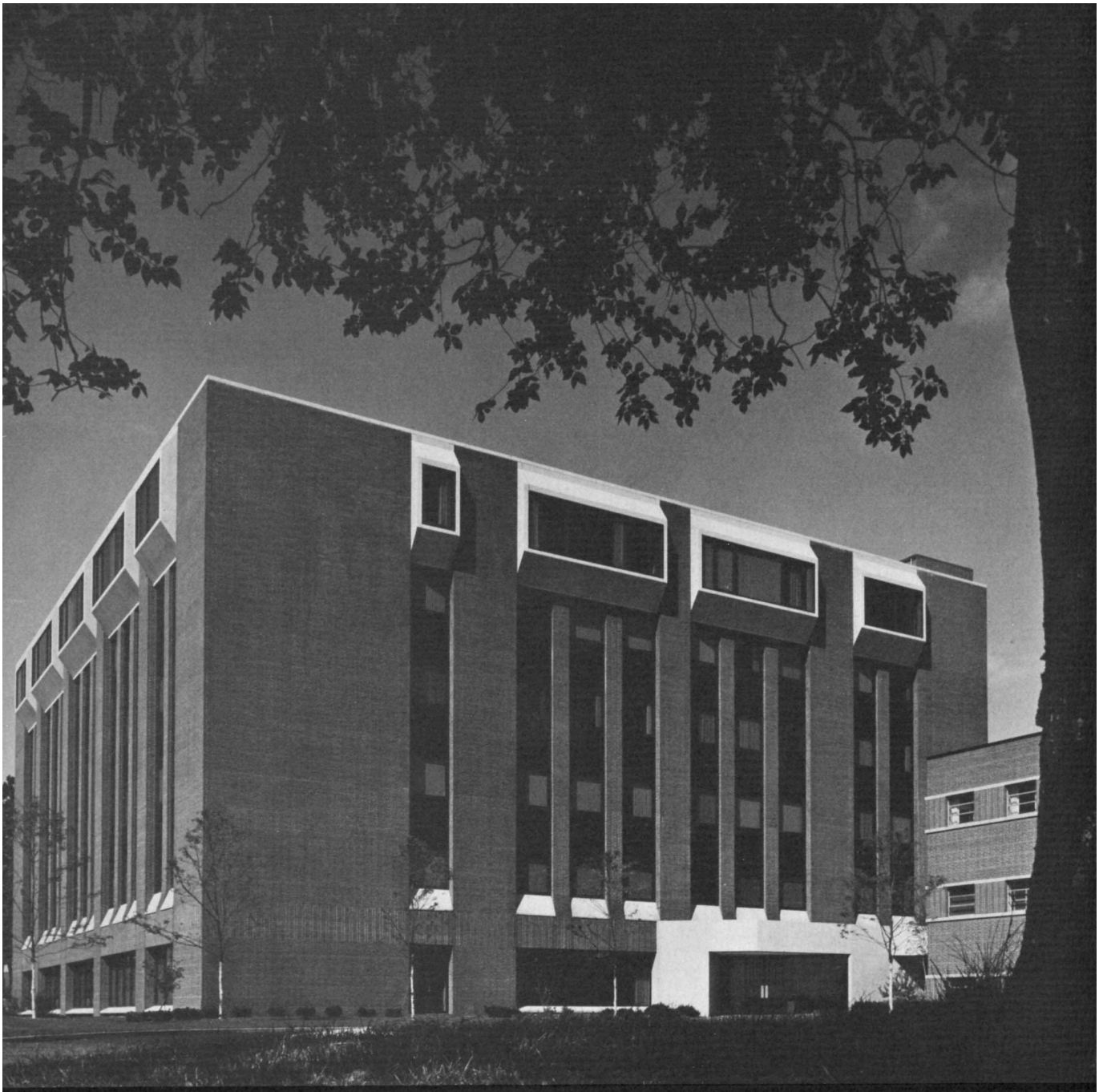
INDUSTRIAL NUCLEONICS CORPORATION



ANNUAL REPORT 1974

INDUSTRIAL NUCLEONICS CORPORATION

INDUSTRIAL NUCLEONICS BUSINESS PROFILE

Industrial Nucleonics designs, manufactures, and markets AccuRay® process automation and management information systems for basic manufacturing processes to save raw materials and energy, increase productivity, reduce costs, and improve product quality. The primary concentration of effort has been in such raw materials processing industries as pulp and paper, rubber, plastics, textiles, metals, mining, and tobacco. The Company views its basic objectives for the future to be continued development of applications in its present markets and expansion into related industrial markets where specialized automation systems can provide faster and more precise control over business activities.

TO OUR STOCKHOLDERS AND EMPLOYEES

Industrial Nucleonics' operating revenues from sales, service, and leasing rose to $76.1 million in 1974 compared with $61.5 million in 1973. Operating income before interest and taxes on this business was $8.2 million versus $7.0 million in 1973 as restated. However, we ended the year reporting a net loss of $972,000 or 28 cents per share, compared with earnings of $2,092,000 or 61 cents per share as restated for 1973. All figures represent the consolidated performance of Industrial Nucleonics and its subsidiaries. In reviewing 1974, the following factors contributed to our final results:

- We encountered difficulties within our international business outside North America which has nearly doubled in size within the past several years and represented approximately one-third of our total revenues in 1974. Operating costs and expenses for this business were higher than previously projected during the year, requiring a provision for additional costs of approximately $630,000 in the fourth quarter.

- As a final audit adjustment made in the fourth quarter, we increased our internal reserve for equipment returns and allowances by making a pretax charge of $750,000 against 1974 earnings which increased the reserve to $1,250,000 at year end.

- The Company expensed all research and development costs in accordance with the ruling published by the Financial Accounting Standards Board in October 1974. Since 1958, Industrial Nucleonics has followed a policy under which research and development costs are capitalized and amortized over a three-year period from the year of completion of the project. Under this new procedure, which Industrial Nucleonics adopted as of December 31, 1974, all research and development costs are expensed as incurred, and prior period results are restated on a consistent basis. The effect of this procedure was to expense against 1974 earnings a total of $878,000 of capitalized research and development which included $365,000 capitalized during the first nine months of 1974.

- The Company also completed during 1974 the final amortization of $349,000 of learning costs which has been deferred from 1971 and 1972 with $140,000 of this amount being expensed in the fourth quarter.

- The abnormally high interest rates experienced throughout 1974 were also a significant burden. Interest cost increased from $4,490,000 in 1973 to $9,662,000 in 1974 with $3,107,000 being incurred in the fourth quarter.

Although a combination of factors seriously affected the Company's consolidated financial results in 1974, we made progress in terms of diversified growth and internal productivity. During 1974, sales — representing primarily equipment shipments — increased 15% in 1974 over the prior year while service and leasing revenues increased 43%. During this same period, the Company's worldwide employment decreased 12%. At year end, employment was 2,137 compared with 2,420 at the beginning of the year.

During the year, we moved various marketing, manufacturing, and service operations from our four external, leased sites in Columbus to the primary engineering and manufacturing facilities on Ackerman Road. These actions are expected to improve the ability of the Company to serve more efficiently its major business areas as a supplier of process automation systems.

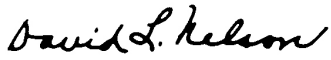
The integration of our Infra Systems, Inc., subsidiary into our parent marketing, engineering, and manufacturing organizations was completed during the year. Under the original acquisition agreement concluded in January 1973, 20,000 shares of our common stock were held in escrow to be issued to stockholders of the acquired company depending upon the profit performance of the subsidiary. These performance objectives were successfully achieved in 1974, and those shares have been issued.

In order to finance future business without the continual expansion of long-term debt, we initiated two significant programs during 1974. Since the majority of our long-term debt has historically been incurred to finance customer orders under various leasing and installment purchase programs, we stressed the alternative of customers leasing directly from independent leasing companies or third-party financial institutions. This program has the objective of gradually removing Industrial Nucleonics from the direct leasing business and will reduce the future financing requirements of the Company. Secondly, we completed at year end the initial sale of $4.2 million of leasing receivables from our existing leasing portfolio being financed by Industrial Nucleonics to a third-party financial institution. In March 1975, we completed a similar additional sale of approximately $4.0 million. These transactions make financing available for new business under current lines of credit.

In looking ahead at 1975, we began the year with a backlog of equipment and related services to be performed within 12 months, which was 11% higher than a year ago. We expect to see our process automation business continue to prosper in 1975. Our confidence is based upon the fact that cost reduction and quality improvements — basic objectives of all AccuRay systems — become even more important during periods of slack demand in raw materials processing industries. We are frequently told by customers that our automation programs represent one of the most important categories of investment being considered during periods of recession. We obviously plan to continue our leadership position in meeting this demand.

During the year, we see several factors working in our favor which include declining interest rates, higher selling prices, and the further targeted reduction in costs of manufacturing and servicing our systems. Primary management attention will continue to be placed on reducing these operating costs and improving profit margins throughout our business. Our diversified base in the pulp and paper, tire and rubber, plastics, textiles, metals, mining, and tobacco industries gives us a significant advantage in achieving our growth and profit objectives.

We would like to extend a cordial invitation to every stockholder to visit our new headquarters, engineering, and manufacturing facilities in Columbus during 1975. We would be pleased to arrange a personal tour and an introduction to our personnel. Our worldwide AccuRay team — now over 2,000 personnel — represents a substantial concentration of dedicated and professional talent available to meet the needs of the rapidly growing process automation markets in the raw materials processing industries. We look forward to a period of continuing dynamic change and to a year of rapidly improving profitability in 1975.



David L. Nelson
President

Industrial Nucleonics Corporation
Consolidated Financial Statements

Statement of Income

	Year Ended December 31, 1974	1973 (Restated-note 7)
Operating Revenues (notes 1, 2 and 4)		
Sales	**$48,797,000**	$42,436,000
Service and Leasing	**27,258,000**	19,091,000
Total Operating Revenues	**76,055,000**	61,527,000
Cost of Goods Sold		
Sales	**30,156,000**	24,290,000
Service and Leasing	**17,120,000**	12,854,000
Total Cost of Goods Sold	**47,276,000**	37,144,000
Gross Profit	**28,779,000**	24,383,000
Deductions		
Selling, Administrative and Other Expenses	**16,099,000**	13,446,000
Research and Development Expenses (note 7)	**4,517,000**	4,320,000
Interest Expense	**9,662,000**	4,490,000
Joint Venture Income	**(16,000)**	(341,000)
	30,262,000	21,915,000
Income (Loss) Before Income Taxes	**(1,483,000)**	2,468,000
Provision (Credit) for Income Taxes (note 6)	**(511,000)**	376,000
Net Income (Loss)	**$ (972,000)**	$ 2,092,000
Primary Net Income (Loss) per Share (note 8)	**$ (.28)**	$ .61

TEN-YEAR SUMMARY
($ Thousands)

	Years Ended December 31(1)
SUMMARY OF OPERATIONS	**1974**
Operations	
Operating Revenues —	
Sales	48,797
Service and Leasing	27,258
Total Operating Revenues	76,055
Cost of Goods Sold —	
Sales	30,156
Service and Leasing	17,120
Total Cost of Goods Sold	47,276
Selling, Administrative and Other Expenses	16,083
Research and Development Expenses (3)	4,517
Interest Expense	9,662
Net Income (Loss) Before Income Taxes	(1,483)
Provision (Credit) for Income Taxes	(511)
Net Income (Loss) — As Reported	(972)
Effect of Retroactive Restatement of Research and Development Costs —	
Net Income Before Income Taxes(3)	—
Reduction in Income Taxes	—
Net Income (Loss) — As Restated	(972)
Net Income and Dividends Per Share(4)	
Primary Net Income (Loss) Per Share —	
as Restated	$(.28)
as Previously Reported	N/A
Fully Diluted Net Income (Loss) Per Share —	
as Restated	$(.28)
as Previously Reported	N/A
Cash Dividends Per Share	$ .06
Weighted-Average Number of Shares Outstanding (000)	3,434
FINANCIAL POSITION AND GENERAL	
Net Working Capital	41,942
Current Ratio	2.5:1
Total Assets	140,509
Stockholders' Equity	20,682
Employees, Year End	2,137

NOTES:
(1) Years ended December 31, 1965 through 1973 restated to reflect expensing of all reasearch and development costs in accordance with Statement of Financial Accounting Standards No. 2.
(2) Unaudited.
(3) Research and Development Expenses as reported before reflecting restatement indicated below.
(4) Based on weighted-average number of shares outstanding during the year.

1973	1972	1971	1970	1969	1968	1967	1966	1965[2]
42,436	29,512	25,504	16,851	9,574	7,514	5,374	4,519	4,891
19,091	14,702	12,087	10,749	10,428	9,778	8,808	7,602	5,883
61,527	44,214	37,591	27,600	20,002	17,292	14,182	12,121	10,774
24,290	16,109	13,789	8,851	4,968	3,568	2,703	2,339	2,293
12,854	8,735	6,380	5,923	4,621	4,222	3,550	2,918	2,730
37,144	24,844	20,169	14,774	9,589	7,790	6,253	5,257	5,023
13,105	9,293	8,506	6,698	5,576	6,180	4,456	4,196	3,593
3,664	2,732	2,420	630	651	387	902	776	601
4,490	2,109	1,386	1,069	820	745	546	349	260
3,124	5,236	5,110	4,429	3,366	2,190	2,025	1,543	1,297
692	2,100	2,430	2,027	1,450	763	992	740	622
2,432	3,136	2,680	2,402	1,916	1,427	1,033	803	675
(656)	(48)	(263)	(1,444)	(838)	(724)	(323)	(92)	(166)
316	23	126	710	442	374	155	44	80
2,092	3,111	2,543	1,668	1,520	1,077	865	755	589
$.61	$.93	$.77	$.51	$.48	$.36	$.30	$.26	$.20
$.71	$.94	$.81	$.74	$.60	$.48	$.36	$.28	$.23
$.61	$.93	$.75	$.48	$.45	$.32	N/A	N/A	N/A
$.71	$.92	$.79	$.70	$.56	$.43	N/A	N/A	N/A
$.06	$.05	$.04	$.04	$.03	$.02	$.01	$.01	$.01
3,419	3,336	3,309	3,251	3,180	2,982	2,895	2,891	2,935
44,728	26,736	21,012	11,021	8,717	6,432	5,928	4,326	3,219
3.3:1	2.7:1	3.6:1	2.0:1	3.0:1	2.6:1	3.0:1	2.9:1	3.4:1
116,841	73,969	54,108	36,599	24,741	21,760	15,642	12,220	9,162
21,830	17,794	14,875	12,217	10,404	5,771	4,247	3,645	2,942
2,420	1,580	1,418	1,223	868	753	705	633	601

ON GRADE

KOPIA OBRAZU

FL. GEW. OPTIM. AUTO

НИЖ. ПОДОГР. ВЫКЛ.

RAPORT BIEŻĄCE

FEUCHTE LEIMPR. AUTOM.

ALARM MESSAGE

LAJIN TUNNUS

MANUELL KVAL. OMST.

Industrial Nucleonics® CORPORATION / AccuRay®

Industrial Nucleonics designs, manufactures, and markets computer-based automation and management information systems for basic manufacturing processes to save raw materials and energy, increase productivity, lower costs, and improve quality – all benefits which translate into substantial profit gains for the customer. These systems are marketed under the AccuRay® trademark in 35 countries and eight major industries.

ACCURAY SYSTEMS -IMPACT ON INDUSTRY- THROUGHOUT THE WORLD

With a leadership position based upon 25 years' experience in providing documented quality and economic results for customers, Industrial Nucleonics is responding effectively to industries' most pressing needs. The Company offers a step-by-step automation program to couple AccuRay control systems at the process level of manufacturing with plantwide and corporate management information systems. These programs are being implemented successfully in the pulp and paper, tire and rubber, plastics, textiles, metals, mining, and tobacco industries. In addition, materials planning and inventory control systems are being supplied to fabrication and assembly manufacturers.

Each AccuRay process automation system begins with the measurement of basic properties of materials, such as weight, thickness, moisture content, as they are being manufactured. Measurement data is combined with other process inputs to provide a series of automatic controls to optimize the process and to provide timely production reports to operating and management personnel. Each system incorporates the newest developments in computers, measurement technologies, and advanced electronics. Automatic control capabilities are constantly being developed such as a current control program to automatically optimize production rates for available energy supplies. These programs, which offer particularly timely responses to customer requirements, have been major contributors to the success of AccuRay systems in the international marketplace.

Key to effectively implementing these automation programs are the professional personnel, skills, and corporate commitment backing each application. Industry-oriented marketing teams appraise the needs of a customer business and recommend the most effective and feasible solutions. Highly skilled engineers specify an integrated system package appropriate to the customer's operation. Manufacturing and system-test engineers provide for prompt delivery, rapid start-up, and maximum reliability of each system. A worldwide systems and service support organization ensures optimum usage and customer results. And underlying each contract is Industrial Nucleonics' 25-year commitment to results for every customer.

AccuRay automation systems in all segments of the paper industry improve productivity, machine and manpower efficiency, and raw materials and energy utilization. Resultant economic impact is so significant that payback of systems typically occurs within the first year.

THE PULP AND PAPER INDUSTRY

Industrial Nucleonics through its broad experience and technology has developed a millwide program for the pulp and paper industry. Because of the rising cost of both raw materials and energy, improved control of the total papermaking process is more vital than ever before.

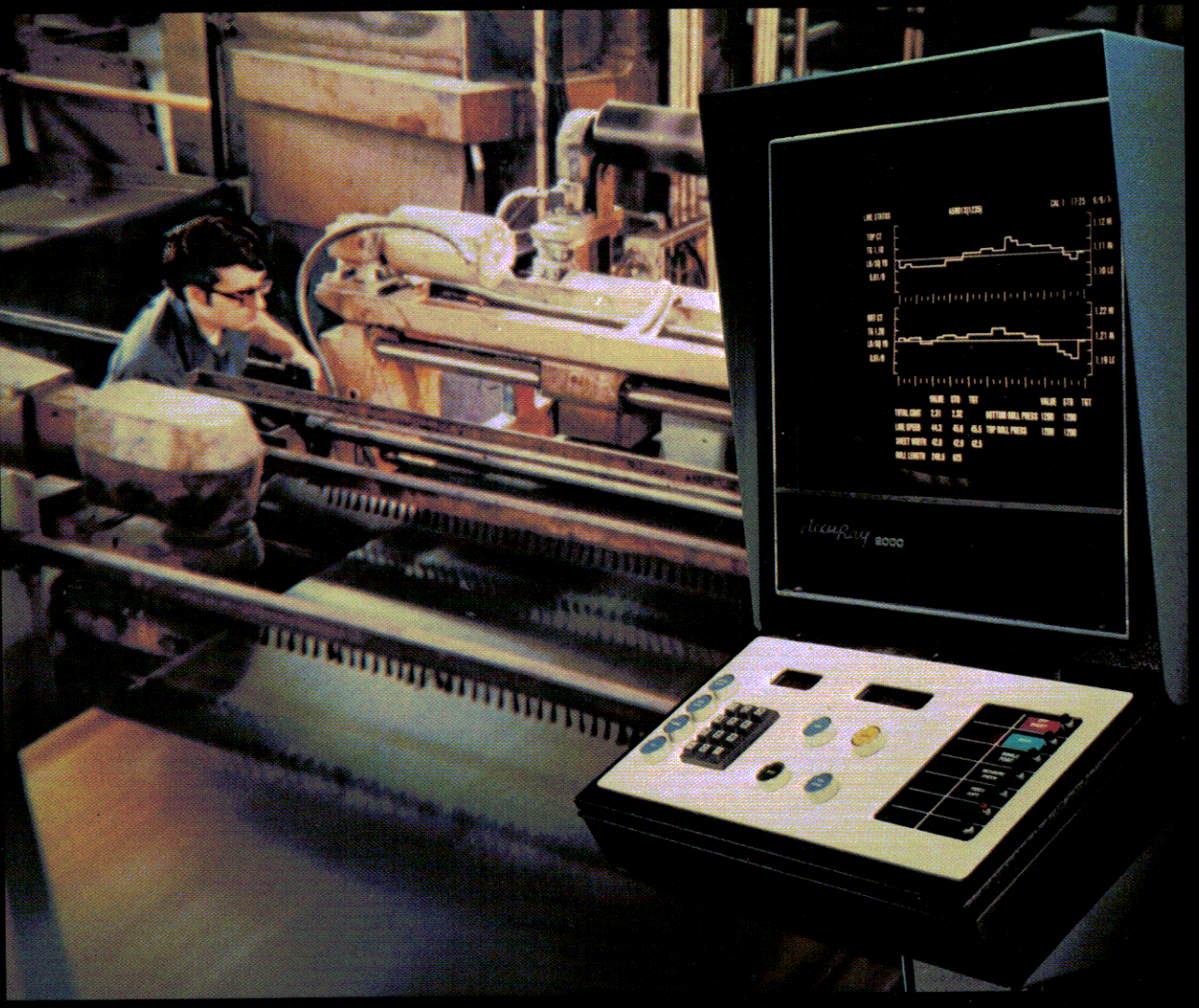
In the pulp mill, AccuRay 4200 digester control systems have helped customers reduce pulp yield variations by 50-65% and increase pulp yield by nearly 2%. The AccuRay 1180 computer system for advanced control of paper machines has provided production increases of 5-10% and raw materials savings of 1-2% while reducing energy usage per ton of production. AccuRay 2700 systems for the finishing area improve reel-to-winder operations, cut slab losses, and automate roll weighing and labeling, thus reducing manpower requirements and increasing shipping volume simultaneously.

Industrial Nucleonics continues to expand its applications base within the paper industry, utilizing latest technologies. Recent areas of development include additional measurements, improved techniques for communication between operator and system, and high-speed data output for management information and engineering diagnostics.

The flexible modular design of AccuRay systems, coupled with proven success in obtaining economic, efficiency, and quality results, provides excellent justification for future expansion of present customer installations. The objective is to make available additional advanced control programs and application services. The capable leadership of Industrial Nucleonics in the automation field is best exhibited by this ability to supply the most cost effective and responsive program for each customer.

AccuRay 1180 system incorporates advanced controls, colorgraphic video display, and high-speed printer plotter to provide increased information and control capability for customers.

AccuRay 2000 system for tire calendering
enables customer personnel to interact to maximum effectiveness with computer and process.



Advanced computer technology allows control to optimum process and product characteristics.

AccuRay 2000 systems permit control and information capability to extend across multiple calendering lines in the tire and rubber industry. Quality improvements and scrap reductions have been achieved in the 50% range.

THE TIRE AND RUBBER INDUSTRY

AccuRay systems have been used for nearly 25 years to produce more uniform tire fabric on calendering processes. The systems conserve material usage by precisely controlling the thickness or weight of rubber being laid on textile or wire fabric used in tire plies.

The AccuRay 2000 system extends capability far beyond initial functions of continuous process measurement and control. The human-engineered operator station enables production and supervisory personnel to interact to maximum effectiveness with the computer. Advanced computer control programs optimize use of raw materials, maximize throughput, and maintain desired quality standards. Hard copy reports generated by the system allow management personnel to assess production levels, raw materials usage, and product quality. Results from these computer applications have shown 20% increases in production throughput, 40% reduction in machine downtimes, 50% reductions in quality variation and scrap materials, amounting to system payback within a year.

Tire manufacturers often diversify with calendering lines for conveyor belts and other non-tire products. The new AccuRay 2000 system was designed with the flexibility to multiplex across these other rubber calenders in a given plant.

Industrial Nucleonics is also planning expansion into other areas of the tire manufacture such as stock preparation, extruded tread, and tire building. This latter expansion is in keeping with the Company's goal to offer plantwide automation and its inherent economic advantages to all industrial customers.

AccuRay systems are applied to a wide variety of plastic applications and processes with a full range of capabilities to get the best economic return. The ability of AccuRay systems and services to produce more product from every pound of raw materials bears significant impact on the industry.

THE PLASTICS INDUSTRY

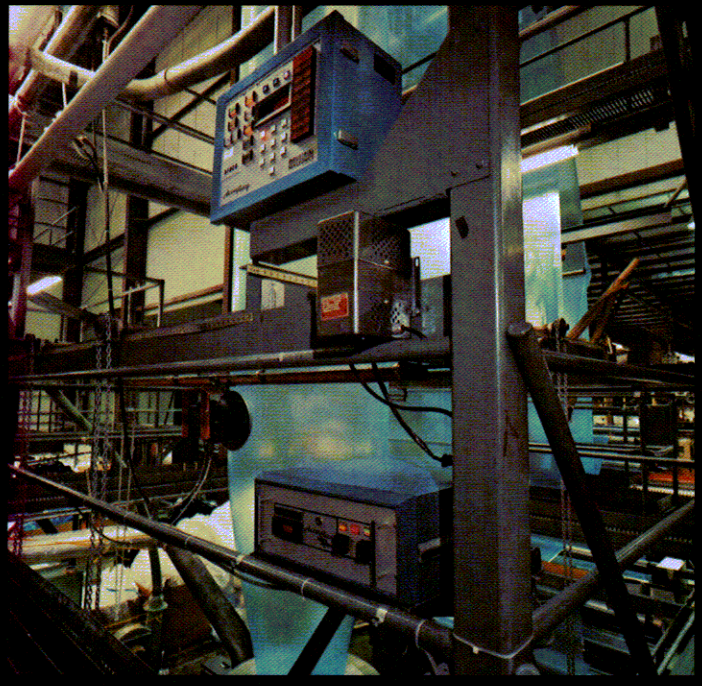
Extruded plastics, coated products, blown film, calendered vinyl, laminated materials, and multilayered packagings are among the many plastics processes being monitored and controlled by AccuRay systems. Available for the wide, diversified production capability of this industry are an equally wide range of digital systems to offer the most cost effective solution to each customer's need.

In many plastic applications the most feasible control approach is to integrate several processing lines with a central processor so as to enjoy the full advantages of computer control at minimum cost per line. The AccuRay 800-S and BF-800 allow for multiplexing up to eight sheet extrusion or blown film lines in one plant. The result has been increased yields of 5-10% per line achieved across these applications. Similarly, the new B-800 enables for the first time the measurement and control of multilayered materials such as in milk carton and other food packaging applications.

Newest introduction to the family of systems being offered to the plastics industry is the AccuRay 2000. Already proven to be a highly reliable system for coating and treating applications, its flexible design allows easy adaptability to other processes such as vinyl calendering. This full capability system offers multiple measurements per line as well as the multiplexing of several lines. Results from 2000 installations have far exceeded original customer estimates for raw materials savings, throughput increases, and scrap reductions.

Customer management in this coating and treating application utilizes AccuRay 2000 system to assess productivity and profitability of operations.

AccuRay 800 system for extruded plastics provides operator improved visibility of his process.



In blown film applications, automatic control capability can be multiplexed across eight lines in one plant.

The textile industry is actively seeking computer technology to increase productivity and improve product quality. New AccuRay computer systems for controlling polyester fabric finishing produce 4-6% yarn savings and 10-25% energy savings while improving fabric uniformity 60-90%.

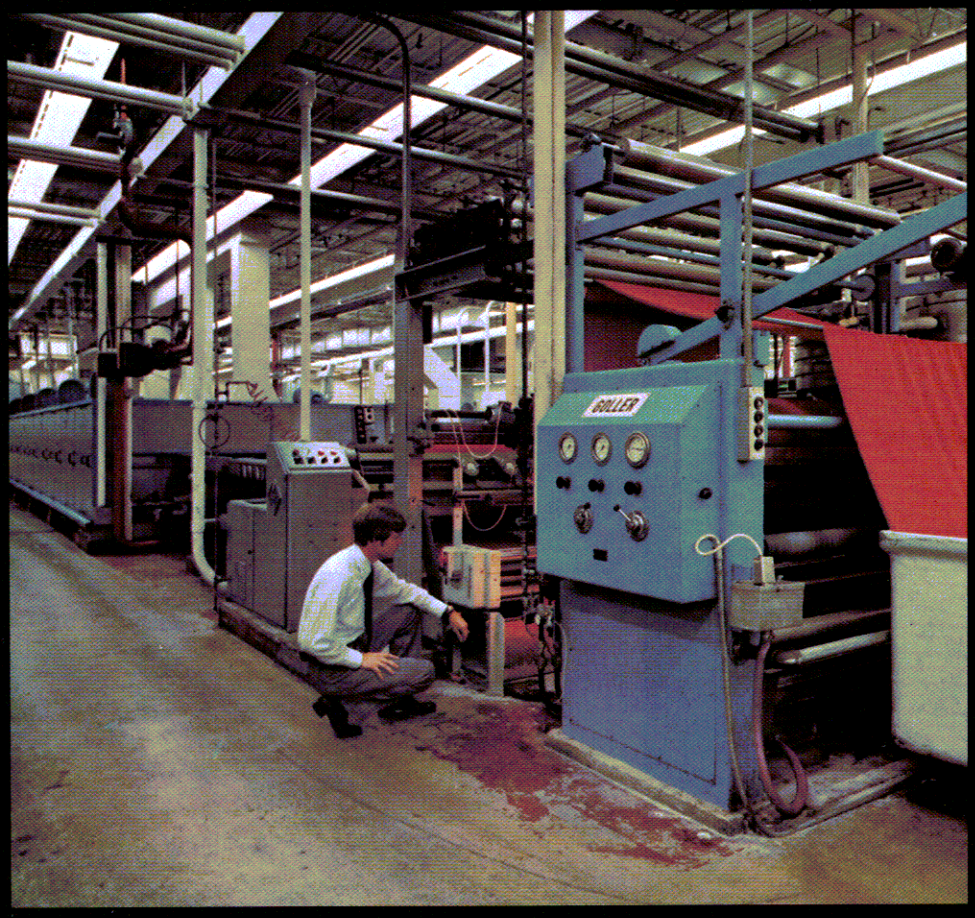
THE TEXTILE INDUSTRY

The AccuRay 2000 system for the synthetic fabric industry includes multiline monitoring of heatsetting operations and continuous control over fabric yield, weight variations, productivity, and width characteristics. Specially developed measurement systems continuously monitor fabric variables while advanced controls multiplexed over several lines readily adjust machine conditions to fabric variations.

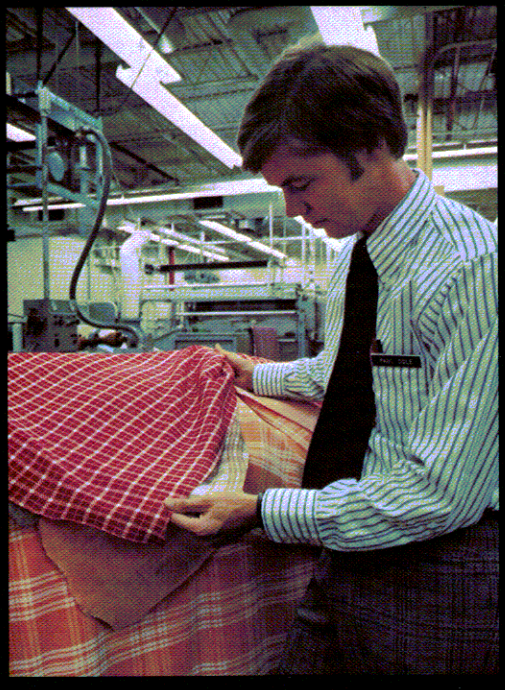
Critical process information is provided in summary and alarm form to operators via on-line video displays. The operator terminal is designed to simplify communication between computer system and operating personnel, using actual language rather than confusing codes. Similarly, key operating efficiencies and summaries of performance and quality are reported daily to management.

Because the finishing of synthetic fabrics is typically a high-volume operation, virtually every customer can justify use of the full computer system. Returns-on-investment of 100% and paybacks in less than one year are common with AccuRay systems.

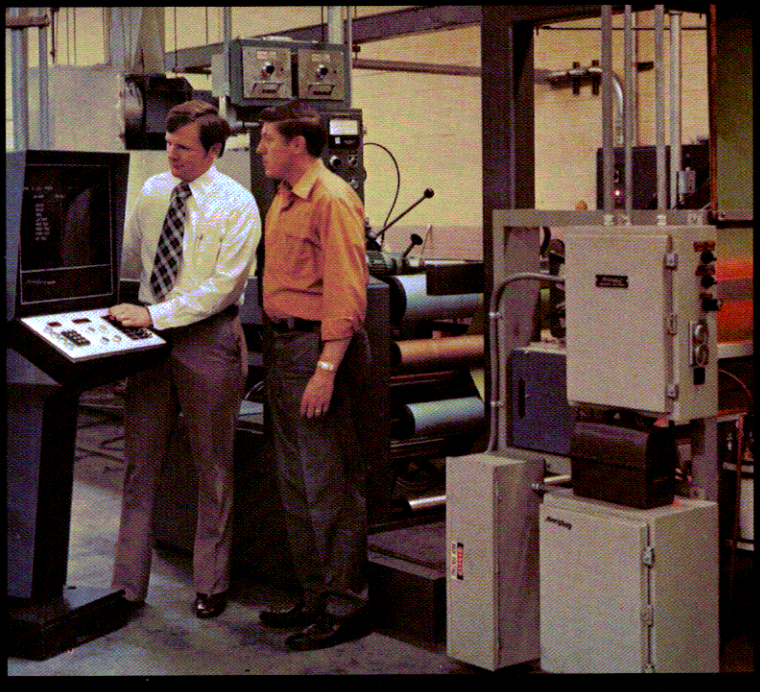
Considerable potential remains for applying Industrial Nucleonics' capabilities in other textile applications. The Company intends to pursue technological developments in areas of measurement and control of pattern straightness and repeat and on-line finished goods inspection. Still another computer function which has excellent applicability is the AccuRay 3000 system for inventory control and scheduling of the wide variety of fabrics being produced by each mill.



Control of heatsetting operations by AccuRay systems is critical to uniformity and shaping of synthetic fabrics.

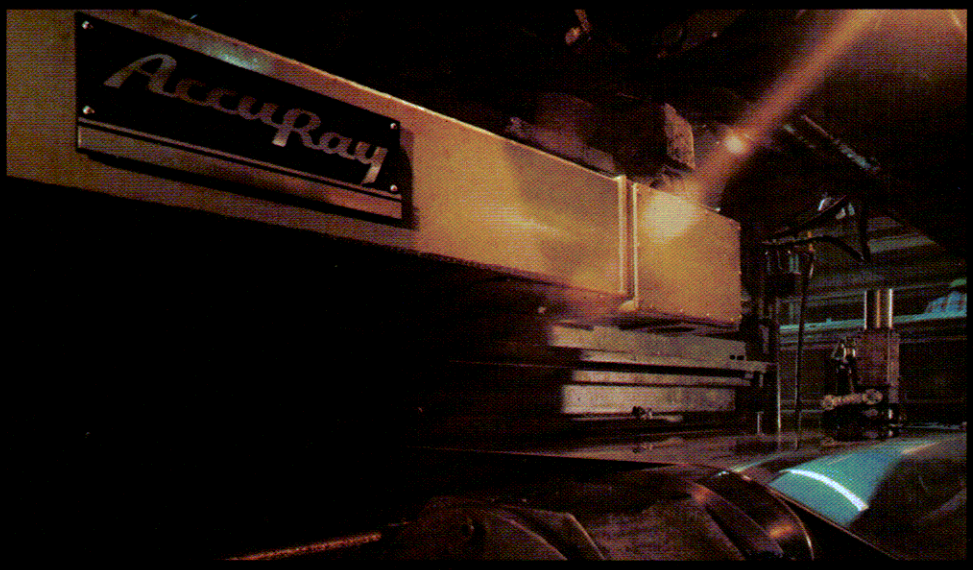


Future developments for the textile industry are expected to include control of pattern straightness and on-line inspection of finished goods.

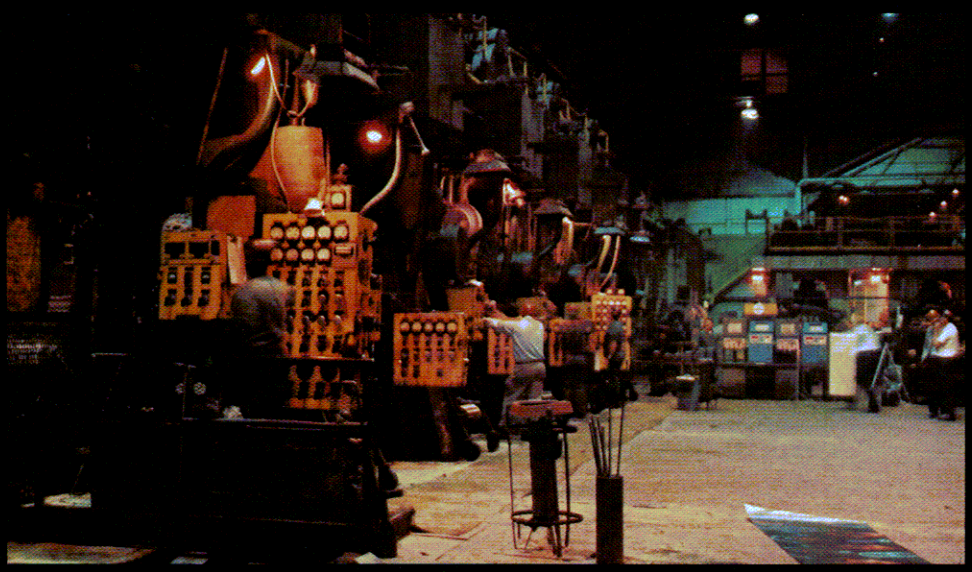


Virtually every synthetic fabrics' manufacturer can justify use of an AccuRay 2000 computer system on the basis of yarn and energy savings alone.

AccuRay 510 offers production personnel data display and acquisition never before available.



Higher standards of accuracy for rolled strip thickness are made possible with AccuRay installations in the aluminum industry.



Advanced electronic and control modules of AccuRay 510 are designed to function with high reliability in a steel mill environment.

Tighter tolerances for improved profitability is the primary objective of the AccuRay 510 system for the metals industry. New microprocessor modules allow customers to add advanced control and data display to significant results already achieved.

THE METALS INDUSTRY

Installations of the AccuRay 510 system include steel, aluminum, and titanium applications where accuracy of rolled strip thickness has reached higher standards than ever before possible. Result of these tighter tolerances has been to squeeze the last fraction of usable metal out of the high tonnage processes. In these applications the majority of materials and processing costs have already been incurred by the time the sheet metal reaches the finishing mill. Therefore, results achieved through use of AccuRay systems are magnified in terms of bottom-line profitability.

With proven measurement capability for cold rolling mills and other metals processing lines, entirely new building block modules for the AccuRay 510 have been created to offer data acquisition and display for production personnel and advanced controls tailored to customers' present equipment and needs. These new computer functions—made economically feasible through use of recently developed microprocessors—may be purchased as part of a new order package or added to existing 510 installations in customer plants.

In another segment of the metals industry AccuRay systems are being marketed to control galvanize coating weight. Applications have helped customers realize a 5-10% reduction in costly zinc usage plus desired quality benefits.

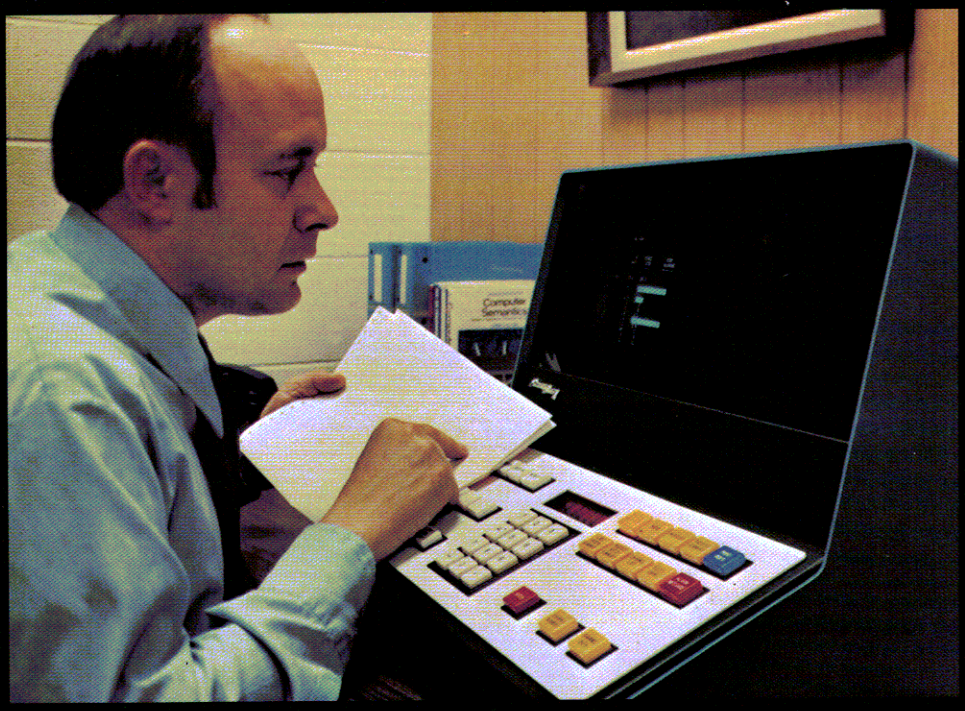
AccuRay total resources management program enables cigarette factories to operate at most productive levels of materials, manpower, and machinery utilization. Net effect of factory-wide installations has been overall production efficiency increases of 5-10% and improved tobacco usage of 2-5%.

THE TOBACCO INDUSTRY

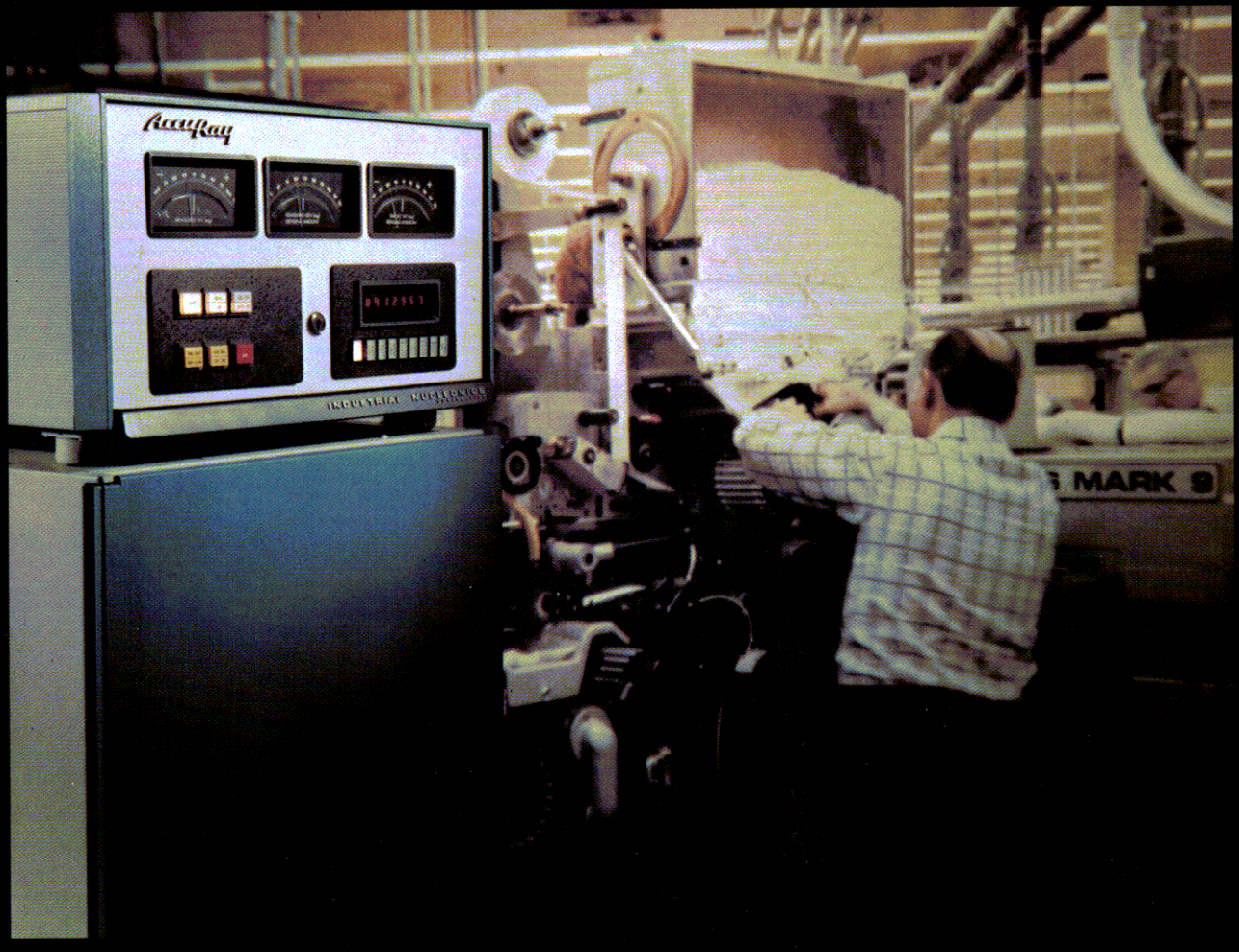
Cigarette manufacturers look forward to increased demand for their tobacco products. Annual competition for the world's supply of top grade tobacco has boosted tobacco cost, with estimates ranging to an additional 20% increase this year. The best solution is to optimize materials, manpower, and machinery usage in such a way as to maximize production and minimize materials requirements.

Industrial Nucleonics offers a full range of capability to the cigarette manufacturer regardless of the size of factory, number of machines operating, or volume produced. Automation functions may be expanded as required throughout the factory from tobacco preparation to cigarette fabrication and packing operations. The AccuRay Cigarette Operations Management System provides multiple levels of control and information at each critical process stage. Over 20 years' experience with the tobacco industry gives the Company the ability to assess with the customer what combination of functions are most needed and which system modules will best help meet his process and management objectives.

Although Industrial Nucleonics' activities in the tobacco industry have historically centered around measurement and control of cigarette weight, packing density, and moisture content, capabilities have increased in the past five years to the extent that today about 75% of system functions involve management information. Accessible information at the process provides unit accountability never before possible. Special diagnostic programs, along with instantaneous video displays and hard copy reports, enable customers to optimize utilization of tobacco, machine, and manpower resources. Comprehensive summary reports enable plant management to take decisive actions affecting operating procedures, maintenance programs, quality control, manpower and machine scheduling. The result has been better control over costly waste, improved efficiency, increased productivity, and enhanced profitability, with assured product quality.



New data terminal increases information accessibility and unit accountability.



AccuRay systems controlling high-speed cigarette making machines have improved costly tobacco usage by 2-5%.

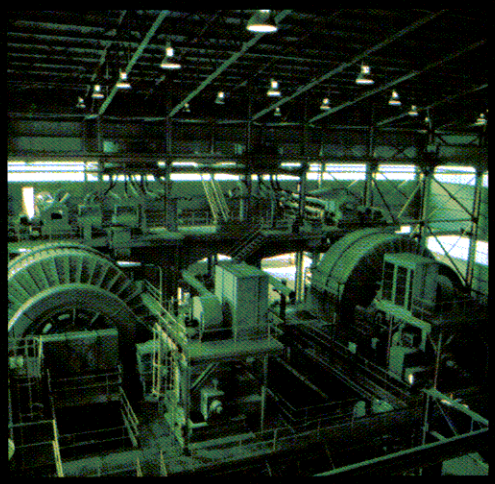
Maximum tonnage throughput, efficient grinding operations, and optimum energy consumption are the objectives of new AccuRay developments for the mining industry. Full computer control of grinding processes has now been successfully implemented in the copper industry.

THE MINING INDUSTRY

The AccuRay computer system for the mining industry automatically monitors and controls horsepower and water and ore feed into the grinding mills, constantly adjusting to optimum grinding conditions and compensating for the wide fluctuations in process variables. The system also controls the work load between two grinding operations so that maximum flow of materials is achieved through the process. An important result of these efficiency and productivity improvements is more effective fuel consumption. Management information provided with the system consists of video displays for immediate operator information, hard copy reports for summary and historical data, and data logging capability for further process evaluation.

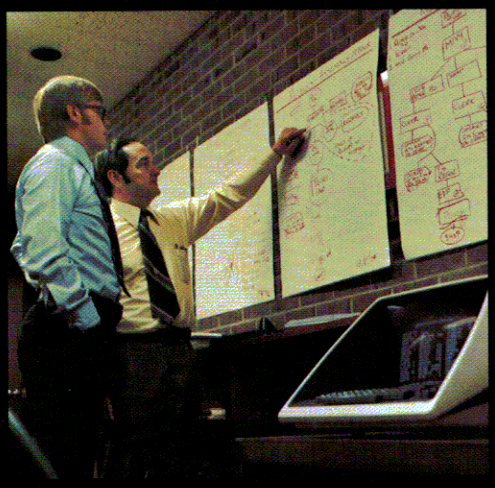
Development programs include systems for other precious metals, iron ore, and cement applications—all of which undergo similar processing techniques. This is an example of the Company's continual investigation into new markets where its experience with continuous processes, measurement technology, electronics, and computers can be readily utilized.

Computer control of grinding operations enables ore processors to produce maximum tonnage by most efficient methods.



AccuRay system displays key process variables for operating personnel in central control room.

AccuRay 3000 provides assembly manufacturers the tools to execute plans and accommodate day-to-day operations.



Input, up-date, and retrieval of information in AccuRay materials and inventory control system are responsibility of user manufacturing personnel.

The AccuRay 3000 program for materials planning and inventory control provides manufacturing and corporate management with the tools and techniques to improve manufacturing operations. User companies have increased productivity by 1-3%, reduced inventory levels by 25-40%, and improved customer service by 40-80%.

FABRICATION AND ASSEMBLY MANUFACTURING

Manufacturers of complex, assembled products have great need for well-integrated systems to plan priorities, materials requirements, and plant capacities. In addition, the tools must be provided to execute the plans and accommodate the changes of day-to-day operations. The AccuRay 3000 offers an inventive approach to material planning and control. It links long-range production planning on a large, general purpose business computer with a dedicated small computer and on-line terminals for control of the daily manufacturing operations.

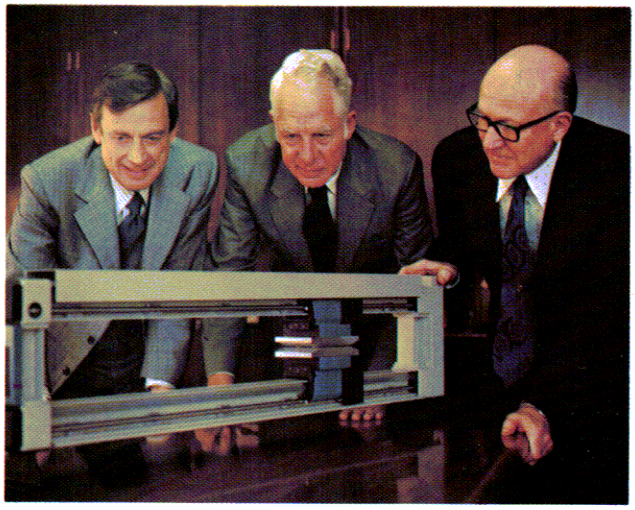
One of the most advantageous features of the new program is that it is implemented in a manufacturing environment by manufacturing personnel. Manufacturing people are responsible for input, update, and retrieval of information. This assures greatest accuracy and user responsiveness and control.

Industrial Nucleonics Corporation
The parent company incorporated in Delaware

DIRECTORS

Edward McC. Blair
Managing Partner of
William Blair & Company

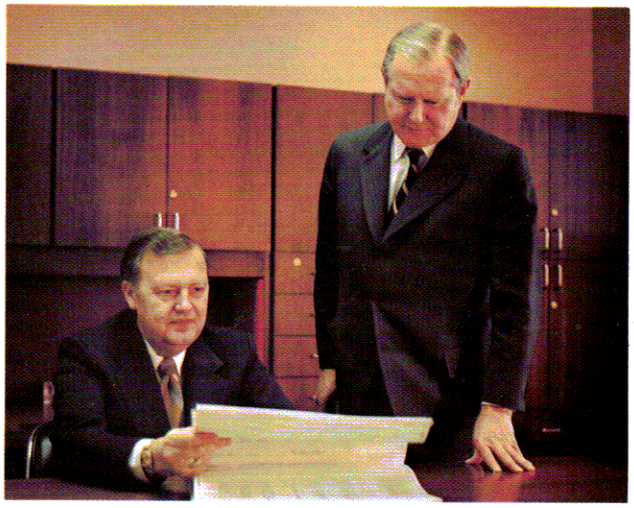
David L. Nelson
President of
Industrial Nucleonics



H. Roy Chope
Executive Vice President
of Industrial Nucleonics

John Eckler
Partner in law firm of Bricker,
Evatt, Barton & Eckler

Gordon B. Carson
Executive Vice President of
Albion College



Robert E. Swenson
Vice President and Treasurer
of Industrial Nucleonics

George B. Young
Director of
Chrysler Corporation

▪ GENERAL OFFICES

650 Ackerman Road / Columbus, Ohio 43202

PRINCIPAL OFFICES AND SUBSIDIARIES

▪ REGIONAL OFFICES

SOUTHERN

First Federal Tower / Suite 702 / Mobile, Alabama 36606

EASTERN

P. O. Box 3327 / 2777 Summer Street / Stamford, Connecticut 06905

CENTRAL

7 Salt Creek Lane / Hinsdale, Illinois 60521

3090 West Market Street / Akron, Ohio 44313

WESTERN

Foyston Building / 6005 N. E. 82nd Avenue / Portland, Oregon 97220

▪ WORLDWIDE OFFICES

AUSTRALIA

AccuRay Australia Pty. Ltd. / 219-221 Blaxland Road / Ryde 2112 / N.S.W., Australia

BENELUX COUNTRIES

AccuRay International S.A. / Chaussée de Malines 363 / B-1950 Kraainem, Belgium

CANADA

AccuRay of Canada, Ltd. / 6271-18 Dorman Road / Mississauga (Malton), Ontario, Canada L4V 1H1 / 6600 Trans Canada Highway / Pointe Claire, Quebec, Canada H9R 4S2

UNITED KINGDOM

AccuRay (U.K.) Limited / Langwood House / 63-81 High Street / Rickmansworth (London) / Hertfordshire WD3 1EQ, England / 51A Station Road / Cheadle Hulme / Cheadle / Cheshire SK8 7AA, England

FRANCE

AccuRay France S.A.R.L. / 374 Ancienne Route de Tourettes / 06140 Vence, France

GERMANY

AccuRay Deutschland GmbH / Holzgasse 29-33 / 52 Siegburg, West Germany

ITALY

AccuRay Italia S.r.l. / Corso Europa 732/4 / 16148 Genova, Italy

JAPAN

AccuRay Japan Ltd. / New Kudan Building / No. 7, 3-Chome Kanda-Jimbocho, Chiyoda-ku / Tokyo, Japan

SWEDEN

AccuRay Scandinavia A.B. / Box 7102 / Hallonbergsplan 5-7 / S-172 07 Sundbyberg 7, Sweden / Sturegatan 1 / S-752 23 Uppsala, Sweden

▪ SUBSIDIARY COMPANY

Infra Systems, Inc. / 650 Ackerman Road / Columbus, Ohio 43202

▪ LEASING COMPANY

AccuRay Leasing Corporation / 650 Ackerman Road / Columbus, Ohio 43202

INDUSTRIAL NUCLEONICS CORPORATION