422,044	
Change in Common Stock Par Value	(14,126,759)	14,126,759						--
Issuance of Common Stock	10,000	15,634,257						15,644,257
Dividends Paid				(1,714,824)				(1,714,824)
Exercise of Stock Options		38,815	311,454					350,269
Balance, December 31, 1998	$ 66,734	$31,326,023	$(4,529,767)	$29,200,569	$(176,614)	$(93,781)		$55,793,164

</TABLE>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

<TABLE>
<CAPTION>

Consolidated Balance Sheets

For the Years Ended December 31,	1998	1997
<S>	<C>	<C>
Assets		
Current Assets:		
Cash	$ 157,391	$ 283,270
Receivables (Less Allowance for Doubtful Accounts of $888,000 in 1998 and $363,000 in 1997	19,281,571	14,875,005
Prepaid and Refundable Income Taxes	1,067,030	1,380,768
Prepaid Expenses	643,766	632,846
Net Assets of Discontinued Operations	2,142,719	17,475,866
Other Current Assets	601,331	1,616,774
Total Current Assets	23,893,808	36,264,529
Property and Equipment:		
Land	3,033,246	1,745,246
Buildings and Improvements	25,341,037	16,674,207
Machinery and Equipment	94,013,844	71,363,851
Construction in Progress	3,530,398	1,819,101
Total Property and Equipment	125,918,525	91,602,405
Less-Accumulated Depreciation	(59,181,581)	(52,505,822)
Net Property and Equipment	66,736,944	39,096,583
Goodwill (Less Accumulated Amortization)	19,922,274	11,537,742
Long-Term Notes Receivable	3,250,000	--
Other Non-Current Assets	1,686,776	2,664,577
Total Assets	$115,489,802	$89,563,431
Liabilities and Stockholders' Equity		
Current Liabilities:		
Current Maturities on Long-Term Debt	$ 77,271	$ 83,328
Notes Payable	2,000,000	10,220,000
Accounts Payable	4,187,398	3,540,279
Accrued Expenses:		
Salaries and Wages	3,109,328	1,775,352
Taxes, other than Income	866,744	543,795
Employee Insurance and Benefits	1,335,370	1,395,126
Utilities	936,013	658,741
Other	2,759,315	1,900,780
Total Current Liabilities	15,271,439	20,117,401
Non-Current Liabilities:		
Deferred Income Taxes	7,055,718	6,149,001
Long-Term Debt (Less Current Maturities)	32,683,630	25,862,512
Accrued Pension	2,220,253	3,342,458
Other Non-Current Liabilities	2,465,598	2,000,641
Total Non-Current Liabilities	44,425,199	37,354,612
Stockholders' Equity:		
Preferred Stock, par value $0.01: Authorized 1,000,000 shares since April 24, 1998. No Shares Issued.	--	--
Common Stock, par value $0.01 since April 24, 1998 and $2.50 prior thereto: Authorized 25,000,000 shares since April 24, 1998 and 12,000,000 shares prior thereto. Issued 6,673,397 in 1998 and 5,673,397 shares in 1997.	66,734	14,183,493
Additional Paid-In Capital	31,326,023	1,526,192
Retained Earnings	29,200,569	21,377,489
Treasury Shares (790,661 in 1998 and 845,016 in 1997), at Cost	(4,529,767)	(4,841,221)
Cumulative Foreign Translation Adjustment	(93,781)	--
Underfunded Pension Liability Adjustment	(176,614)	(154,535)
Total Stockholders' Equity	55,793,164	32,091,418
Total Liabilities and Stockholders' Equity	$115,489,802	$89,563,431

</TABLE>

The accompanying Notes to Consolidated Financial Statements are an integral part of these balance sheets.

<TABLE>
<CAPTION>

Consolidated Statements of Cash Flows

For the Years Ended December 31,	1998	1997	1996
<S>	<C>	<C>	<C>
Increase (Decrease) in Cash			
Cash Flows From Operating Activities:			
Net Earnings	$ 9,537,904	$ 262,850	$ 5,016,392
Adjustments to Reconcile Net Earnings to Net Cash Provided by Operating Activities:			
Depreciation	6,094,212	4,084,315	3,689,743
Equity Earnings, Net of Cash Distributions	--	(235,128)	(692,822)
Goodwill Amortization	603,522	119,347	5,000
Increase in Deferred Taxes	906,717	101,497	732,996
Non-Cash Portion of Discontinued Operations Reserve, Net of Tax Benefit	--	5,944,000	--
Investment Earnings	(444,300)	--	--
Change in Assets and Liabilities:			
Receivables	195,155	(2,337,872)	(165,047)
Prepaid and Refundable Income Taxes	208,893	310,846	(626,989)
Prepaid Expenses and Other Current Assets	(289,659)	(220,486)	(12,417)
Accounts Payable	482,191	18,311	(150,594)
Accrued Expenses	1,548,360	356,720	(484,785)
Net Assets of Discontinued Operations	(179,183)	1,052,294	(522,631)
Other	605,861	698,788	(1,571,556)
Total Adjustments to Reconcile Net Earnings to Net Cash Provided by Operating Activities	9,731,769	9,892,632	200,898
Net Cash Provided by Operating Activities	19,269,673	10,155,482	5,217,290
Cash Flows From Investing Activities:			
Capital Expenditures	(10,051,114)	(7,336,401)	(5,365,396)
Cash Received for Sale of Discontinued Operations	10,403,974	1,102,600	1,000,000
Cash Payments for Acquisitions, Net of Cash Acquired	(32,613,588)	(16,555,267)	(2,325,560)
Net Cash Used in Investing Activities	(32,260,728)	(22,789,068)	(6,690,956)
Cash Flows From Financing Activities:			
Net Borrowings Under Revolving Credit Agreement	8,800,000	7,100,000	1,800,000
Payment on Senior Notes	(2,000,000)	--	--
Issuance of Common Stock	16,000,000	--	--
Issuance of Notes Payable	--	8,220,000	901,437
Repayment of Notes Payable	(8,220,000)	(901,437)	--
Dividends Paid	(1,714,824)	(1,537,935)	(1,379,120)
Net Cash Provided by Financing Activities	12,865,176	12,880,628	1,322,317
Net Increase (Decrease) in Cash	(125,879)	247,042	(151,349)
Cash at Beginning of Year	283,270	36,228	187,577
Cash at End of Year	$ 157,391	$ 283,270	$ 36,228
Supplemental Disclosures of Cash Flow Information:			
Interest Paid	$ 3,083,627	$ 1,679,402	$ 1,649,277
Income Taxes Paid	5,470,439	3,875,117	3,235,993

</TABLE>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Notes to Consolidated Financial Statements

For the Years Ended December 31, 1998, 1997 and 1996

Note 1. Accounting Policies

A. Nature of Operations   The company serves metal-using and metal-working industries, providing commercial metal heat treating.

B. Principles of Consolidation   The Consolidated Financial Statements include the accounts of Lindberg Corporation and its subsidiaries. Significant intercompany balances and transactions have been eliminated.

The company's 50% share in the Alumatherm Heat Treating Company ("Alumatherm") partnership was carried on the equity basis of accounting from the partnership formation on July 1, 1994 until the acquisition of that entity on October 1, 1997 (see Note 2).

The company's investment in Thixomat, Inc. is accounted for on the cost basis. Income from such investments is recognized when dividends are declared.

C. Revenue Recognition   The company recognizes revenues from sales upon shipment to its customers.

D. Property and Depreciation   Property and equipment are stated at cost. Depreciation is provided on the straight-line method for financial statement purposes and on accelerated methods for income tax purposes. Maintenance costs are charged to expense as incurred. Expenditures which improve efficiency or capacity or extend the useful life of assets are capitalized. Interest cost incurred during the period of construction of plant and equipment is capitalized as part of the cost of such plant and equipment.

E. Goodwill and Amortization   Goodwill, which represents the excess of the purchase price paid over the fair market value of the net identifiable assets acquired, is amortized using the straight-line method over 30 years. The company reviews the valuation and amortization periods of goodwill whenever events or changes in circumstances warrant such a review.

F. Use of Estimates   The preparation of these financial statements, in conformity with generally accepted accounting principles, required the use of certain estimates by management determining the company's assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

G. Foreign Exchange   Assets and liabilities of the company's Mexican operation are translated using the exchange rate in effect at the year-end and revenues and expenses are translated at the average rate during the year. Exchange gains or losses on translation of the company's net equity investment in this subsidiary are deferred as a separate component of stockholders' equity. Foreign exchange gains and losses on transactions during the year are reflected in income.

H. Income Taxes   The company's provision for income taxes represents income taxes paid or payable for the current year adjusted for the change in deferred taxes during the year. Deferred income taxes reflect the net tax effects of temporary differences between the financial statement bases and the tax bases of assets and liabilities and are adjusted for changes in tax rates and tax laws when changes are enacted.

I. Segment Reporting   Effective January 1, 1998, the company adopted SFAS 131, "Disclosure about Segments of an Enterprise and Related Information" (SFAS 131). The company does not operate in more than one segment of business and no customer accounted for more than 10% of the company's sales. Assets and revenues related to the company's operation in Mexico accounted for less than 1% of the company's total.

J. Comprehensive Income   Effective January 1, 1998, the company adopted SFAS 130, "Reporting Comprehensive Income" (SFAS 130). In accordance with the provisions of SFAS 130, presentation of the company's comprehensive income is included within the company's Consolidated Statements of Stockholders' Equity.

K. Earnings Per Share   Effective January 1, 1997, the company adopted SFAS 128, "Earnings per Share" (SFAS 128). The provisions of SFAS 128 require computations of basic and diluted earnings per share. Diluted earnings per share reflects the potential dilution that could occur if outstanding stock options were converted into common stock. Dilutive shares used in the calculations for the years ended December 31, 1998, 1997 and 1996 were 5,480,131, 4,932,828 and 4,860,555, respectively. Basic earnings per share excludes dilution effects. Earnings per share for all years have been computed in accordance with SFAS 128.

L. Impairment of Long-Lived Assets   Effective January 1, 1996, the company adopted SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" (SFAS 121). The provisions of SFAS 121 require a review of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For the periods presented, the company does not believe that any impairment of long-lived assets occurred; therefore, the adoption of SFAS 121 did not have any effect on the company's financial statements.

M. Reclassifications   Certain prior period amounts have been reclassified to be consistent with the 1998 presentation.

Note 2. Acquisitions

1998   On January 16, 1998, the company acquired all of the outstanding shares of both Industrial Steel Treating Co. and Fabriform Metal Brazing, Inc. (collectively "Industrial"), related heat treating companies in the Los Angeles area which primarily service the aerospace industry, for $10.6 million. The purchase was effective as of January 1, 1998. On April 16, 1998, the company acquired all of the outstanding shares of Houston Heat Treating Company ("HHT") for $10.7 million. HHT primarily serves the oil and gas industry. On September

30, 1998, the company acquired all of the outstanding shares of Merrell Enterprises, Inc. (d/b/a Mann Aircraft Forming) of Gardena, California, a metal stretching and forming business, for $2.8 million. On November 12, 1998, the company acquired all of the outstanding shares of Quality Heat-Treat, Inc. ("Quality") and the assets of certain related companies of Quality for $8.5 million. Quality, located in Dallas, primarily serves the off-road vehicle and oilfield equipment industries.

1997 On July 31, 1997, the company acquired all of the outstanding shares of Ticorm, Inc. for $1.9 million of cash and $1.9 million of notes payable. On October 1, 1997, the company acquired the remaining 50% share of Alumatherm from its partner for $6.5 million of cash and $6.3 million of notes payable. Both of these acquired businesses are heat treating companies which serve the aerospace industry in the Los Angeles area.

Prior to the purchase of Alumatherm, the company reported Alumatherm under the equity method of accounting as an unconsolidated partnership. Accordingly, the Consolidated Statements of Earnings for the years ended December 31, 1997 and 1996 include its equity in Alumatherm's earnings during the periods in which it held its partnership interest.

1996 On May 31, 1996, the company acquired the assets of Vac-Hyd for $1.4 million of cash and a note payable of $900,000.

Cash payments made as part of each purchase were funded with additional borrowings under the company's revolving credit agreement. All of the acquisitions were accounted for using the purchase method; accordingly, the results of operations have been included in the consolidated totals of the company since the dates of their respective acquisitions. The cost of the acquisitions has been allocated to the assets and liabilities based on their estimated fair market value. With the exception of HHT, Industrial and Alumatherm, the acquired companies did not materially impact the consolidated financial position or results of operations for the periods presented. The allocation of the total cost of HHT, Industrial and Alumatherm is as follows: (in thousands)

	HHT	Industrial	Alumatherm
Property and Equipment	$ 9,261	$ 5,740	$ 3,525
Accounts Receivable	974	1,947	1,858
Other Assets	15	54	262
Goodwill	979	4,662	10,019
Accounts Payable	(11)	(157)	(273)
Other Liabilities	(518)	(1,632)	(788)
	$ 10,700	$ 10,614	$ 14,603 1

1 Includes the purchase price and elimination of the related equity investment account.

The following table presents pro forma information for the combined entities of Lindberg Corporation, HHT, Industrial and Alumatherm for the twelve months ended December 31, 1998 and 1997 assuming the acquisitions had taken place at the beginning of the periods presented: (in thousands, except per share data)

Unaudited	1998	1997
Net Sales	$ 127,051	$ 115,670
Earnings from Continuing Operations	9,793	8,485
Net Earnings	9,793	1,787
Per Diluted Share:		
Earnings from Continuing Operations	1.79	1.72
Net Earnings	1.79	.36

Pro forma adjustments include additional depreciation and interest charges, goodwill amortization, the reduction of certain other expenses and income tax effects. The pro forma information is provided for illustrative purposes only and is not necessarily reflective of the future results of the company or results of operations that would have actually occurred had the transactions been in effect for the periods presented.

Note 3. Discontinued Operations

On December 22, 1997, the Board of Directors approved a plan to sell the company's Precision Products business segment ("Precision Products"). Precision Products consisted of two aluminum die casting facilities (Impact Industries, Inc. and Arrow-Acme Company) and one aluminum semi-permanent mold foundry (Harris Metals). On April 22, 1998, the company sold certain assets of Impact Industries, Inc; on June 11, 1998, the company sold the assets of Harris Metals; and on January 18, 1999, it sold the assets of Arrow-Acme Company. The company received cash and a note in each transaction. Precision Products is reported as discontinued operations and the Consolidated Financial Statements have been reclassified to segregate the net assets and operating results of the business. The estimated loss recorded during 1997 for the sale of Precision Products was $6.7 million, which included a reduction in asset values of $5.8 million and a provision for anticipated closing costs and operating losses until disposal of $900,000. The loss was reported net of an income tax benefit of $800,000 for an after-tax loss of $5.9 million.

The loss on the sale of Precision Products was based on estimates of the proceeds expected to be realized on the sale of the operations. The amounts the company ultimately realized did not differ materially from the amounts assumed in arriving at the loss on disposal of the discontinued operations. Summary operating results of the discontinued operations for 1998, 1997 and 1996 are as follows: (in thousands)

	1998	1997	1996
Net Sales	$ 16,669	$ 34,567	$ 41,244
Costs and Expenses	17,016	35,835	40,945
Earnings (Loss) Before Taxes	(347)	(1,268)	299
Provision (Benefit) for Income Taxes	(141)	(514)	121
Net Income (Loss)	$ (206)	$ (754)	$ 178

At December 31, 1998, net assets of the discontinued operations of $2.1 million consisted of $400,000 of net current assets and $1.7 million of equipment.

Note 4. Income Taxes

The major components of the provision for income taxes for 1998, 1997 and 1996 are as follows: (in thousands)

		Current	Deferred	Total
1998	Federal	$ 4,816	$ 371	$ 5,187
	State	1,235	71	1,306
	Foreign	-	-	-
		$ 6,051	$ 442	$ 6,493
1997	Federal	$ 3,448	$ 269	$ 3,717
	State	800	51	851
	Foreign	107	-	107
		$ 4,355	$ 320	$ 4,675
1996	Federal	$ 2,142	$ 386	$ 2,528
	State	620	74	694
	Foreign	54	17	71
		$ 2,816	$ 477	$ 3,293

The differences between the provision for income taxes at the statutory rate and that shown in the Consolidated Statements of Earnings are summarized as follows: (in thousands)

	1998	1997	1996
Consolidated Pretax Earnings			

at Statutory Rate	$ 5,542	$ 3,956	$ 2,765
State Income Taxes, Net of Federal Tax Benefit	839	614	429
Other	112	105	99
	$ 6,493	$ 4,675	$ 3,293

</TABLE>

Significant components of the company's deferred tax liabilities and assets at December 31, 1998 and 1997 are as follows: (in thousands)

<TABLE>
<CAPTION>

	1998	1997
<S>	<C>	<C>
Deferred Tax Liabilities:		
Tax Depreciation Over Book	$ (7,451)	$ (6,104)
Reserve for Discontinued Operations	(27)	(840)
Other Liabilities	(782)	(482)
Total Deferred Tax Liabilities	$ (8,260)	$ (7,426)
Deferred Tax Assets:		
Reserves Not Deducted for Tax	$ 869	$ 761
Employee Benefit Provisions in Excess of Cash Payments	1,308	1,221
Other Assets	14	148
Total Deferred Tax Assets	$ 2,191	$ 2,130
Net Deferred Tax Liability	$ (6,069)	$ (5,296)
Included in Consolidated Balance Sheets in:		
Prepaid and Refundable Income Taxes	$ 987	$ 853
Deferred Income Taxes	(7,056)	(6,149)
	$ (6,069)	$ (5,296)

</TABLE>

Note 5. Debt

Long-term debt consists of the following: (in thousands)

<TABLE>
<CAPTION>

	1998	1997
<S>	<C>	<C>
Senior Notes	$ 8,000	$ 10,000
Revolving Credit	26,600	17,800
Notes Payable	161	8,366
	34,761	36,166
Less-Current Maturities	(2,077)	(10,303)
	$ 32,684	$ 25,863

</TABLE>

As of December 31, 1998, the company had in place an amended, unsecured revolving credit agreement with two banks providing a line of credit of $45 million.

The company may choose from two interest rate alternatives - (i) the bank's reference rate (prime rate) and (ii) a Eurodollar loan rate plus an applicable margin based on the company's ratio of funded debt to earnings before interest, taxes, depreciation and amortization. The effective interest rate for the agreement was 6.6% during both 1998 and 1997; the year-end rates were 6.3% and 6.7% for 1998 and 1997, respectively.

In February 1999, the agreement was amended to increase the total facility by $25 million to $70 million and to extend the maturity date of the agreement to December 2001.

The company also has outstanding senior notes which bear interest at 7.16% annually and mature in November 2002.

The revolving credit and senior note agreements contain various covenants which, among others, restrict the ability of the company to pay dividends beyond certain limits and require the company to meet certain financial ratios.

The company also has a second bank agreement which provides for the issuance of letters of credit, up to a maximum of $5,000,000. At December 31, 1998, a letter of credit totaling $4,250,000 was issued in accordance with an insurance agreement.

Annual maturities of long-term debt, excluding the revolving credit agreement, for the five years following December 31, 1998 are $2,077,000, $2,024,000, $2,026,000, $2,029,000 and $5,000, respectively.

Note 6. Leases

The company has a number of lease agreements related to the rental of production and administrative facilities and equipment. These are of varying terms and extend as far as the year 2007.

The following is a schedule of estimated future minimum rental payments required under leases that have initial or remaining noncancelable terms in excess of one year as of December 31, 1998: (in thousands)

	Annual Payments
1999	$ 2,216
2000	1,486
2001	1,165
2002	965
2003	621
Thereafter	785
	$ 7,238

The total rent expense for 1998, 1997 and 1996 was $2,452,000, $1,765,000 and $1,412,000, respectively.

Note 7. Employee Benefits

The company has various defined benefit pension plans covering many of its employees.

Effective January 1, 1998, the company adopted SFAS 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits" (SFAS 132). The provisions of SFAS 132 change the required disclosures for net pension expense, the reconciliations of the projected benefit obligation and the fair value of plan assets, and the funded status of pension plans. The pension expense related to these plans included amortization of past service cost over 30 years. The standards utilized by the company to fund the pension plans satisfy the minimum funding requirements under the provisions of ERISA.

Net pension expense for 1998, 1997 and 1996 included the following components: (in thousands)

	1998	1997	1996
Service Cost	$ 675	$ 727	$ 776
Interest Cost	1,245	1,226	1,159
Expected Return on Plan Assets	(1,596)	(1,494)	(1,431)
Amortization of:			
Unrecognized Net (Gain) Loss	(3)	(13)	42
Unrecognized Prior Service Cost	45	48	54
Unrecognized Net (Asset) Obligation	(147)	(103)	(145)
	$ 219	$ 391	$ 455

The following table provides a reconciliation of the changes in the projected benefit obligation and fair value of plan assets during the twelve months ending December 31, 1998 and 1997 and a statement of the funded status as of December 31, 1998 and 1997: (in thousands)

	1998	1998	1997	1997
	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets

Accumulated Benefit Obligation, December 31	$ 13,567	$ 1,570	$ 12,375	$ 1,535
Reconciliation of Projected Benefit Obligation:				
Projected Benefit Obligation, January 1	$ 15,969	$ 1,787	$ 15,064	$ 1,784
Service Cost	609	65	664	64
Interest Cost	1,129	116	1,100	127
Plan Amendments	-	-	126	-
Actuarial (Gain) Loss	823	(84)	-	-
Benefits Paid	(893)	(194)	(985)	(188)
Projected Benefit Obligation, December 31	$ 17,637	$ 1,690	$ 15,969	$ 1,787
Reconciliation of Fair Value of Plan Assets:				
Plan Assets at Fair Value, January 1	$ 20,796	$ 383	$ 18,025	$ 281
Actual Return on Plan Assets	1,385	28	3,708	53
Company Contributions	29	212	48	237
Benefits Paid	(893)	(194)	(985)	(188)
Plan Assets at Fair Value, December 31	$ 21,317	$ 429	$ 20,796	$ 383
Funded Status:				
Funded Status of the Plan, December 31	$ 3,680	$ (1,261)	$ 4,827	$ (1,404)
Unrecognized Net (Gain) Loss	(3,500)	422	(4,521)	519
Unrecognized Prior Service Cost	176	165	195	191
Unrecognized Net (Asset) Obligation	(747)	47	(919)	73
Net Amount Recognized	$ (391)	$ (627)	$ (418)	$ (621)

</TABLE>

<TABLE>
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The following table provides the amounts recognized in the Consolidated Balance Sheets as of December 31, 1998 and 1997: (in thousands)

<S>	<C>	<C>	<C>	<C>
Accrued Benefit Liability	$ (391)	$ (1,141)	$ (418)	$ (1,152)
Intangible Asset	-	220	-	273
Accumulated Comprehensive Income Adjustment	-	294	-	258
Net Amount Recognized	$ (391)	$ (627)	$ (418)	$ (621)

</TABLE>

The discount rate used in determining the projected benefit obligation was 7.0% and 7.5% in 1998 and 1997, respectively. The rate of increase in future compensation levels and the expected long-term rate of return on assets were 5.0% and 9.0%, respectively, in both 1998 and 1997.

The company also has various defined contribution plans. The company matches 50% of contributions up to 4% of compensation. Additionally, the company also contributes one percent of each employee's compensation for all those who are not participants in a defined benefit plan, have six months of service, and who are still participants in the 401(k) savings plan at the end of the year. The company made distributions for contributions and related expenses of $741,000, $598,000 and $544,000 to these defined contribution plans in 1998, 1997 and 1996, respectively.

The company provides no postretirement benefits other than the benefit plans listed above.

Note 8. Stock Options

The company administers a stock option plan for key employees. The plan provides for the issuance, from time to time, of options to purchase up to 675,000 shares of the company's common stock at prices not less than 100% of the fair market value of the stock at the time an option is granted. The following table summarizes information as to options granted, exercised, cancelled and outstanding under this plan.

<TABLE>
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	Shares	Average Option Price per Share
<S>	<C>	<C>
Outstanding, December 31, 1995	306,775	$ 6.29
Options Granted	72,900	7.50
Options Exercised	(51,750)	5.29
Options Cancelled	(9,700)	7.30
Outstanding, December 31, 1996	318,225	6.70
Options Granted	73,900	9.00
Options Exercised	(56,125)	6.26

Options Cancelled	(26,300)	7.52
Outstanding, December 31, 1997	309,700	7.26
Options Granted	182,300	12.81
Options Exercised	(42,355)	6.29
Options Cancelled	(6,575)	9.19
Outstanding, December 31, 1998	443,070	$ 9.61

</TABLE>

Effective January 1, 1996, the company adopted the disclosure-only option under SFAS 123, "Accounting for Stock Based Compensation" (SFAS 123). As such, the company continues to account for employee stock options under APB Opinion 25, as permitted under generally accepted accounting principles. Accordingly, no compensation cost has been recognized in the accompanying financial statements related to these options. Had compensation cost for these plans been determined consistent with SFAS 123, the company's net earnings and net earnings per share would have been the following: (in thousands, except per share data)

<TABLE>
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<S>	1998 <C>	1997 <C>	1996 <C>
Earnings From Continuing Operations			
As Reported	$ 9,538	$ 6,961	$ 4,838
Pro forma	9,309	6,863	4,783
Net Earnings			
As Reported	9,538	263	5,016
Pro forma	9,309	165	4,961
Diluted Earnings Per Share:			
Earnings From Continuing Operations			
As Reported	$ 1.74	$ 1.41	$ .99
Pro forma	1.70	1.39	.98
Net Earnings			
As Reported	1.74	.05	1.03
Pro forma	1.70	.03	1.02

</TABLE>

Since SFAS 123 does not apply to options granted prior to January 1, 1995, the pro forma disclosure is not likely to be indicative of pro forma results which may be expected in future years.

The fair values of the option grants are estimated at the date of grant using the Black-Scholes option pricing model. The following table provides the weighted-average assumptions and the fair values of the grants.

<TABLE>
<CAPTION>

<S>	1998 <C>	1997 <C>	1996 <C>
Risk-Free Interest Rate	4.9%	5.7%	6.5%
Dividend Yield	3.5%	2.1%	3.2%
Volatility	65.2%	40.1%	46.0%
Fair Value of Options	$ 5.83 - $6.01	$ 3.29	$ 2.83

</TABLE>

The options vest ratably over 4 years and are assumed to have an average life of 5 years.

The company also administers a stock option plan for members of the Board of Directors who are not employees of the company, covering a maximum of 150,000 shares. Under the terms of this plan, options to purchase an aggregate of 82,500 shares have been granted, of which 70,500 were outstanding at year-end. The average exercise price for the outstanding options is $8.39 per share. At December 31, 1998, 67,500 shares were available for future grant.

Note 9. Related Party

The company holds a 17% equity interest in Thixomat, Inc., a company formed to promote and commercialize Thixomolding(TM) technology. The Chairman of Thixomat serves on the Board of Directors of Lindberg. In addition, the President of Lindberg serves on Thixomat's Board of Directors. At December 31, 1998, the company held a $434,000 equity investment, accounted for at cost, in Thixomat.

Note 10. Commitments and Contingencies

The company is a party to various lawsuits and claims arising in the ordinary course of business. Management, after review and consultation with legal counsel, considers that any liability resulting from these matters would not materially affect the financial condition or results of operations of the company.

The company employs some environmentally hazardous materials. The company has made expenditures to comply with laws and regulations relating to the protection of the environment, including studies, investigations and remediation of ground contamination, and expects to make such expenditures in the future in its efforts to comply with existing and future requirements. While such expenditures to date have not materially affected the company's capital expenditures, competitive position, financial condition or results of operations, there can be no assurance that more stringent regulation or enforcement in the future will not have such effects.

In some cases, the company has notified state authorities of a possible need for remediation at sites it previously operated or currently operates. These include the environmental remediation assumed as part of its acquisition of Industrial in January 1998. At all such sites, costs which may be incurred are difficult to accurately predict until the level of contamination is determined, and would be subject to increase if more contamination is discovered during investigation or remediation or if state authorities require more remediation than anticipated. Such costs may be less if the contamination proves to be less than currently expected and to the extent costs are covered by insurance or are allocable to others.

The company has also been notified by various state and federal governmental authorities that they believe it may be a "potentially respon-sible party" or otherwise have responsibility with respect to clean-up obligations at four waste disposal sites which were never owned or operated by the company. The company is participating in negotiations for settlement with the relevant authorities or other parties believed by the company to be responsible for clean-up obligations and further believes its responsibility to be of a minor nature. Management believes that the ultimate outcome will not have a material effect on the company's financial condition or results of operations.

At December 31, 1998, the company had reserves of $2.2 million to cover future anticipated costs. The company has estimated a range of costs in establishing its reserves. Such reserves give no effect to possible recoveries from insurers or other potentially responsible parties nor do they reflect any discount for the several years over which investigation or remediation amounts may be paid out.

The company is also the subject of a pending investigation by the government and a qui-tam (whistle-blower) lawsuit regarding alleged violations of the Federal False Claims Act and wrongful termination. The company learned of the lawsuit in May 1998. The activities that are the subject of the investigation and lawsuit relate to only one plant and in the fourth quarter 1998, the company established reserves for the potential settlement of this claim.

Note 11. Capital Stock Change and Stockholder Rights Plan

In April 1998, the company's stockholders approved an amendment to the company's certificate of incorporation. This amendment changed the par value of the common stock from $2.50 to $0.01 per share and increased the number of authorized shares from 12 million to 25 million. The amendment also authorized a new class of preferred stock with par value of $0.01 per share and authorized 1 million such shares.

In 1996, the company declared a dividend distribution of one common share purchase right on each outstanding share of common stock. The rights become exercisable after a person or group acquires beneficial ownership of 20% or more of the common stock of the company or publicly announces a tender offer or exchange offer for 20% or more of the common stock. Initially, each right will entitle its holder to buy one share of common stock of the company at an exercise price of $40 per share. If a person or group acquires beneficial ownership of 20% or more of the outstanding common stock of the company: 1.) each right will entitle its holder to purchase shares of common stock of the company at one-half their market price, or, in certain circumstances, at their par value (currently $0.01 per share) and 2.) if the company or its assets are acquired in certain merger or other transactions, holders of rights may acquire common stock of the acquiring company having a market value of twice the exercise price of the right. Rights held by the 20% holder will become void and will not be exercisable to purchase shares at the reduced purchase price. The rights, which do not have voting rights, will expire on November 21, 2006 and may be redeemed by the company's board of directors at a price of $0.01 per right prior to their expiration or the accumulation of 20% or more of the company's common stock.

Note 12. Subsequent Event

On February 17, 1999, the company acquired all of the outstanding shares of Metal-Lab of Wisconsin, Inc. in Sturtevant, Wisconsin for $9.9 million. The acquisition was financed with bank borrowings.

Note 13. Quarterly Financial Data (Unaudited)

Summarized quarterly financial data for 1998 and 1997 are shown below:
(in thousands, except for per share amounts)

<TABLE>
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1998	March 31	June 30	September 30	December 31
<S>	<C>	<C>	<C>	<C>
Net Sales	$ 30,872	$ 33,034	$ 31,365	$ 29,798
Gross Profit	9,600	10,358	9,685	8,932
Net Earnings	$ 2,440	$ 2,683	$ 2,355	$ 2,060
Basic Net Earnings Per Share	$ .50	$ .55	$ .43	$ .35
Diluted Net Earnings Per Share	$ .48	$ .52	$ .41	$ .34
1997				
Net Sales	$ 20,646	$ 20,750	$ 20,955	$ 26,433
Gross Profit	6,121	5,128	5,381	8,462
Earnings From Continuing Operations	1,311	1,822	1,547	2,281
Loss From Discontinued Operations	(206)	(15)	(200)	(6,277) [1]
Net Earnings (Loss)	$ 1,105	$ 1,807	$ 1,347	$ (3,996)
Basic Earnings Per Share:				
Earnings From Continuing Operations	$ .27	$ .38	$ .32	$ .47
Loss From Discontinued Operations	(.04)	-	(.04)	(1.30)
Net Earnings (Loss)	$ .23	$ .38	$ .28	$ (.83)
Diluted Earnings Per Share:				
Earnings From Continuing Operations	$ .27	$ .37	$ .31	$ .46
Loss From Discontinued Operations	(.04)	-	(.04)	(1.25)
Net Earnings (Loss)	$ .23	$ .37	$ .27	$ (.79)

</TABLE>

1 The quarter ended December 31, 1997 includes a net charge of $5,944,000 related to the discontinuance of the company's Precision Products segment.

Report of Independent Public Accountants
To the Stockholders of Lindberg Corporation

We have audited the accompanying consolidated balance sheets of Lindberg Corporation (a Delaware Corporation) and subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of earnings, stockholders' equity and cash flows for the years ended December 31, 1998, 1997 and 1996. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lindberg Corporation and subsidiaries as of December 31, 1998 and 1997 and the results of its operations and its cash flows for the years ended December 31, 1998, 1997 and 1996, in conformity with generally accepted accounting principles.

Arthur Andersen LLP

Chicago, Illinois
January 22, 1999

Corporate Information

Annual Meeting The annual stockholders' meeting will be held on Tuesday, April 27, 1999, at 9 a.m., in the auditorium at Riverway, 6133 North River Road, Rosemont, Illinois. A formal notice of the meeting will be mailed to stockholders on or about April 1, 1999.

Board of Directors

George H. Bodeen 2,3
Chairman of the Board

Dr. Raymond F. Decker 1,2
Chairman, Thixomat, Inc.

Raymond A. Jean 1,3
President and
Chief Executive Officer
Varlen Corporation

John W. Puth 1,3
President
J.W. Puth Associates

J. Thomas Schanck 1,2
Retired Vice Chairman
Illinois Tool Works Inc.

Leo G. Thompson 3
President and
Chief Executive Officer

Committees of the Board:
1 Audit
2 Executive Compensation
3 Finance

Officers

George H. Bodeen
Chairman of the Board

Leo G. Thompson
President and
Chief Executive Officer

Stephen S. Penley
Senior Vice President and
Chief Financial Officer
Secretary

Michael W. Nelson
Senior Group Vice President

Paul J. McCarren
Group Vice President

Terrence D. Brown
Vice President

Geoffrey S. Calhoun
Vice President

Roger J. Fabian
Vice President

Jerome R. Sullivan
Vice President

Brian J. McInerney
Treasurer
Assistant Secretary

Stock Market Information

The company's common stock trades on the Nasdaq National Market tier of The Nasdaq Stock Market under the symbol LIND. The tables below show the range of high and low sales prices of the common stock as reported by the Nasdaq National Market and dividend payments during the past two years.

<TABLE>

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1998 Quarter	High Sale Price	Low Sale Price	Dividend Per Share
<S>	<C>	<C>	<C>
1st	$ 18.125	$ 12.750	$ .08
2nd	25.000	16.750	.08
3rd	20.250	12.375	.08
4th	14.250	8.375	.08
			$ .32

1997 Quarter	High Sale Price	Low Sale Price	Dividend Per Share
1st	$ 10.000	$ 8.500	$ .08
2nd	9.250	8.500	.08
3rd	12.500	9.000	.08
4rd	16.000	11.750	.08
			$ .32

</TABLE>

Stockholder Information

Stock Transfer Agent and Registrar
Harris Trust & Savings Bank Chicago, Illinois

Independent Public Accountants
Arthur Andersen LLP Chicago, Illinois

General Counsel
Bell, Boyd & Lloyd Chicago, Illinois

Corporate Offices
Lindberg Corporation
6133 North River Road, Suite 700
Rosemont, Illinois, 60018
847 823-2021

Form 10-K   A copy of the company's Annual Report to the Securities and Exchange Commission (Form 10-K), for the year ended December 31, 1998, is available to any stockholder upon written request to the Secretary of the Company, 6133 North River Road, Suite 700, Rosemont, Illinois, 60018.

Lindberg Corporation

U.S. Locations
Garden Grove, California
Gardena, California*
Huntington Park, California*
Los Angeles, California
Paramount, California*
Rancho Dominguez, California
Santa Fe Springs, California
Westminster, California
Berlin, Connecticut
Waterbury, Connecticut
Melrose Park, Illinois
Wichita, Kansas
Worcester, Massachusetts
Lansing, Michigan
Minneapolis, Minnesota
St. Louis, Missouri
Rochester, New York
Solon, Ohio
Tulsa, Oklahoma
Dallas, Texas
Houston, Texas*
New Berlin, Wisconsin
Racine, Wisconsin
Sturtevant, Wisconsin

Foreign Location
Monterrey, Mexico

SP 2000 Partnerships
Waterbury, Connecticut
Downers Grove, Illinois
Bedford Heights, Ohio
Solon, Ohio

Reading, Pennsylvania
Lexington, Tennessee
Clintonville, Wisconsin
New Berlin, Wisconsin

* 2 locations

EXHIBIT 21

SUBSIDIARIES OF REGISTRANT

Name	Where Incorporated
Alumatherm Heat Treating Company, L.L.C.	Delaware
Fabriform Metal Brazing, Inc.	California
Houston Heat Treating Company	Texas
Impind, Inc.	Delaware
Industrial Steel Treating Co.	California
Merrell Enterprises, Inc.	California
Metal-Lab of Wisconsin, Inc.	Wisconsin
Quality Heat-Treat, Inc.	Texas
Ticorm, Inc.	California
Lindberg de Mexico	Mexico

EXHIBIT 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included in this Form 10-K into the Company's previously filed Registration Statement Nos. 33-47323 and 33-60361.

Arthur Andersen LLP

Chicago, Illinois
March 25, 1999

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EXHIBIT 99.1

STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

The Company's Annual Report on Form 10-K, news releases and other public documents, as well as oral statements that may be made by or on behalf of the Company, contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are those that are not statements of historical fact, including statements regarding future revenues, expenses and profits. These forward-looking statements are subject to known and unknown risks, uncertainties or other factors which may cause the actual results of the Company to be materially different from the historical results or from any results expressed or implied by the forward- looking statements. Such risks and factors include, but are not limited to, those discussed below and under "Management's Discussion and Analysis of Results of Operations and Financial Condition" in the Company's Annual Report on Form 10-K. All cautionary statements made in this report should be read as being applicable to all related forward-looking statements wherever they appear.

Economy; Industry Concentration

The Company provides services to customers operating across a wide range of manufacturing industries, and its financial results have historically followed general economic conditions in the United States. The Company has benefited from the strong U.S. economy in recent years. However, a prolonged retrenchment in the general U.S. economy could have a material adverse effect on the Company's operating results and, ultimately, financial condition. In addition, due to the high fixed cost structure of the heat treating business, a reduction in the Company's sales volume can have a disproportionately adverse effect on its profitability.

The Company estimates that customers serving the commercial aerospace and automotive/light truck industries currently account for approximately 30-35% and 10-15%, respectively, of the Company's net sales. A significant decline in either commercial aircraft or automobile production could have a material adverse effect on the Company's business and financial condition, if the Company were unable to replace such business with orders from other industries. The Company's concentration in certain industries may change depending on the Company's acquisitions and the condition of the industries served by the Company.

Risks Associated with Acquisition Strategy

The Company's growth strategy includes acquisitions of heat treating businesses that complement its current operations. Although the Company believes that there are many suitable acquisition candidates, it may not be able to capitalize on certain opportunities due to potential sellers' valuations and competition from other prospective buyers. The Company's acquisition activities may involve certain other risks, including potential disruption to the Company's ongoing business, integration difficulties, difficulty implementing uniform standards, controls, procedures and policies, potential impairment of relationships with employees and customers, and potential liabilities of an acquired company. Future acquisitions may be financed by internally generated funds, bank borrowings, or public offerings or private placements of equity or debt securities, to the extent such financing opportunities are available to the Company. Any acquisitions funded by equity of the Company may be dilutive.

Approved Vendor Status

Many of the Company's customers are contractors or subcontractors to major manufacturers that impose stringent quality standards and that require their contractors and subcontractors to use only

approved vendors. The Company is an approved vendor for these major manufacturers and, as an approved vendor, it is subject to periodic audit and renewal of certifications. Should the Company lose its status as an approved vendor for one or more major manufacturers, the Company may suffer a loss in revenues and may incur additional costs in connection with seeking recertification.

Environmental Regulations

The Company is subject to federal, state and local environmental laws and regulations concerning emissions into the air, discharges into waterways and the generation, handling and disposal of waste materials. The Company's past expenditures relating to environmental compliance have not had a material adverse effect on the Company. However, there can be no assurance that changes in these laws and regulations or in their enforcement, or the discovery of new environmental issues requiring corrective measures in the future, will not adversely affect the Company's capital expenditures, earnings and competitive position.

Product and Other Liabilities

The Company's business may expose it to potential product liability claims in the event that a failure of a product containing parts treated by the Company results in personal injury or death. In addition, if any product with parts treated by the Company proves to be defective, the Company may be required to participate in a recall involving such product. Although the Company maintains various types of insurance coverage, there can be no assurance that such coverage will be adequate for liabilities that may be incurred or that it will continue to be available on terms acceptable to the Company.

The Company believes that it is in material compliance with applicable laws and regulations relating to occupational hazards and safety. However, the Company's operations entail risk of injury to production workers. There can be no assurance that the Company will not incur material costs and liabilities in connection with personal injuries suffered by its associates.

Risks Associated with Government Programs

The Company estimates that approximately 5% to 10% of the Company's net sales are generated from government contractors and subcontractors whose products are used by the defense industry. As a service provider to contractors and subcontractors of the U.S. government, the Company is directly and indirectly subject to various federal rules, regulations and orders applicable to government contracts. Although the Company believes that it is in material compliance with all such laws, any future violation could result in civil liability, cancellation or suspension of existing contracts or ineligibility for future contracts funded in whole or in part with federal funds. Future changes in these rules, regulations and orders may make compliance substantially more costly. In addition, a significant reduction in defense budgets in the future may adversely affect the Company's volume and margins.

Competition

Competition in the heat treating industry is intense. Companies generally compete on a local level for customers in a defined geographic area on the basis of timely delivery, quality and price. In certain markets, the Company competes against companies that may have larger facilities and greater resources in those markets.

Dependence upon Key Personnel

The Company's continued success will depend to a large extent upon the abilities and continued efforts of its senior management and upon the Company's ability to attract and retain highly qualified personnel, including personnel associated with businesses acquired by the Company. The loss of key members of the Company's management team could adversely affect the Company's results of operations and future growth prospects.

Volatility of Stock Price; Limited Public Float

The market price of the common stock is affected by a number of factors, including limited trading volume, variations in the Company's operating results, evolving business prospects and competitors, as well as general conditions in the economy and the financial markets. Also, the equity markets generally have experienced significant price and volume fluctuations in recent years. This volatility can impact significantly the stock price of many companies for reasons unrelated to their performance.

Although a public market exists for the common stock, trading activity has been limited. Due to the relatively small number of shares currently outstanding, the trading of a relatively small number of shares could subject the stock price to volatility and significantly affect the market price of the common stock.

Limitations on Change in Control

Certain provisions in the Company's Certificate of Incorporation and By-laws may have the effect of delaying, deferring or preventing a change in control of the Company, even if such a change would be beneficial to many stockholders. These provisions include a staggered board and super-majority stockholder vote or approval by a super-majority of the Board of Directors for a change in the number of directors. In addition, the board of directors has the authority, without further action by the stockholders, to issue up to one million shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof, and to issue authorized but unissued shares of common stock up to a maximum of 25 million shares. The Company's stockholder rights plan may also have the effect of discouraging a change in control of the Company, as could the elimination of stockholder action by written consent without a meeting, as the Company's charter provides. A two-thirds vote of the holders of the Company's voting securities is required for certain mergers and other major corporate transactions with holders of 10% or more of the Company's voting securities without approval of the Company's Board of Directors prior to such 10% ownership. Further, the Company has not opted out of the provision under Delaware law that imposes certain restrictions on any business combination between the Company and an "interested stockholder" as defined in the Delaware statute.