

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1999-07-27** | Period of Report: **1999-06-30**
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FILER

BADGER METER INC

CIK: **9092** | IRS No.: **390143280** | State of Incorpor.: **WI** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-06706** | Film No.: **99670608**
SIC: **3824** Totalizing fluid meters & counting devices

Business Address
4545 WEST BROWN DEER
ROAD
C/O CORPORATE
SECRETARY
MILWAUKEE WI 53223-0099
4143715887

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 1999

OR

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

For the transition period from _____ to _____

Commission File Number 1-6706

BADGER METER, INC.

(Exact name of registrant as specified in its charter)

Wisconsin

(State or other jurisdiction of
incorporation or organization)

39-0143280

(I.R.S. Employer
Identification No.)

4545 West Brown Deer Road, Milwaukee, Wisconsin

53223

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (414) 355-0400

None

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

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

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

Class -----	Outstanding at July 16, 1999 -----
Common Stock, \$1.00 par value	2,575,741
Class B Common Stock, \$.10 par value	1,072,086

BADGER METER, INC.

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Part I - Financial Information
BADGER METER, INC.

Item 1 Financial Statements

CONSOLIDATED CONDENSED BALANCE SHEETS
(Dollars in Thousands)

<TABLE>
<CAPTION>

Assets	June 30, 1999 -----	December 31, 1998 -----
--------	---------------------------	-------------------------------

<S>	(Unaudited)	<C>	<C>
Current assets:			
Cash	\$ 712	\$ 2,371	
Receivables	20,972	19,814	
Inventories:			
Finished goods	4,585	5,270	
Work in process	9,183	10,089	
Raw materials and purchased parts	7,484	7,044	
	-----	-----	
Total inventories	21,252	22,403	
Prepaid expenses	1,033	1,064	
	-----	-----	
Total current assets	43,969	45,652	
Property, plant and equipment, at cost	85,599	79,934	
Less accumulated depreciation	(45,130)	(42,523)	
	-----	-----	
Intangible assets, at cost less accumulated amortization	40,469	37,411	
Prepaid pension	1,354	1,452	
Deferred income taxes	6,010	6,262	
Other assets	2,938	2,930	
	-----	-----	
Other assets	3,619	3,238	
	-----	-----	
Total assets	\$ 98,359	\$ 96,945	
	=====	=====	

Liabilities and Shareholders' Equity

Current liabilities:			
Short-term debt	\$ 11,902	\$ 14,315	
Payables	9,653	10,174	
Accrued compensation and employee benefits	5,212	5,521	
Other accrued liabilities	4,703	4,386	
Income and other taxes	1,450	480	
	-----	-----	
Total current liabilities	32,920	34,876	
Accrued non-pension postretirement benefits	7,173	7,459	
Other accrued employee benefits	4,389	4,162	
Long-term debt	2,844	2,600	
Shareholders' equity:			
Common Stock	3,432	3,392	
Class B Common Stock	107	111	
Capital in excess of par value	13,301	12,732	
Reinvested earnings	42,945	39,198	
Less: Employee benefit stock	(2,595)	(2,606)	
Treasury stock, at cost	(6,157)	(4,979)	
	-----	-----	
Total shareholders' equity	51,033	47,848	
	-----	-----	
Total liabilities and shareholders' equity	\$ 98,359	\$ 96,945	
	=====	=====	

</TABLE>

See accompanying notes to consolidated condensed financial statements.

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BADGER METER, INC.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(Dollars in Thousands Except Share Amounts)
(Unaudited)

<TABLE>
<CAPTION>

Three Months Ended

Six Months Ended

	June 30,		June 30,	
	1999	1998	1999	1998
<S>	<C>	<C>	<C>	<C>
Net sales	\$ 38,512	\$ 36,430	\$ 76,909	\$ 69,929
Cost of sales	23,042	22,163	46,665	42,219
Gross margin	15,470	14,267	30,244	27,710
Selling, engineering and administration	10,635	10,530	21,651	21,236
Operating earnings	4,835	3,737	8,593	6,474
Interest expense	228	104	488	248
Earnings before income taxes	4,607	3,633	8,105	6,226
Provision for income taxes	1,773	1,338	3,120	2,334
Net earnings	\$ 2,834	\$ 2,295	\$ 4,985	\$ 3,892
Per share amounts: *				
Earnings per share:				
Basic	\$.77	\$.63	\$ 1.35	\$ 1.07
Diluted	\$.73	\$.59	\$ 1.27	\$ 1.00
Dividends declared - Common Stock	\$.18	\$.15	\$.36	\$.30
Dividends declared - Class B Common Stock	\$.16	\$.14	\$.32	\$.27
Shares used in computation of:				
Basic	3,663,794	3,632,886	3,684,441	3,622,874
Impact of dilutive stock options	237,881	269,990	238,234	278,057
Diluted	3,901,675	3,902,876	3,922,675	3,900,931

</TABLE>

* Earnings per share is computed independently for each of the quarters presented. Therefore, the sum of the quarterly earnings per share does not necessarily equal the total for the year.

See accompanying notes to consolidated condensed financial statements.

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BADGER METER, INC.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

(Dollars in Thousands)
(Unaudited)

<TABLE>
<CAPTION>

	Six Months Ended June 30,	
	1999	1998
	<C>	<C>
<S>		
Operating activities:		
Net earnings	\$ 4,985	\$ 3,892
Adjustments to reconcile net earnings to net cash provided by (used for) operations:		
Depreciation	3,044	2,609
Amortization	98	77
Noncurrent employee benefits	204	473
Changes in:		
Receivables	(1,158)	(216)
Inventory	1,151	904
Current liabilities other than short-term debt	457	(534)
Prepaid expenses and other	23	4
Total adjustments	3,819	3,317
Net cash provided by (used for) operations	8,804	7,209
Investing activities:		
Property, plant and equipment	(6,102)	(9,737)
Other - net	(381)	1,271
Net cash provided by (used for) investing activities	(6,483)	(8,466)
Financing activities:		
Bank borrowings (repayments)	(2,169)	181
Dividends	(1,238)	(1,056)
Stock options and ESSOP	642	2,015
Treasury stock transactions	(1,215)	(678)
Net cash provided by (used for) financing activities	(3,980)	462
Increase (decrease) in cash	(1,659)	(795)
Beginning of year	2,371	1,055
End of period	\$ 712	\$ 260
Supplemental disclosures of cash flow information:		
Cash paid (refunded) during the period for:		
Income taxes	\$ 1,974	\$ 2,178
Interest	\$ 517	\$ 335

</TABLE>

See accompanying notes to consolidated condensed financial statements.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

1. In the opinion of management, the accompanying unaudited consolidated condensed financial statements of Badger Meter, Inc. (the "Company") contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the consolidated condensed financial position at June 30, 1999 and the results of operations for the three and six-month periods ended June 30, 1999 and 1998 and the cash flows for the six-month periods ended June 30, 1999 and 1998. The results of operations for any interim period are not necessarily indicative of the results to be expected for the full year. Certain reclassifications have been made to the 1998 data to conform to the 1999 presentation.
2. The consolidated condensed balance sheet at December 31, 1998, was derived from amounts included in the Annual Report to Shareholders which was incorporated by reference in the Company's annual report on Form 10-K for the year ended December 31, 1998. Refer to the footnotes in those reports for a description of the accounting policies, which have been continued without change, and additional details of the Company's financial condition. The details in those notes have not changed except as a result of normal transactions in the interim.
3. During the six months ended June 30, 1999, the Company repurchased 35,436 shares of common stock for an aggregate purchase price of \$1,215,000.
4. The Company continues to address the year 2000 software issues as discussed in the Company's Annual Report to Shareholders for the year ended December 31, 1998. Many systems have already been updated while other systems are in process. All remaining upgrades are expected to be completed during the third quarter of 1999 and management does not expect to incur any significant costs in excess of normal software upgrade costs. Testing has begun and will continue until the implementation is complete. If the Company and its vendors do not properly address this issue, the Company could incur additional transaction processing costs and there could be interruptions in the Company's supply chain, resulting in increased costs as the Company obtains alternate vendors. However, the Company does not expect to have any significant problems with its products, systems or vendors as a result of this issue.
5. The various trusts of the Wright Family Voting Trust ("WFVT") continue to sell Company common stock for diversification purposes. The WFVT released for sale 34,984 shares in 1995, 38,850 shares in 1996, 21,400 shares in 1997, 49,450 shares in 1998 and 30,494 shares through the period ended June 30, 1999. The WFVT has indicated that these trusts presently intend to continue diversifying in the future. The Company does not have a commitment to purchase any of these shares.
6. In the ordinary course of business, the Company enters into various material purchase agreements with its vendors, some of which contain minimum purchase quantity commitments extending beyond one year. Future purchase commitments are not expected to exceed normal usage requirements.

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

Financial Condition

Receivables as of June 30, 1999 increased 5.8%, or \$1,158,000, from the December 31, 1998 balance primarily due to the increased sales. Inventories decreased 5.1% as efficient inventory management offset increased production requirements. Property, plant and equipment (at cost) increased \$5,665,000 in connection with completion of the Milwaukee facility expansion and remodeling plus other equipment purchases. Prepaid pension decreased \$252,000 since December 31, 1998, due to the recording of normal pension expense with no funding payments required due to the overfunded status of the plan.

Payables decreased \$521,000 since December 31, 1998 due to timing of payments. Income and other taxes payable increased \$970,000 due to the timing of estimated tax payments and a higher tax rate for 1999 compared to 1998. Changes in accrued non-pension postretirement benefits and other accrued employee benefits since December 31, 1998, were primarily due to the timing of benefit payments. Long-term debt increased \$244,000 due to the addition of a capital lease during the second quarter of 1999.

Since December 31, 1998, common stock and capital in excess of par value both increased due to new shares issued in connection with stock options exercised and ESSOP purchases. Treasury stock increased due to shares repurchased by the Company.

The Company paid down short-term debt by \$2,413,000 since December 31, 1998 as cash generated by operations exceeded cash requirements for fixed asset additions, dividends and stock repurchases.

As of June 30, 1999, the Company had approximately \$39,300,000 of credit lines with domestic and foreign banks of which \$11,902,000 was in use. This compares to \$11,557,000 in use at June 30, 1998 and \$14,315,000 at December 31, 1998. The Company believes that the present lines of credit are adequate to meet operating requirements.

Results of Operations

Net sales for the second quarter of 1999 of \$38,512,000 reflect a 5.7% increase over the second quarter of 1998. For the six-month period ended June 30, 1999, sales of \$76,909,000 represented a 10% increase over the first six months of 1998. These increases were primarily due to higher unit sales of both residential and commercial/industrial water meters, which offset lower sales of valves and automotive fluid meters. The increases also represent higher international sales of water meters, primarily into Mexico.

Gross margins increased from 39.2% in the second quarter of 1998 to 40.2% in the second quarter of 1999 due to favorable pricing and product mix offsetting higher manufacturing capacity costs. The six-month margins for 1999 were 39.3%, down from 39.6% for the first six months of 1998 due to the higher manufacturing capacity costs in the first quarter of 1999.

Selling, engineering and administrative costs increased only 1.0% for the second quarter of 1999 compared to the same quarter in 1998, and 2.0% for the six-month period, due to cost controls offsetting normal personnel and expense increases. Interest expense increased between the periods due to higher debt balances, including debt associated with the increased ESSOP loan. Also, interest related to the Milwaukee facility expansion was capitalized during 1998, but no such offset was made in 1999 due to completion of the expansion.

The effective tax rates for both the quarter and six-month periods of 1999 were estimated to be 38.5%, which is higher than the 1998 rates due to favorable tax credits in 1998 and impacts of foreign tax rates.

Earnings for the second quarter of 1999 were \$2,834,000, an increase of 23.5% over second quarter 1998 earnings of \$2,295,000. This increase was primarily due to the increases in sales and improved margins, while the Company's selling,

engineering and administration expenses increased only 1%. For the six-month periods, the 28.1% increase in net earnings was primarily due to the 10% increase in sales, while selling, engineering and administration expenses only increased 2%.

Other Matters

The Company is subject to contingencies relative to environmental laws and regulations. Currently, the Company is in the process of resolving issues relative to two landfill sites and litigation filed by the owner of property near one of the Company's plants, which alleges damage to property value by virtue of alleged spillage from past Company operations. Also, the Company is in the process of settling a suit alleging violation of Proposition 65, California's environmental regulation. The Company does not believe the ultimate resolution of these claims will have a material adverse effect on the Company's financial position or results of operations. Provision has been made for all known settlement costs. No other risks or uncertainties were identified that could have a material impact on operations and no long-lived assets have become permanently impaired in value.

Part II - Other Information

Item 4 Submission of Matters to a Vote of Security Holders

(a) The Annual Meeting of Shareholders was held April 23, 1999.

(b) 1. The following table represents the aggregate votes related to the election of directors:

<TABLE>
<CAPTION>

NAME ----	Votes FOR -----	Votes WITHHELD -----	Not Voted -----
<S>	<C>	<C>	<C>
DIRECTORS ELECTED TO THREE-YEAR TERMS EXPIRING AT 2002 ANNUAL MEETING			
James L. Forbes	12,628,832	11,834	766,518
Charles F. James, Jr.	12,628,950	11,716	766,518
John J. Stollenwerk	12,629,240	11,426	766,518
James O. Wright, Jr.	12,629,351	11,315	766,518
DIRECTOR ELECTED TO A TWO-YEAR TERM EXPRING AT THE 2001 ANNUAL MEETING			
Robert D. Belan	12,627,998	12,668	766,518

</TABLE>

2. DIRECTORS CONTINUING IN OFFICE WITH TERMS EXPIRING AT THE 2000

ANNUAL MEETING
 James O. Wright
 Robert M. Hoffer
 Andrew J. Policano

3. DIRECTORS CONTINUING IN OFFICE WITH TERMS EXPIRING AT THE 2001 ANNUAL MEETING
 Kenneth P. Manning
 Donald J. Schuenke
 Pamela B. Strobel

(c) 1. Proxies were solicited to restate the Restated Articles of Incorporation to (i) provide that all outstanding shares of Class B Common Stock will automatically be converted into shares of Common Stock on a share-for-share basis upon the closing of a public offering of Common Stock with gross proceeds to the Company of not less than \$20,000,000 (a "Qualified Public Offering"); (ii) provide that Section 180.1150 of the Wisconsin Business Corporation Law will become applicable to the Company upon the closing of a Qualified Public Offering; and (iii) eliminate certain provisions of the Restated Articles relating to the initial issuance of the Class B Common Stock in 1986 that are no longer relevant. There was no solicitation in opposition to these amendments. The restating of the Restated Articles required the affirmative vote of a majority of the votes entitled to be cast at the meeting by the holders of Common Stock and holders of Class B Common Stock, each voting separately as a class, as well as the affirmative vote of a majority of the votes entitled to be cast at the meeting by all shareholders voting together as a single class. The proposal passed with 75% of the votes of holders of Common Stock, 95.4% of the votes of holders of Class B shares, and a combined vote of 91.4% of the total votes entitled to be cast at the meeting. As of the record date, February 26, 1999, the total number of votes represented by shares of Common Stock and Class B Common Stock was 13,405,624. The following table represents the aggregate votes cast on the restatement proposal:

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<TABLE>
 <CAPTION>

	Votes FOR -----	Votes AGAINST -----	Votes ABSTAIN -----	Broker NON-VOTES -----
<S>	<C>	<C>	<C>	<C>
Common Stock	1,941,173	18,643	27,617	335,273
Class B Common Stock	10,317,960	0	0	0
Common and Class B Voting as a Single Class	12,259,133	18,643	27,617	335,273

</TABLE>

2. Proxies were solicited for the adoption of the Badger Meter, Inc. 1999 Stock Option Plan. There were no solicitations in opposition to the proposed adoption of the plan, and the plan was adopted with 98.8% votes in favor of its adoption. The following table represents the aggregate votes related to the adoption of the stock option plan:

<TABLE>
 <CAPTION>

	Votes FOR -----	Votes AGAINST -----	Votes ABSTAIN -----
<S>	<C>	<C>	<C>
	12,468,263	112,953	31,618

</TABLE>

(d) Not applicable.

Item 5 Market for Registrant's Common Equity and Related Stockholder Matters

A shareholder wishing to include a proposal pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended ("Rule 14a-8"), in the proxy statement for the 2000 Annual Meeting of Shareholders must forward the proposal to the company by November 23, 1999. In addition, a shareholder who otherwise intends to present business at the 2000 Annual Meeting (including nominating persons for election as directors) must comply with the requirements set forth in the Company's Restated By-laws. Among other things, to bring business before an annual meeting, a shareholder must give written notice thereof, complying with the Restated By-laws, to the Secretary of the Company not less than 60 days and not more than 90 days prior to the second Saturday in the month of April (subject to certain exceptions if the annual meeting is advanced or delayed a certain number of days). Accordingly, if the Company does not receive notice of a shareholder proposal submitted otherwise than pursuant to Rule 14a-8 prior to February 8, 2000, then the notice will be considered untimely and the Company will not be required to present such proposal at the 2000 Annual Meeting. If the Board of Directors chooses to present such proposal at the 2000 Annual Meeting, then the persons named in the proxy solicited by the Board of Directors for the 2000 Annual Meeting may exercise discretionary voting power with respect to such proposal.

Item 6 Exhibits and Reports on Form 8-K

(a) Exhibits:

- (3.0) (i) Articles of Incorporation
- (3.0) (ii) By-laws
- (27.0) Financial Data Schedule

(b) Reports on Form 8-K:

There were no reports on Form 8-K filed for the three months ended June 30, 1999.

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SIGNATURE

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

BADGER METER, INC.

Dated: July 27, 1999

By /s/ Richard A. Meeusen

Richard A. Meeusen
Vice President - Finance
and Treasurer
Chief Financial Officer

By /S/ Beverly L.P. Smiley

Beverly L.P. Smiley
Corporate Controller

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(27.0)	Financial Data Schedule	

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RESTATED
ARTICLES OF INCORPORATION
OF
BADGER METER, INC.

The following Restated Articles of Incorporation duly adopted pursuant to the authority and provisions of Chapter 180 of the Wisconsin Statutes supersede and take the place of the existing articles of incorporation and amendments thereto:

ARTICLE FIRST

The name of this Corporation is "BADGER METER, INC."

ARTICLE SECOND

The Corporation may engage in any lawful activity within the purposes for which corporations may be organized under the Wisconsin Business Corporation Law.

ARTICLE THIRD

Until such time as no shares of Class B Common Stock are issued and outstanding, Sections (B1) through (B8) of this Article Third shall govern and be applicable. From and after such time as no shares of Class B Common Stock are issued and outstanding, Sections (A1) through (A5) of this Article Third shall govern and be applicable.

At such time as Sections (B1) through (B8) of this Article Third shall no longer govern and apply, the appropriate officers of the corporation shall promptly (i) cause to be prepared and duly filed with the Wisconsin Department of Financial Institutions such documents as are necessary to restate these Restated Articles of Incorporation to eliminate Sections (B1) through (B8) of this Article Third and any other words, sentences, clauses or paragraphs contained in these Restated Articles of Incorporation providing for or relating to Class B Common Stock and/or the conversion of shares of Class B Common Stock into shares of Common Stock and (ii) cause to be prepared and sent to registered holders of Common Stock a notice, which may be included in another communication to shareholders generally, to the effect that such action has been taken.

(A1) Stock.

(a) The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is forty (40) million shares, consisting of a single class designated "Common Stock" having a par value of one dollar (\$1.00) per share.

(b) Any and all such shares of Common Stock may be issued for such consideration, not less than the par value thereof, as shall be fixed from time to time by the Board of Directors. Any and all such shares so issued, the full consideration for which has been paid or delivered, shall be deemed fully paid stock and shall not be liable to any further call or assessment thereon, and the holders of such shares shall not be liable for any further payments except as otherwise provided by applicable Wisconsin law.

(A2) Voting Rights and Powers.

With respect to all matters upon which shareholders are entitled to vote or to which shareholders are entitled to give consent, every holder of any outstanding shares of Common Stock shall be entitled to cast thereon one (1) vote in person or by proxy for each share of Common Stock standing in his name on the stock transfer records of the Corporation.

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(A3) Dividends and Distributions.

The holders of Common Stock shall be entitled to receive dividends when and if declared by the Board of Directors out of any funds legally available for the payment of such dividends.

(A4) No Preemptive Rights.

No holder of shares of stock or other securities of the Corporation shall be entitled as a matter of right to subscribe for, purchase or receive any part of any issue of stock of the Corporation of any class either at present authorized or of any future increase or creation, including without limitation, any securities convertible into stock of any class, except as the Corporation in the discretion of the Board of Directors may elect or contract to extend such right.

(B1) Stock.

(a) The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is forty (40) million shares, consisting of twenty (20) million shares of a class designated "Common Stock" having a par value of one dollar (\$1.00) per share, and twenty (20)

million shares of a class designated "Class B Common Stock" of a par value of ten cents (\$.10) per share.

(b) Any and all such shares of Common Stock and Class B Common Stock may be issued for such consideration, not less than the par value thereof, as shall be fixed from time to time by the Board of Directors. Any and all such shares so issued, the full consideration for which has been paid or delivered, shall be deemed fully paid stock and shall not be liable to any further call or assessment thereon, and the holders of such shares shall not be liable for any further payments except as otherwise provided by applicable Wisconsin law.

(B2) Voting Rights and Powers.

With respect to all matters upon which shareholders are entitled to vote or to which shareholders are entitled to give consent, the holders of the outstanding shares of Common Stock and the holders of the outstanding shares of Class B Common Stock shall vote together as a single class, and every holder of any outstanding shares of Common Stock shall be entitled to cast thereon one (1) vote in person or by proxy for each share of Common Stock standing in his name on the stock transfer records of the Corporation, and every holder of any outstanding shares of Class B Common Stock shall be entitled to cast thereon ten (10) votes in person or by proxy for each share of Class B Common Stock standing in his name on the stock transfer records of the Corporation; provided that, with respect to any proposed amendment to these Restated Articles of Incorporation which would increase or decrease the number of authorized shares of either the Common Stock or the Class B Common Stock, increase or decrease the par value of the shares of the Common Stock or the Class B Common Stock, or alter or change the powers, preferences, relative voting power or special rights of the shares of the Common Stock or the Class B Common Stock so as to affect them adversely, the approval of a majority of the votes entitled to be cast by the holders of the class affected by the proposed amendment, voting separately as a class, shall be obtained in addition to the approval of a majority of the votes entitled to be cast by the holders of the Common Stock and the Class B Common Stock voting together as a single class as herein before provided. All Directors shall be elected by holders of Common Stock and Class B Common Stock voting as a single class.

(B3) Dividends and Distributions.

(a) Cash Dividends. As and when cash dividends may be declared from time to time by the Board of Directors, the cash dividend payable with respect to each share of the Common Stock shall in all cases be in an amount equal to one hundred ten percent (110%) of the amount of the cash dividend payable with respect to each share of the Class B Common Stock. Cash dividends may be declared and payable with respect to the Common Stock without a concurrent cash dividend declared and payable with respect to the Class B Common Stock. Distributions declared by the Board of Directors to be in connection with the partial or complete liquidation of the Corporation or any of its subsidiaries shall not be

considered to be cash dividends for the purposes of this Section (B3).

(b) Other Dividends and Distributions. Each share of Common Stock and Class B Common Stock shall be equal in respect of rights to dividends (other than those payable in cash) and distributions (including distributions declared by the Board of Directors to be in connection with the partial or complete liquidation of the Corporation or any of its subsidiaries) when and as declared, in the form of stock or other property of the Corporation, except that in the case of dividends or other distributions payable in stock of the Corporation, including distributions pursuant to stock split-ups or divisions, only shares of Common Stock shall be distributed with respect to the Common Stock and only shares of Class B Common Stock shall be distributed with respect to the Class B Common Stock.

(B4) Restrictions on Transfer of the Class B Common Stock.

(a) No beneficial owner (as hereinafter defined) of shares of Class B Common Stock (hereinafter referred to as a "Class B Shareholder") may transfer, and the Corporation shall not register the transfer of, shares of Class B Common Stock, whether by sale, assignment, gift, bequest, appointment or otherwise, except to a Permitted Transferee of such Class B Shareholder. A "Permitted Transferee" shall be defined as (i) the Class B Shareholder and any other Class B Shareholder; (ii) the spouse of the Class B Shareholder; (iii) any parent and any lineal descendant (including any adopted child) of any parent of the Class B Shareholder or of the Class B Shareholder's spouse; (iv) any trustee, guardian or custodian for, or any executor, administrator or other legal representative of the estate of, any of the foregoing Permitted Transferees; (v) the trustee of a trust (including a voting trust) for the benefit of such Class B Shareholder and/or any of his or her Permitted Transferees; (vi) any corporation, partnership or other entity if a majority of the beneficial ownership thereof is held by the Class B Shareholder and/or any of his or her Permitted Transferees; (vii) any Director of the Corporation; and (viii) any officer of the Corporation elected or appointed by the Corporation's Board of Directors and (ix) any trustee of a trust created or organized in the United States and forming part of a stock bonus, pension or profit sharing plan of the Company for the exclusive benefit of the employees or their beneficiaries. If a Class B Shareholder and all of his or her Permitted Transferees cease, for whatever reason, to hold a majority of the beneficial ownership of any corporation, partnership or other entity specified in clause (vi) above, then any and all shares of Class B Common Stock held by such corporation, partnership or other entity will automatically, without further deed or action, be converted into a like number of shares of Common Stock. For the purpose of this Section (B4) the term "beneficial owner(s)" of any shares of Class B Common Stock shall mean a person or persons who, or entity or entities which, have or share the power, either singly or jointly, to direct the voting or disposition of such shares.

(b) For purposes of this Section (B4), a transfer shall not include (i) a distribution by a corporation to its shareholders pursuant to a dissolution, liquidation, dividend or similar distribution, (ii) a distribution to partners of a partnership in proportion to their partnership interests or (iii) a disposition of a trust to any beneficiaries of such trust pursuant to the terms of such trust.

(c) Notwithstanding anything to the contrary set forth herein, any Class B Shareholder may pledge his shares of Class B Common Stock to a pledgee pursuant to a bona fide pledge of such shares as collateral security for indebtedness due to the pledgee, provided that such shares shall not be transferred to or registered in the name of the pledgee and shall remain subject to the provisions of this Section (B4). In the event of foreclosure or other similar action by the pledgee, such pledged shares of Class B Common Stock may only be transferred to a Permitted Transferee of the pledgor or converted into shares of Common Stock, as the pledgee may elect.

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(d) Any purported transfer of shares of Class B Common Stock not permitted hereunder shall be void and of no effect. The purported transferee shall have no rights as a shareholder of the Corporation and no other rights against, or with respect to, the Corporation, except the right to receive shares of Common Stock upon the conversion of his shares of Class B Common Stock into shares of Common Stock. The Corporation may, as a condition to the transfer or the registration of a transfer of shares of Class B Common Stock to a purported Permitted Transferee, require the furnishing of such affidavits or other proof as it deems necessary to establish that such transferee is a Permitted Transferee.

(e) The Corporation shall note on the certificates for shares of Class B Common Stock the restrictions on transfer and registration of transfer imposed by this Section (B4).

(f) Shares of Class B Common Stock shall be registered in the name(s) of the beneficial owner(s) thereof and not in "street" or nominee name.

(B5) Conversion of the Class B Common Stock.

(a) Each share of Class B Common Stock may at any time or from time to time, at the option of the respective holder thereof, be converted into one (1) fully paid and nonassessable share of Common Stock. Such conversion right shall be exercised by the surrender of the certificate representing such

share of Class B Common Stock to be converted to the Corporation at any time during normal business hours at the principal executive offices of the Corporation (to the attention of the Secretary of the Corporation), or if an agent for the registration or transfer of shares of Class B Common Stock is then duly appointed and acting (said agent being referred to in this Article Third as the "Transfer Agent") then at the office of the Transfer Agent, accompanied by a written notice of the election by the holder thereof to convert and (if so required by the Corporation or the Transfer Agent) by instruments of transfer, in form satisfactory to the Corporation and to the Transfer Agent, duly executed by such holder or his duly authorized attorney, and transfer tax stamps or funds therefor, if required pursuant to Paragraph (e) of this Section (B5).

(b) As promptly as practicable after the surrender for conversion of a certificate representing shares of Class B Common Stock in the manner provided in Paragraph (a) of this Section (B5), and the payment in cash of any amount required by the provisions of Paragraphs (a) and (e) of this Section (B5), the Corporation will deliver or cause to be delivered at the office of the Transfer Agent to, or upon the written order of, the holder of such certificate, a certificate or certificates representing the number of full shares of Common Stock issuable upon such conversion, issued in such name or names as such holder may direct. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of the surrender of the certificate representing shares of Class B Common Stock, and all rights of the holder of such shares as such holder shall cease at such time and the person or persons in whose name or names the certificate or certificates representing the shares of Common Stock are to be issued shall be treated for all purposes as having become the record holder or holders of such shares of Common stock at such time; provided, however, that any such surrender and payment on any date when the stock transfer records of the Corporation shall be closed shall constitute the person or persons in whose name or names the certificate or certificates representing shares of Common Stock are to be issued as the record holder or holders thereof for all purposes immediately prior to the close of business on the next succeeding day on which such stock transfer records are open.

(c) No adjustments in respect of dividends shall be made upon the conversion of any share of Class B Common Stock; provided, however, that if a share of Class B Common Stock shall be converted subsequent to the record date for the payment of a dividend or other distribution on shares of Class B Common Stock but prior to such payment, the registered holder of such share at the close of business on such record date shall be entitled to receive the dividend or other distribution payable in the amount declared per share of Class B Common Stock on the date set for payment of such dividend or other distribution notwithstanding the conversion thereof or the Corporation's default in payment of the dividend or distribution due on such date.

(d) The Corporation covenants that it will at all times reserve and keep available, solely for the purpose of issuance upon conversion of the outstanding shares of Class B Common Stock, such number of shares of Common Stock as shall be issuable upon the conversion of all such outstanding shares; provided, that nothing contained herein shall be construed to preclude the Corporation from satisfying its obligations in respect of the conversion of the outstanding shares of Class B Common Stock by delivery of purchased shares of Common Stock which are held in the treasury of the Corporation. The Corporation covenants that if any shares of Common Stock required to be reserved for purposes of conversion hereunder, require registration with or approval of any governmental authority under any federal or state law before such shares of Common Stock may be issued upon conversion, the Corporation will cause such shares to be duly registered or approved, as the case may be. The Corporation will endeavor to list the shares of Common Stock required to be delivered upon conversion prior to such delivery upon each national securities exchange, if any, upon which the outstanding Common Stock is listed at the time of such delivery. The Corporation covenants that all shares of Common Stock which shall be issued upon conversion of the shares of Class B Common Stock, will, upon issue, be fully paid and nonassessable and not subject to any preemptive rights.

(e) The issuance of certificates for shares of Common Stock upon conversion of shares of Class B Common Stock shall be made without charge for any stamp or other similar tax in respect of such issuance. However, if any such certificate is to be issued in a name other than that of the holder of the share or shares of Class B Common Stock converted, the person or persons requesting the issuance thereof shall pay to the Corporation the amount of any tax which may be payable in respect of any transfer involved in such issuance or shall establish to the satisfaction of the Corporation that such tax has been paid.

(f) Upon the earlier to occur of (i) a Qualified Public Offering (as defined below) or (ii) the date on which the number of outstanding shares of Class B Common Stock falls below two percent (2%) of the aggregate number of shares of Common Stock and Class B Common Stock then outstanding, the outstanding shares of Class B Common Stock shall be deemed without further act on anyone's part to be immediately and automatically converted into shares of Common Stock, and stock certificates formerly representing outstanding shares of Class B Common Stock shall thereupon and thereafter be deemed to represent a like number of shares of Common Stock. "Qualified Public Offering" shall mean the closing of a firm commitment underwritten public offering of Common Stock pursuant to an effective registration statement (other than a registration statement relating to an offer and sale of Common Stock to employees of, or other persons providing services to, the Corporation pursuant to an employee benefit plan, registered on Form S-8 or a successor form) under the Securities Act of 1933, as amended, with gross proceeds from the sale of such Common Stock by the Corporation of not less than \$20 million. If a share of Class B Common Stock shall be converted into Common Stock pursuant to this Paragraph (f)

subsequent to the record date for the determination of shareholders entitled to vote at a meeting of shareholders or upon a matter otherwise presented for a shareholder vote, but prior to such meeting or vote, then the registered holder of each share of Common Stock and Class B Common Stock at the close of business on such record date shall be entitled to one (1) vote for each share at such meeting or for such vote on each matter presented for a vote by the holders of Common Stock and/or Class B Common Stock.

(B6) Issuance of the Class B Common Stock.

The Board of Directors may only issue shares of the Class B Common Stock in the form of a distribution or distributions pursuant to a stock dividend on or split-up of the shares of the Class B Common Stock and only to the then holders of the outstanding shares of the Class B Common Stock in conjunction with and in the same ratio as a stock dividend on or split-up of the shares of the Common Stock. Except as provided in this Section (B6), the Corporation shall not issue additional shares of Class B Common Stock, unless otherwise approved by the affirmative vote of the holders of a majority of the outstanding shares of the Common Stock and Class B Common Stock entitled to vote, voting together as a single class, as provided in Section (B2) of this Article Third.

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(B7) No Preemptive Rights.

No holder of shares of any class of stock or any other class of securities of the Corporation shall be entitled as a matter of right to subscribe for, purchase or receive any part of any issue of stock of the Corporation of any class either at present authorized or of any future increase or creation, including without limitation, any securities convertible into stock of any class, except as the Corporation in the discretion of the Board of Directors may elect or contract to extend such right.

(B8) Wisconsin Control Share Statute.

Outstanding shares of any class of capital stock of the Corporation shall not be subject to the limited voting provisions of Section 180.1150 of the Wisconsin Business Corporation Law. On and after the date of a Qualified Public Offering (as defined above), this Section (B8) shall be null and void and without legal effect.

ARTICLE FOURTH

(1) Number, Classification and Tenure of Directors.

There shall be a Board of Directors which shall consist of such number of Directors as shall from time to time be specified in the Bylaws but which shall not be less than three (3). The Directors shall be divided into three classes, designated Class I, Class II, and Class III, and all classes shall be as nearly equal in number as possible. The terms of office of the Directors initially classified shall be as follows: at the 1998 Annual Meeting of Shareholders, Class I Directors shall be elected for a one-year term expiring at the next Annual Meeting of Shareholders, Class II Directors shall be elected for a two-year term expiring at the second succeeding Annual Meeting of Shareholders, and Class III Directors shall be elected for a three-year term expiring at the third succeeding Annual Meeting of Shareholders. At each Annual Meeting of Shareholders after such initial classification, Directors to replace those whose terms expire at such Annual Meeting shall be elected to hold office until the third succeeding Annual Meeting. Each Director shall hold office until the expiration of his term and until his successor is elected and qualified or until his earlier death, resignation or removal. If the number of Directors is changed, (a) any newly created directorships or any decrease in directorship shall be so portioned among the classes as to make all classes as nearly as equal as possible, and (b) when the number of Directors is increased by the Board of Directors and any newly created directorships are filled by the Board of Directors, there shall be no classification of the additional Directors until, and the terms of the additional Directors shall expire at, the next Annual Meeting of Shareholders.

(2) Removal of Directors.

A Director may be removed only for cause and only by the shareholders by the affirmative votes of a majority of the votes entitled to be cast upon removing him at a meeting called for the purpose of removing him, and the meeting notice must state that the purpose, or one of the purposes, of the meeting is removal of the Director and must state the reason or reasons why the Director is subject to removal.

(3) Amendments.

Notwithstanding any other provision of these Restated Articles of Incorporation, the provisions of this Article Fourth shall be amended, altered, changed or repealed only by the affirmative vote of shareholders holding at least seventy percent (70%) of the voting power of the then outstanding shares of all classes of capital stock of the Company, considered for this purpose as a single class.

The majority affirmative voting requirements of Section 180.25(2) of the Wisconsin Statutes are hereby expressly elected and deemed applicable to this Corporation as if this Corporation had been organized after January 1, 1973. These Restated Articles of Incorporation may be amended by resolution setting forth such amendment or amendments adopted at any meeting of the shareholders of the Corporation by a vote of at least a majority of the votes represented by shares of all of the Common Stock and Class B Common Stock of the Corporation then outstanding, except as set forth herein or as restricted by the statutes of the State of Wisconsin.

ARTICLE SIXTH

The address of the registered office of the corporation at the time of adoption of these Restated Articles of Incorporation is 4545 West Brown Deer Road, Brown Deer, Wisconsin (P.O. address: Milwaukee, Wisconsin 53223); and the name of the registered agent at such address is Deirdre C. Elliott.

* * *

RESTATED BY-LAWS
OF
BADGER METER, INC.
(AS AMENDED APRIL 23, 1999)

ARTICLE I
SHAREHOLDERS

Section 1. Annual Meeting. The annual meeting of the shareholders (the "Annual Meeting") shall be held on the second Saturday in April of each year, or at such other time and date as may be fixed by resolution of the Board of Directors. In fixing a meeting date for any Annual Meeting, the Board of Directors may consider such factors as it deems relevant within the good faith exercise of its business judgment. At each Annual Meeting, the shareholders shall elect that number of directors equal to the number of directors in the class whose term expires at the time of such meeting. At any such Annual Meeting, only other business properly brought before the meeting in accordance with Section 12 of Article I of these By-laws may be transacted. If the election of directors shall not be held on the date designated herein, or fixed as herein provided, for any Annual Meeting, or any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of shareholders (a "Special Meeting") as soon thereafter as is practicable.

Section 2. Special Meetings.

(a) A Special Meeting may be called only by (i) the Chairman , (ii) the Chief Executive Officer or (iii) the Board of Directors and shall be called by the Chief Executive Officer upon the demand, in accordance with this Section 2, of the holders of record of shares representing at least 10% of all the votes entitled to be cast on any issue proposed to be considered at the Special Meeting.

(b) In order that the Corporation may determine the shareholders entitled to demand a Special Meeting, the Board of Directors may fix a record date to determine the shareholders entitled to make such a demand (the "Demand Record Date"). The Demand Record Date shall not precede the date upon which the resolution fixing the Demand Record Date is adopted by the Board of Directors and shall not be more than ten days after the date upon which the

resolution fixing the Demand Record Date is adopted by the Board of Directors. Any shareholder of record seeking to have shareholders demand a Special Meeting shall, by sending written notice to the Secretary of the Corporation by hand or by certified or registered mail, return receipt requested, request the Board of Directors to fix a Demand Record Date. The Board of Directors shall promptly, but in all events within ten days after the date on which a valid request to fix a Demand Record Date is received, adopt a resolution fixing the Demand Record Date and shall make a public announcement of such Demand Record Date. If no Demand Record Date has been fixed by the Board of Directors within ten days after the date on which such request is received by the Secretary, the Demand Record Date shall be the 10th day after the first date on which a valid written request to set a Demand Record Date is received by the Secretary. To be valid, such written request shall set forth the purpose or purposes for which the Special Meeting is to be held, shall be signed by one or more shareholders of record (or their duly authorized proxies or other representatives), shall bear the date of signature of each such shareholder (or proxy or other representative) and shall set forth all information about each such shareholder and about the beneficial owner or owners, if any, on whose behalf the request is made that would be required to be set forth in a shareholder's notice described in paragraph (a) (ii) of Section 12 of Article I of these By-laws.

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(c) In order for a shareholder or shareholders to demand a Special Meeting, a written demand or demands for a Special Meeting by the holders of record as of the Demand Record Date of shares representing at least 10% of all the votes entitled to be cast on any issue proposed to be considered at the Special Meeting must be delivered to the Corporation. To be valid, each written demand by a shareholder for a Special Meeting shall set forth the specific purpose or purposes for which the Special Meeting is to be held (which purpose or purposes shall be limited to the purpose or purposes set forth in the written request to set a Demand Record Date received by the Corporation pursuant to paragraph (b) of this Section 2), shall be signed by one or more persons who as of the Demand Record Date are shareholders of record (or their duly authorized proxies or other representatives), shall bear the date of signature of each such shareholder (or proxy or other representative), and shall set forth the name and address, as they appear in the Corporation's books, of each shareholder signing such demand and the class and number of shares of the Corporation which are owned of record and beneficially by each such shareholder, shall be sent to the Secretary by hand or by certified or registered mail, return receipt requested, and shall be received by the Secretary within seventy days after the Demand Record Date.

(d) The Corporation shall not be required to call a Special Meeting upon shareholder demand unless, in addition to the documents required by paragraph (c) of this Section 2, the Secretary receives a written agreement signed by each Soliciting Shareholder (as defined below), pursuant to which each Soliciting Shareholder, jointly and severally, agrees to pay the Corporation's costs of holding the Special Meeting, including the costs of preparing and mailing proxy materials for the Corporation's own solicitation, provided that if each of the resolutions introduced by any Soliciting Shareholder at such meeting is adopted, and each of the individuals nominated by or on behalf of any Soliciting Shareholder for election as a director at such meeting is elected, then the Soliciting Shareholders shall not be required to pay such costs. For purposes of this paragraph (d), the following terms shall have the meanings set forth below:

(i) "Affiliate" of any Person (as defined herein) shall mean any Person controlling, controlled by or under common control with such first Person.

(ii) "Participant" shall have the meaning assigned to such term in Rule 14a-11 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(iii) "Person" shall mean any individual, firm, corporation, partnership, joint venture, association, trust, unincorporated organization or other entity.

(iv) "Proxy" shall have the meaning assigned to such term in Rule 14a-1 promulgated under the Exchange Act.

(v) "Solicitation" shall have the meaning assigned to such term in Rule 14a-11 promulgated under the Exchange Act.

(vi) "Soliciting Shareholder" shall mean, with respect to any Special Meeting demanded by a shareholder or shareholders, any of the following Persons:

(A) if the number of shareholders signing the demand or demands of meeting delivered to the Corporation pursuant to paragraph (c) of this Section 2 is ten or fewer, each shareholder signing any such demand;

(B) if the number of shareholders signing the demand or demands of meeting delivered to the Corporation pursuant to paragraph (c) of this Section 2 is more than ten, each Person who either (I) was a Participant in any Solicitation of such demand or demands or (II) at the time of the delivery to the Corporation of the documents described in paragraph (c) of this Section 2 had engaged or intended to engage in any Solicitation of Proxies for use at such Special Meeting (other than a Solicitation of Proxies on behalf of the Corporation);
or

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(C) any Affiliate of a Soliciting Shareholder, if a majority of the directors then in office determine, reasonably and in good faith, that such Affiliate should be required to sign the written notice described in paragraph (c) of this Section 2 and/or the written agreement described in this paragraph (d) in order to prevent the purposes of this Section 2 from being evaded.

(e) Except as provided in the following sentence, any Special Meeting shall be held at such hour and day as may be designated by whichever of the Chief Executive Officer, the Secretary or the Board of Directors shall have called such meeting. In the case of any Special Meeting called by the Chief Executive Officer upon the demand of shareholders (a "Demand Special Meeting"), such meeting shall be held at such hour and day as may be designated by the Board of Directors; provided, however, that the date of any Demand Special Meeting shall be not more than seventy days after the Meeting Record Date (as defined in Section 5 of Article I of these By-laws); and provided further that in the event that the directors then in office fail to designate an hour and date for a Demand Special Meeting within ten days after the date that valid written demands for such meeting by the holders of record as of the Demand Record Date of shares representing at least 10% of all the votes entitled to be cast on each issue proposed to be considered at the Special Meeting are delivered to the Corporation (the "Delivery Date"), then such meeting shall be held at 2:00 P.M. local time on the 100th day after the Delivery Date or, if such 100th day is not a Business Day (as defined below), on the first preceding Business Day. In fixing a meeting date for any Special Meeting, the Chief Executive Officer, the Secretary or the Board of Directors may consider such factors as he or it deems relevant within the good faith exercise of his or its business judgment, including, without limitation, the nature of the action proposed to be taken, the facts and circumstances surrounding any demand for such meeting, and any plan of the Board of Directors to call an Annual Meeting or a Special Meeting for the conduct of related business.

(f) The Corporation may engage regionally or nationally recognized independent inspectors of elections to act as an agent of the Corporation for the purpose of promptly performing a ministerial review of the validity of any purported written demand or demands for a Special Meeting received by the Secretary. For the purpose of permitting the inspectors to perform such review, no purported demand shall be deemed to have been delivered to the Corporation until the earlier of (i) five Business Days following receipt by the Secretary of such purported demand and (ii) such date as the independent inspectors certify to the Corporation that the valid demands received by the Secretary represent at least 10% of all the votes entitled to be cast on each

issue proposed to be considered at the Special Meeting. Nothing contained in this paragraph (f) shall in any way be construed to suggest or imply that the Board of Directors or any shareholder shall not be entitled to contest the validity of any demand, whether during or after such five Business Day period, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto).

(g) For purposes of these By-laws, "Business Day" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of Wisconsin are authorized or obligated by law or executive order to close.

Section 3. Place of Meeting. The Chairman, the Chief Executive Officer, the Board of Directors or the Secretary may designate any place, either within or without the State of Wisconsin, as the place of meeting for an Annual Meeting or Special Meeting. If no designation is made, the place of meeting shall be the principal office of the Corporation. Any meeting may be adjourned to reconvene at any place designated by vote of the Board of Directors or by the Chief Executive Officer or the Secretary.

Section 4. Notice of Meeting. Written notice stating the date, time and place of any meeting of shareholders shall be delivered not less than ten days nor more than sixty days before the date of the meeting (unless a different time period is provided by the Wisconsin Business Corporation Law (the "WBCL") or the Articles of Incorporation), either personally or by mail, by or at the direction of the Chairman, the President or the Secretary, to each shareholder of record entitled to vote at such meeting and to such other persons as required by the WBCL. In the event of any Demand Special Meeting, such notice of meeting shall be sent not more than thirty days after the Delivery Date. If mailed, notice pursuant to this Section 4 shall be deemed to be effective when deposited in the United States mail, addressed to the shareholder at his or her address as it appears on the stock record books of the Corporation, with postage thereon prepaid. Unless otherwise required by the WBCL or the Articles of Incorporation, a notice of an Annual Meeting need not include a description of the purpose for which the meeting is called. In the case of any Special Meeting,

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(a) the notice of meeting shall describe any business that the Board of Directors shall have theretofore determined to bring before the meeting and (b) in the case of a Demand Special Meeting, the notice of meeting (i) shall describe any business set forth in the statement of purpose of the demands received by the Corporation in accordance with Section 2 of Article I of these By-laws and (ii) shall contain all of the information required in the notice received by the Corporation in accordance with Section 12(b) of Article I of these By-laws. If an Annual Meeting or Special Meeting is adjourned to a different date, time or place, the Corporation shall not be required to give

notice of the new date, time or place if the new date, time or place is announced at the meeting before adjournment; provided, however, that if a new Meeting Record Date for an adjourned meeting is or must be fixed, the Corporation shall give notice of the adjourned meeting to persons who are shareholders as of the new Meeting Record Date.

Section 5. Fixing of Record Date. The Board of Directors may fix in advance a date not less than ten days and not more than seventy days prior to the date of an Annual Meeting or Special Meeting as the record date for the determination of shareholders entitled to notice of, or to vote at, such meeting (the "Meeting Record Date"). In the case of any Demand Special Meeting, (i) the Meeting Record Date shall be not later than the 30th day after the Delivery Date and (ii) if the Board of Directors fails to fix the Meeting Record Date within thirty days after the Delivery Date, then the close of business on such 30th day shall be the Meeting Record Date. The shareholders of record on the Meeting Record Date shall be the shareholders entitled to notice of and to vote at the meeting. Except as provided by the WBCL for a court-ordered adjournment, a determination of shareholders entitled to notice of and to vote at an Annual Meeting or Special Meeting is effective for any adjournment of such meeting unless the Board of Directors fixes a new Meeting Record Date, which it shall do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting. The Board of Directors may also fix in advance a date as the record date for the purpose of determining shareholders entitled to take any other action or determining shareholders for any other purpose. Such record date shall be not more than seventy days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. The record date for determining shareholders entitled to a distribution (other than a distribution involving a purchase, redemption or other acquisition of the Corporation's shares) or a share dividend is the date on which the Board of Directors authorizes the distribution or share dividend, as the case may be, unless the Board of Directors fixes a different record date.

Section 6. Shareholders' List for Meetings. After a Meeting Record Date has been fixed, the Corporation shall prepare a list of the names of all of the shareholders entitled to notice of the meeting. The list shall be arranged by class or series of shares, if any, and show the address of and number of shares held by each shareholder. Such list shall be available for inspection by any shareholder, beginning two business days after notice of the meeting is given for which the list was prepared and continuing to the date of the meeting, at the Corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held. A shareholder or his or her agent may, on written demand, inspect and, subject to the limitations imposed by the WBCL, copy the list, during regular business hours and at his or her expense, during the period that it is available for inspection pursuant to this Section 6. The Corporation shall make the shareholders' list available at the meeting and any shareholder or his or her agent or attorney may inspect the list at any time during the meeting or any adjournment thereof. Refusal or failure to prepare or make available the shareholders' list shall not affect the validity of any action taken at a meeting of shareholders.

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Section 7. Quorum and Voting Requirements; Postponements; Adjournments.

(a) Shares entitled to vote as a separate voting group may take action on a matter at any Annual Meeting or Special Meeting only if a quorum of those shares exists with respect to that matter. If the Corporation has only one class of stock outstanding, such class shall constitute a separate voting group for purposes of this Section 7. Except as otherwise provided in the Articles of Incorporation or the WBCL, a majority of the votes entitled to be cast on the matter shall constitute a quorum of the voting group for action on that matter. Once a share is represented for any purpose at any Annual Meeting or Special Meeting, other than for the purpose of objecting to holding the meeting or transacting business at the meeting, it is considered present for purposes of determining whether a quorum exists for the remainder of the meeting and for any adjournment of that meeting unless a new Meeting Record Date is or must be set for the adjourned meeting. If a quorum exists, except in the case of the election of directors, action on a matter shall be approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless the Articles of Incorporation or the WBCL requires a greater number of affirmative votes. Unless otherwise provided in the Articles of Incorporation, each director to be elected shall be elected by a plurality of the votes cast by the shares entitled to vote in the election of directors at an Annual Meeting or Special Meeting at which a quorum is present.

(b) The Board of Directors acting by resolution may postpone and reschedule any previously scheduled Annual Meeting or Special Meeting; provided, however, that a Demand Special Meeting shall not be postponed beyond the 100th day following the Delivery Date. Any Annual Meeting or Special Meeting may be adjourned from time to time, whether or not there is a quorum, (i) at any time, upon a resolution by shareholders if the votes cast in favor of such resolution by the holders of shares of each voting group entitled to vote on any matter theretofore properly brought before the meeting exceed the number of votes cast against such resolution by the holders of shares of each such voting group or (ii) at any time prior to the transaction of any business at such meeting, by the President or pursuant to a resolution of the Board of Directors. No notice of the time and place of adjourned meetings need be given except as required by the WBCL. At any adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 8. Voting of Shares. Each outstanding share shall be entitled to one vote upon each matter submitted to a vote at an Annual Meeting

or Special Meeting, except to the extent that the voting rights of the shares of any class or classes are enlarged, limited or denied by the WBCL or the Articles of Incorporation.

Section 9. Proxies. At any Annual Meeting or Special Meeting, a shareholder may vote his or her shares in person or by proxy. A shareholder may appoint a proxy to vote or otherwise act for the shareholder by signing an appointment form, either personally or by his or her attorney-in-fact. An appointment of a proxy is effective when received by the Secretary or other officer or agent of the Corporation authorized to tabulate votes. An appointment is valid for eleven months from the date of its signing unless a different period is expressly provided in the appointment form. Unless otherwise provided, a proxy may be revoked at any time before it is voted, either by written notice filed with the Secretary or the acting secretary of the meeting or by oral notice given by the shareholder to the presiding officer during the meeting. The presence of a shareholder who has filed his or her appointment of proxy shall not itself constitute a revocation. The Board of Directors shall have the power and authority to make rules establishing presumptions as to the validity and sufficiency of proxies.

Section 10. Acceptance of Instruments Showing Shareholder Action. If the name signed on a vote, consent, waiver or proxy appointment corresponds to the name of a shareholder, the Corporation, if acting in good faith, may accept the vote, consent, waiver or proxy appointment and give it effect as the act of a shareholder. If the name signed on a vote, consent, waiver or proxy appointment does not correspond to the name of a shareholder, the Corporation, if acting in good faith, may accept the vote, consent, waiver or proxy appointment and give it effect as the act of the shareholder if any of the following apply:

(a) The shareholder is an entity and the name signed purports to be that of an officer or agent of the entity.

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(b) The name purports to be that of a personal representative, administrator, executor, guardian or conservator representing the shareholder and, if the Corporation requests, evidence of fiduciary status acceptable to the Corporation is presented with respect to the vote, consent, waiver or proxy appointment.

(c) The name signed purports to be that of a receiver or trustee in bankruptcy of the shareholder and, if the Corporation requests, evidence of this status acceptable to the Corporation is presented with respect to the vote, consent, waiver or proxy appointment.

(d) The name signed purports to be that of a pledgee, beneficial owner, or attorney-in-fact of the shareholder and, if the Corporation requests, evidence acceptable to the Corporation of the signatory's authority to sign for the shareholder is presented with respect to the vote, consent, waiver or proxy appointment.

(e) Two or more persons are the shareholders as co-tenants or fiduciaries and the name signed purports to be the name of at least one of the co-owners and the person signing appears to be acting on behalf of all co-owners.

The Corporation may reject a vote, consent, waiver or proxy appointment if the Secretary or other officer or agent of the Corporation who is authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the shareholder.

Section 11. Waiver of Notice. A shareholder may waive any notice required by the WBCL, the Articles of Incorporation or these By-laws before or after the date and time stated in the notice. The waiver shall be in writing and signed by the shareholder entitled to the notice, contain the same information that would have been required in the notice under applicable provisions of the WBCL (except that the time and place of meeting need not be stated) and be delivered to the Corporation for inclusion in the corporate records. A shareholder's attendance at any Annual Meeting or Special Meeting, in person or by proxy, waives objection to all of the following: (a) lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting or promptly upon arrival objects to holding the meeting or transacting business at the meeting; and (b) consideration of a particular matter at the meeting that is not within the purpose described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

Section 12. Notice of Shareholder Business and Nomination of Directors.

(a) Annual Meetings.

(i) Nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the shareholders may be made at an Annual Meeting (A) pursuant to the Corporation's notice of meeting, (B) by or at the direction of the Board of Directors or (C) by any shareholder of the Corporation who is a shareholder of record at the time of giving of notice provided for in this By-law and who is entitled to vote at the meeting and complies with the notice procedures set forth in this Section 12.

(ii) For nominations or other business to be properly brought before an Annual Meeting by a shareholder pursuant to

clause (C) of paragraph (a) (i) of this Section 12, the shareholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a shareholder's notice shall be received by the Secretary of the Corporation at the principal offices of the Corporation not less than sixty days nor more than ninety days prior to the second Saturday in the month of April; provided, however, that in the event that the date of the Annual Meeting is advanced by more than thirty days or delayed by more than sixty days from the second Saturday in the month of April, notice by the shareholder to be timely must be so received not earlier than the 90th day prior to the date of such Annual Meeting and not later than the close of business on the later of (x) the 60th day prior to such Annual Meeting and (y) the 10th day following the day on which public announcement of the date of such meeting is first made. Such shareholder's notice shall be

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signed by the shareholder of record who intends to make the nomination or introduce the other business (or his duly authorized proxy or other representative), shall bear the date of signature of such shareholder (or proxy or other representative) and shall set forth: (A) the name and address, as they appear on this corporation's books, of such shareholder and the beneficial owner or owners, if any, on whose behalf the nomination or proposal is made; (B) the class and number of shares of the Corporation which are beneficially owned by such shareholder or beneficial owner or owners; (C) a representation that such shareholder is a holder of record of shares of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to make the nomination or introduce the other business specified in the notice; (D) in the case of any proposed nomination for election or re-election as a director, (I) the name and residence address of the person or persons to be nominated, (II) a description of all arrangements or understandings between such shareholder or beneficial owner or owners and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination is to be made by such shareholder, (III) such other information regarding each nominee proposed by such shareholder as would be required to be disclosed in solicitations of proxies for elections of directors, or would be otherwise required to be disclosed, in each case pursuant to Regulation 14A under the Exchange Act, including any information that would be required to be included in a proxy statement filed pursuant to

Regulation 14A had the nominee been nominated by the Board of Directors and (IV) the written consent of each nominee to be named in a proxy statement and to serve as a director of the Corporation if so elected; and (E) in the case of any other business that such shareholder proposes to bring before the meeting, (I) a brief description of the business desired to be brought before the meeting and, if such business includes a proposal to amend these By-laws, the language of the proposed amendment, (II) such shareholder's and beneficial owner's or owners' reasons for conducting such business at the meeting and (III) any material interest in such business of such shareholder and beneficial owner or owners.

(iii) Notwithstanding anything in the second sentence of paragraph (a)(ii) of this Section 12 to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least seventy days prior to the second Saturday in the month of April, a shareholder's notice required by this Section 12 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be received by the Secretary at the principal offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(b) Special Meetings. Only such business shall be conducted at a Special Meeting as shall have been described in the notice of meeting sent to shareholders pursuant to Section 4 of Article I of these By-laws. Nominations of persons for election to the Board of Directors may be made at a Special Meeting at which directors are to be elected pursuant to such notice of meeting (i) by or at the direction of the Board of Directors or (ii) by any shareholder of the Corporation who (A) is a shareholder of record at the time of giving of such notice of meeting, (B) is entitled to vote at the meeting and (C) complies with the notice procedures set forth in this Section 12. Any shareholder desiring to nominate persons for election to the Board of Directors at such a Special Meeting shall cause a written notice to be received by the Secretary of the Corporation at the principal offices of the Corporation not earlier than ninety days prior to such Special Meeting and not later than the close of business on the later of (x) the 60th day prior to such Special Meeting and (y) the 10th day following the day on which public announcement is first made of the date of such Special Meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. Such written notice shall be signed by the shareholder of record who intends to make the nomination (or his duly authorized proxy or other representative), shall bear the date of signature of such shareholder (or proxy or other representative) and shall set forth: (A) the name and address, as they appear on the Corporation's books, of such shareholder and the beneficial owner or owners, if any, on whose behalf the

nomination is made; (B) the class and number of shares of the Corporation which are beneficially owned by such shareholder or beneficial owner or owners; (C) a representation that such shareholder is a holder of record

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of shares of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to make the nomination specified in the notice; (D) the name and residence address of the person or persons to be nominated; (E) a description of all arrangements or understandings between such shareholder or beneficial owner or owners and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination is to be made by such shareholder; (F) such other information regarding each nominee proposed by such shareholder as would be required to be disclosed in solicitations of proxies for elections of directors, or would be otherwise required to be disclosed, in each case pursuant to Regulation 14A under the Exchange Act, including any information that would be required to be included in a proxy statement filed pursuant to Regulation 14A had the nominee been nominated by the Board of Directors; and (G) the written consent of each nominee to be named in a proxy statement and to serve as a director of the Corporation if so elected.

(c) General.

(i) Only persons who are nominated in accordance with the procedures set forth in this Section 12 shall be eligible to serve as directors. Only such business shall be conducted at an Annual Meeting or Special Meeting as shall have been brought before such meeting in accordance with the procedures set forth in this Section 12. The chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this Section 12 and, if any proposed nomination or business is not in compliance with this Section 12, to declare that such defective proposal shall be disregarded.

(ii) For purposes of this Section 12, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(iii) Notwithstanding the foregoing provisions of this Section 12, a shareholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 12.

Nothing in this Section 12 shall be deemed to limit the Corporation's obligation to include shareholder proposals in its proxy statement if such inclusion is required by Rule 14a-8 under the Exchange Act.

ARTICLE II
BOARD OF DIRECTORS

Section 1. General Powers and Number. All corporate powers of the Corporation shall be exercised by or under the authority of, and the business and affairs of the Corporation managed under, the direction of its Board of Directors, which shall consist of eleven (11) directors. The Board of Directors shall elect one of its members as Chairman, who, when present, shall preside at all meetings of the shareholders and Board of Directors.

Section 2. Tenure and Qualifications. Each director shall hold office until the annual meeting of shareholders at which his term expires and until his successor shall have been elected, or until his prior death, resignation or removal. A director shall not be eligible to stand for re-election at any annual meeting of shareholders following his 70th birthday, except that any directors who are over 70 years old and hold office before February 19, 1993, may be entitled to be re-elected without limitation and to hold office until death, resignation or removal. A director may resign at any time by delivering written notice which complies with the Wisconsin Business Corporation Law to the Board of Directors, to the Chairman of the Board, if any, or to the Corporation. A director's resignation is effective when such notice is delivered unless the notice specifies a later date. Directors need not be residents of the State of Wisconsin or shareholders of the Corporation.

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Section 3. Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this By-law immediately after, and at the same place as, the annual meeting of shareholders, and each adjourned session thereof. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Wisconsin, for the holding of additional regular meetings without other notice than such resolution.

Section 4. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chairman, the Chief Executive Officer, Secretary or any two directors. The person or persons calling any special meeting of the Board of Directors may fix any place, either within or without the State of Wisconsin, as the place for holding any special meeting of the Board of Directors called by them, and if no other place is fixed, the place of meeting shall be the principal business office of the Corporation in the State

of Wisconsin.

Section 5. Notice; waiver. Notice of each meeting of the Board of Directors (unless otherwise provided in or pursuant to Section 4, Article II) shall be given by written notice delivered personally or given by telegram, teletype, facsimile or other form of wire or wireless communication not less than twenty-four (24) hours prior to the meeting or mailed or delivered by private carrier not less than forty-eight (48) hours prior to the meeting to each director at his business address or at such other address as such director shall have designated in writing filed with the Secretary. If mailed or delivered by a private carrier, such notice shall be deemed to be delivered when deposited in the United States mail or delivered to the private carrier so addressed, with postage or delivery cost thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. If notice be given by teletype, facsimile or other form of wire or wireless communication, such notice shall be deemed to be delivered when evidence of its transmittal is received. Whenever any notice whatever is required to be given to any director of the Corporation under the Articles of Incorporation or By-laws or any provision of law, a waiver thereof in writing, signed at any time, whether before or after the time of meeting, by the director entitled to such notice, shall be deemed equivalent to the giving of such notice. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting and objects thereat to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 6. Quorum. A majority of the directors shall constitute a quorum for the transaction of business; and, except as otherwise provided by law or by the Articles of Incorporation or these By-laws, a majority of the votes cast at any meeting of the Board of Directors at which a quorum is present shall be decisive of any action. A majority of the directors present at a meeting, though less than quorum, may adjourn the meeting from time to time without further notice.

Section 7. Vacancies. Any vacancy occurring in the Board of Directors, including a vacancy created by an increase in the number of directors, may be filled until the next succeeding annual election by the affirmative vote of a majority of the directors then in office, though less than a quorum of the Board of Directors; provided, that in case of a vacancy created by the removal of a director by vote of the shareholders, the shareholders shall have the right to fill such vacancy at the same meeting or any adjournment thereof.

Section 8. Compensation. The Board of Directors, by affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, may establish reasonable compensation of all directors for services to the Corporation as directors, officers or otherwise, or may delegate such authority to an appropriate committee. The Board of Directors also shall have authority to provide for or to delegate authority to an appropriate committee to provide for reasonable pensions, disability or death

benefits, and other benefits or payments, to directors, officers and employees and to their estates, families, dependents or beneficiaries on account of prior services rendered by such directors, officers and employees to the Corporation.

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Section 9. Presumption of Assent. A director of the Corporation who is present at a meeting of the Board of Directors or a committee thereof of which he is a member at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 10. Committees. The Board of Directors by resolution adopted by the affirmative vote of a majority of the number of directors set forth in Section 1 of this Article II may designate one or more committees, each committee to consist of three or more directors elected by the Board of Directors, which shall have and may exercise, when the Board of Directors is not in session, the powers of the Board of Directors in the management of the business and affairs of the Corporation, in the committee's designated area of responsibility, except action in respect to dividends to shareholders, election of the principal officers or the filling of vacancies on the Board of Directors or committees created pursuant to this section, with respect to the approval or proposal of actions that the law requires to be approved by the shareholders, amendment of the Articles of Incorporation, the adoption, amendment or repeal of the by-laws, the approval of a plan of merger not requiring shareholder approval, the authorization or approval of the re-acquisition of shares other than according to a method prescribed by the Board of Directors, and the authorization for approval of the issuance or sale or contract for sale of shares, or the determination of the designation and relative rights, preferences and limitations of a class or series of shares, unless authorized to do so by the Board of Directors within prescribed limits. The Board of Directors may elect one or more of its members as alternate members of any such committee who may take the place of any absent member or members at any meeting of such committee, upon request by the Chairman or upon request by the chairman of such meeting. Each such committee shall fix its own rules governing the conduct of its activities and shall make such reports to the Board of Directors of its activities as the Board of Directors may request.

Section 11. Unanimous Consent Without Meeting. Any action required or permitted by the Articles of Incorporation or By-laws or any provision of law to be taken by the Board of Directors at a meeting or by resolution may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors then in office.

Section 12. Telephonic Meetings. Notwithstanding any place set forth in the notice of the meeting or these By-laws, members of the Board of Directors may participate in regular or special meetings of the Board of Directors and all Committees of the Board of Directors by or through the use of any means of communication by which all directors participating may simultaneously hear each other, such as by conference telephone; provided, however, that the Chairman of the Board or the chairman of the respective Committee and the Board or other person or persons calling a meeting may determine that the directors cannot participate by such means, in which case the notice of the meeting, or other notice to directors given prior to the meeting, shall state that each director's physical presence shall be required. If a meeting is conducted through the use of such means of communication, then at the commencement of such meeting all participating directors shall be informed that a meeting is taking place at which official business may be transacted. A director participating in a meeting by such means shall be deemed present in person at such meeting.

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ARTICLE III OFFICERS

Section 1. General Officers. The general officers of the Corporation shall be the Chief Executive Officer, the President, one or more Vice Presidents, a Secretary, a Treasurer, a Controller, and one or more Assistant Secretaries and one or more Assistant Treasurers, each of whom shall be elected annually by the Board of Directors and shall hold office until his or her successor shall have been duly elected and qualified. The Chief Executive Officer of the Corporation shall exercise general supervision of the business and affairs of the Corporation subject to the directives of the Board of Directors. Further, each general officer shall have such powers and duties as generally pertain to his or her respective office; provided, that such powers and duties may from time to time be modified, enlarged, restricted or augmented by the Board of Directors.

Section 2. Additional Officers. The Board of Directors may appoint such

additional corporate officers as it may deem necessary, each of whom shall have such powers and duties as from time to time may be conferred by the Board of Directors, and shall serve for such terms as the Board may fix.

Section 3. Removal of Officers. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment, the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4. Vacancies. A vacancy in any principal office because of death, resignation, removal, disqualification or otherwise, shall be filled by the Board of Directors for the unexpired portion of the term. The resignation of an officer by the delivery of written notice to the Chief Executive Officer or Secretary of the Corporation is effective upon delivery of the notice, unless the notice specifies a later date and the Corporation accepts the later date.

ARTICLE IV SPECIAL CORPORATE ACTS

Section 1. Voting of Securities Owned by This Corporation. Subject always to the specific directions of the Board of Directors, (a) any shares or other securities issued by any other corporation and owned or controlled by this Corporation may be voted at any meeting of security holders of such other corporation by the Chairman of this Corporation if he be present, or in his absence by the President or any Vice President of this Corporation who may be present, and (b) whenever, in the judgment of the Chairman, or in his absence, of the President or any Vice President, it is desirable for this Corporation to execute a proxy or give a shareholder's consent in respect to any shares or other securities issued by any other corporation and owned by this Corporation, such proxy or consent shall be executed in the name of this Corporation by the Chairman, or the President or one of the Vice Presidents of this Corporation without necessity of any authorization by the Board of Directors, affixation of corporate seal or countersignature or attestation by another officer. Any person or persons designated in the manner above stated as the proxy or proxies of this Corporation shall have full right, power and authority to vote the share or shares of stock issued by such other corporation and owned by this Corporation the same as such share or shares might be voted by this Corporation.

Section 2. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute or deliver any instrument in the name of and on behalf of the Corporation, and such authorization may be general or confined to specific instances. In the absence of other designation, all deeds, mortgages, and instruments of assignment or pledge made by the Corporation shall be executed in the name of the Corporation by the Chairman or the President or one of the Vice Presidents and by the Secretary, an Assistant Secretary, the Treasurer or an Assistant Treasurer; the Secretary or an Assistant Secretary, when necessary or required, shall affix the corporate seal thereto; and when so executed no other party to such instrument

or any third party shall be required to make any inquiry into the authority of the signing officer or officers.

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ARTICLE V
CERTIFICATES FOR SHARES AND THEIR TRANSFER

Section 1. Certificates for Shares. Certificates representing shares of the Corporation shall be in such form as shall be determined by the Board of Directors. Such certificates shall be signed by the Chairman or the President or a Vice President and by the Secretary or an Assistant Secretary. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the Corporation. All certificates surrendered to the Corporation for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except as provided in Section 6 of this Article V.

Section 2. Facsimile Signatures and Seal. The seal of the corporation on any certificates for shares may be a facsimile. The signatures of the Chairman or President or Vice President and the Secretary or Assistant Secretary upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the Corporation itself or an employee of the Corporation.

Section 3. Signature by Former Officers. In case any officer, who has signed or whose facsimile signature has been placed upon any certificate for shares, shall have ceased to be such officer before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer at the date of its issue.

Section 4. Transfer of Shares. Prior to due presentment of a certificate for shares for registration of transfer the Corporation may treat the registered owner of such shares as the person exclusively entitled to vote, to receive notifications and otherwise to exercise all the rights and powers of an owner. Where a certificate for shares is presented to the Corporation with a request to register for transfer, the Corporation shall not be liable to the owner or any other person suffering loss as a result of such registration of transfer if (a) there were on or with the certificate the necessary endorsements, and (b) the Corporation had no duty to inquire into adverse claims or has discharged any such duty. The Corporation may require reasonable assurance that said endorsements are genuine and effective and in compliance with such other regulations as may be prescribed under the authority of the Board of Directors.

Section 5. Restrictions on Transfer. The face or reverse side of each certificate representing shares shall bear a conspicuous notation of any restriction imposed by the Corporation upon the transfer of such shares.

Section 6. Lost, Destroyed or Stolen Certificates. Where the owner claims that his certificate for shares has been lost, destroyed or wrongfully taken, then a new certificate shall be issued in place thereof if the owner (a) so requests before the Corporation has notice that such shares have been acquired by a bona fide purchaser, and (b) files with the Corporation a sufficient indemnity bond, and (c) satisfied such other reasonable requirements as the Board of Directors may prescribe.

Section 7. Consideration for Shares. The shares of the Corporation may be issued for such consideration as shall be fixed from time to time by the Board of Directors, provided that any shares having a par value shall not be issued for a consideration less than the par value thereof. The consideration to be paid for shares may be paid in whole or in part, in money, in other property, tangible or intangible, or in labor or services actually performed for the Corporation. When payment of the consideration for which shares are to be issued shall have been received by the Corporation, such shares shall be deemed to be fully paid and nonassessable by the Corporation. No certificate shall be issued for any share until such share is fully paid.

Section 8. Stock Regulations. The Board of Directors shall have the power and authority to make all such further rules and regulations not inconsistent with the statutes of the State of Wisconsin as it may deem expedient concerning the issue, transfer and registration of certificates representing shares of the Corporation.

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ARTICLE VI CORPORATE SEAL

The Board of Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Corporation and the state of incorporation and the words, "Corporate Seal".

ARTICLE VII AMENDMENTS

Section 1. By Shareholders. These By-laws may be altered, amended, repealed, augmented and new By-laws may be adopted by the shareholders by affirmative vote of not less than a majority of the votes represented by the shares present or represented at any annual or special meeting of the

shareholders at which a quorum is in attendance.

Section 2. By Directors. These By-laws may also be altered, amended, repealed, augmented and new By-laws may be adopted by the Board of Directors by affirmative vote of a majority of the number of directors present at any meeting at which a quorum is in attendance; but no By-law adopted by the shareholders shall be amended or repealed by the Board of Directors if the By-law so adopted so provides.

Section 3. Implied Amendments. Any action taken or authorized by the shareholders or by the Board of Directors, which would be inconsistent with the By-laws then in effect but is taken or authorized by affirmative vote of not less than the number of shares or the number of directors required to amend the By-laws so that the By-laws would be consistent with such action, shall be given the same effect as though the By-laws had been temporarily amended or suspended so far, but only so far, as is necessary to permit the specific action so taken or authorized.

ARTICLE VIII INDEMNIFICATION

Section 1.01. Certain Definitions. All capitalized terms used in this Article VIII and not otherwise hereinafter defined in this Section 1.01 shall have the meaning set forth in Section 180.0850 of the Statute (as hereinafter defined). The following capitalized terms (including any plural forms thereof) used in this Article VIII shall be defined as follows:

(a) "Affiliate" shall include, without limitation, any corporation, partnership, joint venture, employee benefit plan, trust or other enterprise that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Corporation.

(b) "Authority" shall mean the entity selected by the Director or Officer to determine his or her right to indemnification pursuant to Section 1.04 of this Article.

(c) "Board" shall mean the entire then elected and serving board of directors of the Corporation, including all members thereof who are Parties to the subject Proceeding or any related Proceeding.

(d) "Breach of Duty" shall mean the Director or Officer breached or failed to perform his or her duties to the Corporation and his or her breach of or failure to perform those duties is determined, in accordance with Section 1.04 of this Article, to constitute misconduct under Section 180.0851 (2) (a) 1, 2, 3 or 4 of the Statute.

(e) "Corporation, " as used herein and as defined in the Statute and incorporated by reference into the definitions of certain capitalized terms used herein, shall mean this Corporation, including, without limitation, any successor corporation or entity to the Corporation by way of merger, consolidation or acquisition of all or substantially all of the capital stock or assets of this Corporation.

(f) "Director or Officer" shall have the meaning set forth in the Statute; provided, that, for purposes of this Article, it shall be conclusively presumed that any Director or Officer serving as a director, officer, partner, trustee, member of any governing or decision-making committee, employee or agent of an Affiliate shall be so serving at the request of the Corporation.

(g) "Disinterested Quorum" shall mean a quorum of the Board who are not Parties to the subject Proceeding or any related Proceeding.

(h) "Party" shall have the meaning set forth in the Statute; provided, that, for purposes of this Article, the term "Party" shall also include any Director, Officer or employee who is or was a witness in a Proceeding at a time when he or she has not otherwise been formally named a Party thereto.

(i) "Proceeding" shall have the meaning set forth in the Statute; provided, that, for purposes of this Article, "Proceeding" shall include all Proceedings (i) brought under (in whole or in part) the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, their respective state counterparts, and/or any rule or regulation promulgated under any of the foregoing; (ii) brought before an Authority or otherwise to enforce rights hereunder; (iii) any appeal from a Proceeding; and (iv) any Proceeding in which the Director or Officer is a plaintiff or petitioner because he or she is a Director or Officer, provided, however, that such Proceeding is authorized by a majority vote of a Disinterested Quorum.

(j) "Statute" shall mean Sections 180.0850 through 180.0859, inclusive, of the Wisconsin Business Corporation Law, Chapter 180 of the Wisconsin Statutes, including any amendments thereto, but, in the case of any such amendment, only to the extent such amendment permits or requires the Corporation to provide broader indemnification rights than the Statute permitted or required the Corporation to provide prior to such amendment.

Section 1.02. Mandatory Indemnification. To the fullest extent permitted or required by the Statute, the Corporation shall indemnify a Director or Officer against all Liabilities incurred by or on behalf of such Director or Officer in connection with a Proceeding in which the Director or Officer is a Party because he or she is a Director or Officer.

Section 1.03. Procedural Requirements.

(a) A Director or Officer who seeks indemnification under Section 1.02 of this Article shall make a written request therefor to the Corporation. Subject to Section 1.03 (b) of this Article, within sixty days of the Corporation's receipt of such request, the Corporation shall pay or reimburse the Director or Officer for the entire amount of Liabilities incurred by the Director or Officer in connection with the subject Proceeding (net of any Expenses previously advanced pursuant to Section 1.05 of this Article).

(b) No indemnification shall be required to be paid by the Corporation pursuant to Section 1.03 (a) of this Article if, within such sixty-day period: (i) a Disinterested Quorum, by a majority vote thereof, determines that the Director or Officer requesting indemnification engaged in misconduct constituting a Breach of Duty; or (ii) a Disinterested Quorum cannot be obtained.

(c) In either case of nonpayment pursuant to Section 1.03 (b) of this Article, the Board shall immediately authorize by resolution that an Authority, as provided in Section 1.04 of this Article, determine whether the Director's or Officer's conduct constituted a Breach of Duty and, therefore, whether indemnification should be denied hereunder.

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(d) (i) If the Board does not authorize an Authority to determine the Director's or Officer's right to indemnification hereunder within such sixty-day period and/or (ii) if indemnification of the requested amount of Liabilities is paid by the Corporation, then it shall be conclusively presumed for all purposes that a Disinterested Quorum has determined that the Director or Officer did not engage in misconduct constituting a Breach of Duty and, in the case of subsection (i) above (but not subsection (ii)), indemnification by the Corporation of the requested amount of Liabilities shall be paid to the Officer or Director immediately.

Section 1.04. Determination of Indemnification.

(a) When the Board authorized an Authority to determine a Director's or Officer's right to indemnification pursuant to Section 1.03 of this Article, then the Director or Officer requesting indemnification shall have the absolute discretionary authority to select one of the following as such Authority:

(i) An independent legal counsel; provided, that such counsel shall be mutually selected by such Director or Officer and by a majority vote of

a Disinterested Quorum or, if a Disinterested Quorum cannot be obtained, then by a majority vote of the Board;

(ii) A panel of three arbitrators selected from the panels of arbitrators of the American Arbitration Association in Milwaukee, Wisconsin; provided, that (A) one arbitrator shall be selected by such Director or Officer, the second arbitrator shall be selected by a majority vote of a Disinterested Quorum or, if a Disinterested Quorum cannot be obtained, then by a majority vote of the Board, and the third arbitrator shall be selected by the two previously selected arbitrators; and (B) in all other respects, such panel shall be governed by the American Arbitration Association's then existing Commercial Arbitration Rules; or

(iii) A court pursuant to and in accordance with Section 180.0854 of the Statute.

(b) In any such determination by the selected Authority there shall exist a rebuttable presumption that the Director's or Officer's conduct did not constitute a Breach of Duty and that indemnification against the requested amount of Liabilities is required. The burden of rebutting such a presumption by clear and convincing evidence shall be on the Corporation or such other party asserting that such indemnification should not be allowed.

(c) The Authority shall make its determination within sixty days of being selected and shall submit a written opinion of its conclusion simultaneously to both the Corporation and the Director or Officer.

(d) If the Authority determines that indemnification is required hereunder, the Corporation shall pay the entire requested amount of Liabilities (net of any Expenses previously advanced pursuant to Section 1.05 of this Article), including interest thereon at a reasonable rate, as determined by the Authority, within ten days of receipt of the Authority's opinion; provided, that, if it is determined by the Authority that a Director or Officer is entitled to indemnification as to some claims, issues or matters, but not as to other claims, issues or matters, involved in the subject Proceeding, the Corporation shall be required to pay (as set forth above) only the amount of such requested Liabilities as the Authority shall deem appropriate in light of all of the circumstances of such Proceeding.

(e) The determination by the Authority that indemnification is required hereunder shall be binding upon the Corporation regardless of any prior determination that the Director or Officer engaged in a Breach of Duty.

(f) All Expenses incurred in the determination process under this Section 1.04 by either the Corporation or the Director or Officer, including, without limitation, all Expenses of the selected Authority, shall be paid by the Corporation.

Section 1.05. Mandatory Allowance of Expenses.

(a) The Corporation shall pay or reimburse, within ten days after the

receipt of the Director's or Officer's written request therefor, the reasonable Expenses of the Director or Officer as such Expenses are incurred, provided the following conditions are satisfied:

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(i) The Director or Officer furnishes to the Corporation an executed written certificate affirming his or her good faith belief that he or she has not engaged in misconduct which constitutes a Breach of Duty; and

(ii) The Director or Officer furnishes to the Corporation an unsecured executed written agreement to repay any advances made under this Section 1.05 if it is ultimately determined by an Authority that he or she is not entitled to be indemnified by the Corporation for such Expenses pursuant to Section 1.04 of this Article.

(b) If the Director or Officer must repay any previously advanced Expenses pursuant to this Section 1.05, such Director or Officer shall not be required to pay interest on such amounts.

Section 1.06. Indemnification and Allowance of Expenses of Certain Others.

(a) The Corporation shall indemnify a director or officer of an Affiliate (who is not otherwise serving as a Director or Officer) against all Liabilities, and shall advance the reasonable Expenses, incurred by such director or officer in a Proceeding to the same extent hereunder as if such director or officer incurred such Liabilities because he or she was a Director or Officer, if such director or officer is a Party thereto because he or she is or was a director or officer of the Affiliate.

(b) Except as hereinafter provided, the Corporation shall indemnify each employee of the Corporation or an Affiliate of the Corporation acting within the scope of his or her duties as such, against all Liabilities, and shall advance Reasonable Expenses, incurred by or on behalf of such employee in connection with a Proceeding in which he or she is a Party by virtue of being an employee of the Corporation or an Affiliate of the Corporation, to the same extent and in the same manner as a Director or Officer hereunder. The foregoing provision shall not apply, and the Corporation shall not indemnify any employee, with respect to any Liability to the extent covered by insurance maintained by or on behalf of such employee (other than insurance maintained by the Corporation or an Affiliate of the Corporation).

(c) The Board may, in its sole and absolute discretion as it deems appropriate, pursuant to a majority vote thereof, indemnify against Liabilities incurred by, and/or provide for the allowance of reasonable Expenses of, an authorized agent of the Corporation acting within the scope of his or her duties as such and who is not otherwise a Director or Officer.

Section 1.07. Insurance. The Corporation may purchase and maintain insurance on behalf of a Director, Officer and/or any individual who is or was an authorized employee or agent of the Corporation against any Liability asserted against or incurred by such individual in his or her capacity as such or arising from his or her status as such, regardless of whether the Corporation is required or permitted to indemnify against any such Liability under this Article.

Section 1.08. Notice to the Corporation. A Director, Officer or employee shall promptly notify the Corporation in writing when he or she has actual knowledge of a Proceeding which may result in a claim or indemnification against Liabilities or allowance of Expenses hereunder, but the failure to do so shall not relieve the Corporation of any liability to the Director, Officer or employee hereunder unless the Corporation shall have been irreparably prejudiced by such failure (as determined by an Authority).

Section 1.09. Report to Shareholders. In the event that the Corporation indemnifies or advances expenses to a Director or Officer in connection with a proceeding brought in the right of the Corporation, the Corporation shall report the indemnification or advance in writing to shareholders with or before the notice of the next meeting of shareholders. The report shall be delivered to shareholders who are entitled to receive notice of the next meeting of shareholders.

Section 1.10. Severability. If any provision of this Article shall be deemed invalid or inoperative, or if a court of competent jurisdiction determines that any of the provisions of this Article contravene public policy, this Article shall be construed so that the remaining provisions shall not be affected, but shall remain in full force and effect, and any such provisions which are invalid or inoperative or which contravene public policy shall be deemed, without further action or deed by or on behalf of the Corporation, to be modified, amended and/or limited, but only to the extent necessary to render the same valid and enforceable.

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Section 1.11. Nonexclusivity of this Article. The rights of a Director, Officer or employee (or any other person) granted under this Article shall not be deemed exclusive of any other rights to indemnification against Liabilities or advancement of Expenses which the Director, Officer or employee (or such other person) may be entitled to under any written agreement, Board resolution, vote of shareholders of the Corporation or otherwise, including without limitation under the Statute. Nothing contained in this Article shall be deemed to limit the Corporation's obligations to indemnify a Director, Officer or employee under the Statute.

Section 1.12. Contractual Nature of this Article; Repeal or Limitation

of Rights. This Article shall be deemed to be a contract between the Corporation and each Director, Officer and employee and any repeal or other limitation of this Article or any repeal or limitation of the Statute or any other applicable law shall not limit any rights of indemnification against Liabilities or allowance of Expenses then existing or arising out of events, acts or omissions occurring prior to such repeal or limitation, including, without limitation, the right of indemnification against Liabilities or allowance of Expenses for Proceedings commenced after such repeal or limitation to enforce this Article with regard to acts, omissions or events arising prior to such repeal or limitation.

Section 1.13. Subrogation Rights. Notwithstanding any provision to the contrary set forth herein, the Corporation's obligations hereunder are not intended to constitute, and shall not constitute, a waiver of any right to subrogation which the Corporation may have against any person or entity.

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This schedule contains summary financial information from the Company's Quarterly report on Form 10-Q and is qualified in its entirety by reference to such 1c.

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