

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON D.C. 20549

FORM 10-Q

(MARK ONE)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES  
- - - - EXCHANGE ACT OF 1934. FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1996.

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
- - - - EXCHANGE ACT OF 1934. FOR THE TRANSITION PERIOD FROM TO .  
-----

COMMISSION FILE NUMBER: 0-24020

GROUP TECHNOLOGIES CORPORATION

(Exact name of registrant as specified in its charter)

FLORIDA 59-2948116  
(State or Other Jurisdiction of (I.R.S. Employer  
Incorporation or Organization) Identification No.)

10901 MALCOLM MCKINLEY DRIVE  
TAMPA, FLORIDA 33612  
(Address of principal executive offices, including zip code)

(813) 972-6000  
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding 12 months (or for such shorter period that the  
Registrant was required to file such reports), and (2) has been subject to such  
filing requirements for the past 90 days. Yes X No  
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As of May 10, 1996 there were 16,220,629 shares of the Registrant's Common  
Stock outstanding.

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## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## GROUP TECHNOLOGIES CORPORATION

## CONSOLIDATED STATEMENTS OF OPERATIONS

(IN THOUSANDS, EXCEPT FOR PER SHARE DATA)

	QUARTERS ENDED	
	MARCH 31, 1996	APRIL 2, 1995
	----- (UNAUDITED)	
Revenue.....	\$68,200	\$ 65,100
Cost of operations .....	64,000	60,032
	-----	
Gross profit .....	4,200	5,068
Selling, general and administrative expense ..	2,773	4,971
Research and development .....	286	985
	-----	
Operating income (loss) .....	1,141	(888)
Interest expense .....	949	628
Other expense (income), net .....	84	(78)
	-----	
Income (loss) before income taxes .....	108	(1,438)
Income tax expense (benefit) .....	103	(535)
	-----	
Net income (loss) .....	\$ 5	\$ (903)
	=====	
Net income (loss) per share:		
Primary .....	\$ 0.00	\$ (0.06)
Fully diluted .....	\$ 0.00	\$ (0.06)
Shares used in computing per share amounts:		
Primary .....	15,965	15,660
Fully diluted .....	16,263	15,660

The accompanying notes are an integral part of the consolidated financial statements.

GROUP TECHNOLOGIES CORPORATION  
 CONSOLIDATED BALANCE SHEETS  
 (IN THOUSANDS, EXCEPT FOR SHARE DATA)

	MARCH 31, 1996	DECEMBER 31, 1995
	-----	-----
	(UNAUDITED)	
ASSETS		
Current assets:		
Cash and cash equivalents .....	\$ 681	\$ 2,143
Accounts receivable, net .....	40,642	31,167
Inventories, net .....	42,167	46,499
Other current assets .....	7,071	7,965
	-----	-----
Total current assets .....	90,561	87,774
Property and equipment, net .....	22,081	24,090
	1,016	1,242
Other assets .....	-----	-----
	\$113,658	\$113,106
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable .....	\$ 41,628	\$ 37,789
Accrued liabilities .....	15,673	17,892
Note payable .....	5,000	-
Current portion of long-term debt .....	3,267	8,171
	-----	-----
Total current liabilities .....	65,568	63,852
Long-term debt .....	20,411	23,050
Other liabilities .....	300	364
	-----	-----
Total liabilities .....	86,279	87,266
Commitments and contingencies		
Shareholders' equity:		
Preferred Stock, \$.01 par value, 1,000,000 shares authorized; no shares issued and outstanding.....	-	-
Common Stock, \$.01 par value, 40,000,000 shares authorized; 16,220,629 and 15,828,707 shares issued and outstanding in 1996 and 1995, respectively.....	162	158
Additional paid-in capital .....	24,067	22,537
Retained earnings .....	3,150	3,145
	-----	-----
Total shareholders' equity .....	27,379	25,840
	-----	-----
	\$113,658	\$113,106
	=====	=====

The accompanying notes are an integral part of the consolidated financial statements.

GROUP TECHNOLOGIES CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(IN THOUSANDS)

	QUARTERS ENDED	
	MARCH 31, 1996	APRIL 2, 1995
	----- (UNAUDITED)	
Cash flows from operating activities:		
Net income (loss) .....	\$ 5	\$ (903)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization .....	1,294	1,077
Other .....	200	3
Changes in operating assets and liabilities, net of acquisitions and dispositions:		
Accounts receivable .....	(12,579)	(3,500)
Inventories .....	(2,981)	(3,081)
Other current and non-current assets .....	(446)	(668)
Accounts payable .....	4,828	(2,991)
Accrued and other liabilities .....	(1,902)	803
	-----	-----
Net cash used in operating activities .....	(11,581)	(9,260)
Cash flows from investing activities:		
Capital expenditures .....	(472)	(2,757)
Proceeds from disposal of assets .....	11,457	-
	-----	-----
Net cash provided by (used in) investing activities ...	10,985	(2,757)
Cash flows from financing activities:		
Net (repayments) proceeds under revolving credit agreement .	(1,730)	13,880
Repayments of long-term debt .....	(136)	(379)
Net proceeds from issuance of Common Stock .....	1,000	75
	-----	-----
Net cash (used in) provided by financing activities ...	(866)	13,576
	-----	-----
Net (decrease) increase in cash and cash equivalents .....	(1,462)	1,559
Cash and cash equivalents at beginning of period .....	2,143	1,328
	-----	-----
Cash and cash equivalents at end of period .....	\$ 681	\$ 2,887
	=====	=====

The accompanying notes are an integral part of the consolidated financial statements.

## GROUP TECHNOLOGIES CORPORATION

## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## (1) ORGANIZATION STRUCTURE

Group Technologies Corporation (the "Company") is a leading provider of advanced manufacturing, engineering and testing services to original equipment manufacturers (OEMs) of electronic products. The Company custom manufactures complex circuit card assemblies, subsystems and end-user products for use in a wide variety of markets, including avionics, gaming, network products, personal computer, photography, space, telecommunications, utility, workstation and government systems.

The consolidated financial statements include the accounts of the Company and its majority owned subsidiaries (hereinafter collectively referred to as the "Company"). The Company's operating subsidiaries are Group Technologies, S.A. de C.V. ("GTC Mexico") and Group Technologies Suprimentos de Informatica Industria e Comercio Ltda. ("GTC Brazil"). Substantially all of the assets of Metrum, Inc. ("Metrum"), which remains a wholly owned subsidiary of the Company, were sold on February 9, 1996 (see Note 6); however, certain non-operating assets and liabilities were retained.

## (2) BASIS OF PRESENTATION

The unaudited consolidated financial statements and related notes have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission and on substantially the same basis as the annual consolidated financial statements. The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and accounts have been eliminated.

In the opinion of management, the consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments necessary for a fair presentation of the financial position, operating results, and cash flows for those periods presented. Operating results for the quarter ended March 31, 1996 are not necessarily indicative of the results that may be expected for the year ended December 31, 1996. These consolidated financial statements should be read in conjunction with the consolidated financial statements, and notes thereto, for the year ended December 31, 1995 as presented in the Company's annual report on Form 10-K.

## (3) NET INCOME (LOSS) PER SHARE

Net income (loss) per share is computed using the weighted average number of common shares and dilutive common equivalent shares outstanding during the applicable period. Common equivalent shares consist of stock options, using the treasury stock method. The computation includes those common shares and common equivalent shares as prescribed by Securities and Exchange Commission Staff Accounting Bulletins.

## (4) INVENTORIES

Inventories consist of the following:

	MARCH 31, 1996	DECEMBER 31, 1995
	----- (UNAUDITED)	-----
Raw materials .....	\$ 31,054	\$ 34,469
Work in process .....	3,929	6,840
Finished goods .....	-	330
Costs relating to long-term contracts and programs, net of amounts attributed to revenue recognized to date.....	27,329	25,766
Progress payments related to long-term contracts and programs .....	(13,444)	(12,300)
Reserve for inactive, obsolete and unsalable .....	(6,701)	(8,606)
	-----	-----
	\$ 42,167	\$ 46,499
	=====	=====

The amounts detailed above include inventories valued under the last-in, first-out ("LIFO") method totaling \$5,318,000 at December 31, 1995, which approximates replacement cost at that date. No inventories were valued under LIFO at March 31, 1996.

## (5) NOTE PAYABLE AND LONG-TERM DEBT

On March 29, 1996, the Company entered into a financing agreement (the "1996 Credit Agreement") with its bank to replace the revolving credit agreement entered into on November 24, 1994. The 1996 Credit Agreement provides the Company with a two-year revolving line of credit facility (the "Revolver"), a \$3,300,000 two-year facility (the "Term Note") and an additional \$5,000,000 facility (the "1996 Note") for the period through December 31, 1996. Borrowings under the 1996 Credit Agreement are secured by substantially all of the assets of the Company. Under the terms of the 1996 Credit Agreement, the Company will pay interest monthly on outstanding borrowings at the prime rate (8.25% at March 31, 1996) plus a spread (between 1.0% and 2.0%). The Company will be provided credit availability on the Revolver equal to the lesser of \$27,500,000 or the applicable amount of its eligible accounts receivable and inventories through December 31, 1996. Effective January 1, 1997 through the maturity date of March 1998, the Company's credit availability on the Revolver will equal the lesser of \$22,500,000 or the applicable amount of its eligible accounts receivable and inventories. Principal payments on the Term Loan are due monthly commencing October 1996. The 1996 Note is payable in two equal installments on August 30, 1996 and December 31, 1996 and is classified as a note payable in the Company's March 31, 1996 balance sheet. The 1996 Credit Agreement requires maintenance of certain financial ratios and contains other restrictive covenants, including prohibiting the Company from paying dividends.

The Company, in conjunction with the 1996 Credit Agreement, paid a \$250,000 fee and issued warrants to purchase 1,200,000 shares of common stock at \$0.01 per share to the lender in consideration for execution of the financing agreement. At March 31, 1996, 200,000 of the warrants were exercisable and the balance of the warrants become exercisable in quarterly increments of 250,000 beginning March 1997. The warrants will expire 5 years following the issue date. The lender will forfeit any unvested warrants in the event the Company repays all debt outstanding under the 1996 Credit Agreement prior to the maturity date. The Company recorded an original issue discount for the 1996 Credit Agreement equal to the fair market value of the exercisable options and will amortize this discount on a straight-line basis over a 12 month period beginning April 1996.

Long-term debt consists of the following:

	MARCH 31, 1996	DECEMBER 31, 1995
	-----	-----
	(UNAUDITED)	
Revolver .....	\$ 15,549	\$ 25,583
Term Note .....	3,300	
Other .....	5,309	5,638
	-----	-----
Total long-term debt .....	24,158	31,221
Unamortized original issue discount related to issuance of warrants exercisable on date of issuance.....	(480)	-
Current portion of long-term debt.....	(3,267)	(8,171)
	-----	-----
	\$ 20,411	\$ 23,050
	=====	=====

Available borrowings on the Revolver at March 31, 1996 were \$7,798,000. The interest rate on all debt outstanding under the 1996 Credit Agreement at March 31, 1996 was 10.25%.

#### (6) DISPOSITIONS

On February 9, 1996, the assets of the instrumentation products business unit of Metrum were sold to F.W. Bell, Inc. ("Bell") for \$10,000,000 cash and an earn-out provision which provides for additional payments to the Company, up to \$3,000,000 in the event annual earnings before interest and taxes exceeds defined amounts through December 31, 2001. The Company and Bell are both majority owned subsidiaries of Group Financial Partners, Inc. (the "Parent"). Due to the common ownership interest of the Parent in the Company and Bell, the Company requested and obtained an independent opinion, which indicated that the consideration received by the Company for the sale of the instrumentation products business was fair, from a financial point of view, to the unaffiliated shareholders of the Company. In addition, due to the common ownership, the amount by which the sales price exceeds the net book value of assets and liabilities transferred, which amount has not yet been determined, will be recorded by the Company as a contribution to its capital.

On March 22, 1996, the Company sold substantially all of the assets related to its Badger name brand product business unit for \$1,457,000 cash.



ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

The following table sets forth certain data, expressed as a percentage of revenue, from the Company's Consolidated Statement of Operations for the quarters ended March 31, 1996 and April 2, 1995.

	QUARTER ENDED	
	MARCH 31, 1996	APRIL 2, 1995
Revenue .....	100.0%	100.0%
Cost of operations .....	93.8	92.2
Gross profit .....	6.2	7.8
Selling, general and administrative expense ..	4.1	7.6
Research and development .....	0.4	1.5
Operating income (loss) .....	1.7	(1.3)
Interest expense .....	1.4	1.0
Other expense (income), net .....	0.1	(0.1)
Income (loss) before income taxes .....	0.2	(2.2)
Income tax expense (benefit) .....	0.2	(0.8)
Net income (loss) .....	0.0%	(1.4)%

The Company reported a small net income for the first quarter of 1996 following five consecutive quarterly net losses. The improvement in the Company's financial performance during the first quarter of 1996 is the result of a number of initiatives taken by management during 1995 to restore the Company's profitability, including increasing sales, improving productivity and reducing operating costs. These initiatives remain an integral part of management's top priority of returning the Company to profitability. The turnaround process is expected to be a challenging activity and there are many internal and external factors affecting the ultimate outcome of the process. Accordingly, management can make no assurances that the Company will return to profitability in 1996.

Revenue for the first quarter of 1996 was \$68.2 million, an increase of \$3.1 million or 4.8% from \$65.1 million for the first quarter of 1995. The overall increase in revenue reflects several changes in the Company's business which occurred during 1995 and the first quarter of 1996. The composition of revenue for the comparable year-to-year periods varied primarily as a result of the Company's expansion into Latin America and the disposition of the name brand products business units. The net increase of \$3.1 million is comprised of a net increase in the Company's core manufacturing and engineering services business of \$13.1 million offset by a \$10.0 million decrease in revenue resulting from the disposition of substantially all of the assets of Metrum's instrumentation products business and the Badger business unit.

The change in the Company's revenue mix is indicative of the strategic focus on the Company's core manufacturing services business, which accounted for an increase in revenue of \$15.2 million over 1995. The largest component of the revenue increase was generated by the growth in the Company's Mexican and Brazilian manufacturing services operations, which combined for an increase of \$12.2 million. The increase in revenue from the Mexican operation was provided by the continuation of a

turnkey contract which began in the second half of 1995. The Company's Brazilian operation commenced operations during the third quarter of 1995, providing manufacturing services under a consignment contract with the Company's largest customer.

The Company's domestic manufacturing services business increased revenue by \$3.0 million over the prior year period, while revenue from the Company's engineering services business declined by \$2.1 million. The majority of the domestic revenue increase was related to production on a turnkey contract for a commercial customer which was awarded to the Company in the fourth quarter of 1995. The Company completed a successful ramp-up on this contract and met delivery and quality commitments to the customer throughout the first quarter of 1996. The contract is scheduled to be completed during the second quarter of 1996. The Company is also scheduled to complete shipments on a longer-term commercial contract during the second quarter of 1996.

The Company significantly reduced the fixed costs of its Tampa facility during 1995 to lower the break-even point of its manufacturing services operation. The revenue load for this facility during the first quarter of 1996 was sufficient to enable it to report an operating profit. The impact of the completion of these two commercial contracts may, however, create underutilized production capacity at the Company's Tampa manufacturing facility beginning late in the second quarter as the contracts are completed. The Company is actively pursuing new business opportunities with its existing customer base and new customers to replace this business.

To enhance the Company's prospects for achieving an adequate revenue load for the second half of 1996, management is structuring the marketing and sales function to optimize the Company's capabilities toward the achievement of new business generation. The Company's marketing efforts for its domestic manufacturing services operations are focused on the technology center structure implemented during the fourth quarter of 1995, and are designed to attract and win profitable contracts that will be optimum for the process technology, level of service and cost structure for each of the three technology centers. Management is also consolidating certain manufacturing support and materials functions to improve the Company's performance on its existing programs. If the Company is unable to attract new business which will generate profitable revenue for its Tampa facility during the third and fourth quarters of 1996, its financial performance during these quarters may be adversely affected. Management will closely monitor the progress of these activities and will take actions to minimize the impact of any potential revenue shortfall.

The Company's instrumentation products and Badger business units were sold during the first quarter of 1996 at amounts that approximated the carrying value of the net assets sold. The sale of these units completed the disposition of the Company's entire line of name brand products which also included two sale transactions in the second quarter of 1995. The aggregate decrease in revenue for the year-to-year comparable periods related to the disposition of the name brand products business was \$10.0 million. Revenue for the name brand products business units was \$11.7 million for the first quarter of 1996 as compared to \$1.7 million for the comparable prior year period.

Gross profit for the first quarter of 1996 decreased to \$4.2 million or 6.2% of revenue from \$5.1 million or 7.8% of revenue in 1995. While gross profit from the Company's core manufacturing and engineering services business nearly tripled to \$3.5 million in the first quarter of 1996 from \$1.2 million in 1995, gross profit decreased, both in dollars and as a percentage of revenue, primarily due to the disposition of the Company's name brand products business units. Gross profit from name brand products was typically higher than the Company's manufacturing services business; however, the name

brand products business also required higher levels of selling, general and administrative expense and research and development than the manufacturing services business.

Selling, general and administrative expense for the first quarter of 1996 decreased to \$2.8 million or 4.1% of revenue from \$5.0 million or 7.6% of revenue in 1995. The decrease reflects primarily the disposition of the name brand products business units; however, a number of cost reduction actions implemented by the Company throughout 1995 and further actions taken in the first quarter of 1996 have also contributed to the decrease in expense.

Research and development expense for the first quarter of 1996 decreased to \$0.3 million or 0.4% of revenue from \$1.0 million or 1.5% of revenue in 1995. The Company's research and development efforts have historically been concentrated on the name brand products business units. The Company's manufacturing and engineering services businesses are expected to require comparatively lower levels of research and development in the future.

Interest expense for the first quarter of 1996 increased to \$0.9 million from \$0.6 million in 1995. Although the Company's average debt outstanding during the first quarter of 1996 was lower than the comparable prior year period, the weighted average interest rate on borrowings from the Company's bank, including borrowings under its revolving credit facility, increased to approximately 9.8% in 1996 as compared to approximately 6.9% in 1995.

Income tax expense for the first quarter of 1996 consists primarily of income taxes on earnings in foreign countries.

#### LIQUIDITY AND CAPITAL RESOURCES

Net cash used by operating activities was \$11.6 million for the first quarter of 1996. The increases and decreases in the Company's operating assets and liabilities during the first quarter are net of the impact of the disposition of the assets and liabilities of the instrumentation products and Badger business units. The Company's accounts receivable and inventories increased by \$12.6 million and \$3.0 million, respectively, during this period. The growth in accounts receivable is primarily attributable to shipments from the Company's Tampa facility on the large commercial contract which provided the majority of the year-to-year domestic revenue increase. Shipments on this contract were heavily weighted toward the last month of the first quarter, thereby resulting in an increase in accounts receivable at March 31, 1996. The increase in inventories is primarily due to the material requirements associated with production on this contract which is scheduled for completion in the second quarter, in addition to other contracts on which production continues into the second quarter.

The Company's accounts payable increased by \$4.8 million during the first quarter. The increase in accounts payable is primarily attributable to increased inventories purchased to support the increased revenue during the last month of the first quarter. While the Company has maintained extended payment terms with its suppliers, the increase in accounts payable did not result from an increase in past-due accounts, as the Company concentrated on improving the aging of its open accounts payable. Additionally, a portion of the proceeds from the two sale transactions of the name brand products business during the first quarter of 1996 were used to reduce accounts payable. The Company has long-term relationships with a majority of its suppliers and, as a result, has been successful in continuing to work on reasonable credit terms with its supplier base.

Net cash provided by investing activities was \$11.0 million for the first quarter of 1996. Capital expenditures were \$0.5 million for the first quarter. Current commitments for capital expenditures for the remainder of 1996 is approximately \$2.2 million. The divestiture of the Company's instrumentation products and Badger name brand products business units generated net proceeds of \$10.0 million and \$1.5 million, respectively. The majority of the proceeds from the sale transactions were used to reduce the Company's debt outstanding and to reduce accounts payable.

Net cash used by financing activities was \$0.9 million for the first quarter of 1996. The Company reduced its debt by \$1.9 million during the first quarter. On March 29, 1996, the Company entered into a credit agreement with its bank which provided the Company with a revolving credit facility and two term facilities. The revolving credit facility is for a term of two years and provides credit availability up to \$27.5 million through December 1996 and \$22.5 million through March 1998, subject to a borrowing base consisting of eligible accounts receivable and inventories. At March 31, 1996, availability on the Company's revolving credit facility was approximately \$7.8 million. The term facilities include a \$3.3 million term note payable in installments over two years and a \$5.0 million term note payable in two equal installments in August and December 1996.

In connection with the new credit agreement, the majority shareholder of the Company invested \$1.0 million in the Company in exchange for shares of Common Stock. As a condition of the consummation of the restructured credit agreement, the Company also issued warrants to purchase 1.2 million shares of Common Stock to the bank, 0.2 million of which were vested on date of closing and the remaining 1.0 million become vested quarterly in 25% increments beginning one year from closing. The bank will forfeit any unvested warrants in the event the Company repays all debt outstanding prior to any warrant vesting date. The Company intends to seek alternative sources of financing during 1996 and, if possible, to repay the debt to the bank prior to March 29, 1997.

The Company's principal sources of liquidity consist of funds available under its revolving credit facility and its ability to manage asset turnover. The Company's ability to manage its working capital position and to generate profitable revenue for its Tampa facility during the second half of 1996 will impact the Company's accounts receivable and inventories collateral base and, therefore, the availability of borrowings under the revolving credit facility. The maximum available borrowings under the revolving credit facility of \$27.5 million through December 1996 and \$22.5 million thereafter should provide the Company with sufficient resources to meet its cash requirements through the next twelve months; however, if the Company is unable to maintain the collateral base required to utilize this borrowing capacity, its liquidity may be adversely affected. Should it become evident that a potential deficiency in short-term liquidity exists, management will take proactive measures in response to this issue, including seeking alternative sources of working capital and capital equipment financing, the sale of certain assets and actions to maximize the amounts of accounts receivable and inventories eligible as collateral. Cash requirements for periods beyond the next twelve months depend on the Company's profitability, its ability to manage working capital requirements and its rate of growth.

Inflation did not have a material effect on the Company's operations in the first quarter of either 1996 or 1995.

## PART II OTHER INFORMATION

## ITEM 5. OTHER INFORMATION

The Company issued additional shares of its common stock, \$.01 par value, to its principal shareholder, Group Financial Partners Inc. ("GFP"), in two separate private placement transactions completed during the quarter ended March 31, 1996:

(i) On February 21, 1996, the Company issued an additional 87,204 shares of its common stock to GFP in exchange for management services which GFP had rendered to the Company during the period from July 1, 1995 to January 31, 1996 (the "Compensation Period"). The number of shares issued to GFP for services rendered was determined by dividing the value of the services by an average of the price for the last sale transaction of the Company's common stock as reported by the National Association of Securities Dealers Automated Quotation System on each of the last three (3) business days of each month during the Compensation Period.

(ii) On March 29, 1996, the Company issued an additional 374,531 shares of its common stock to GFP in exchange for cash at a price equal to the average of the price for the last sale transaction of the Company's common stock as reported by the National Association of Securities Dealers Automated Quotation System on each of the last three (3) business days prior to the date of sale.

## ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

## (a) Exhibits

The exhibits listed on the Exhibit Index on page 15 of this Form 10-Q are filed as a part of this report.

27 Financial Data Schedule (for SEC use only).

## (b) Reports on Form 8-K

The Company filed one report on Form 8-K during the quarter ended March 31, 1996. The Company's Form 8-K dated February 9, 1996 reported the sale of substantially all of the assets and liabilities of the instrumentation product business unit of the Company's wholly-owned subsidiary, Metrum, Inc. to F.W. Bell, Inc. The Company subsequently amended its report on Form 8-K/A dated March 28, 1996 wherein it appended its pro forma financial information as of October 1, 1995 and for the nine months then ended and the year ended December 31, 1994 as Item 7 of the filing.

## SIGNATURES

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

GROUP TECHNOLOGIES CORPORATION  
(Registrant)

Date: 05/13/95 By: /s/ Carl P. McCormick  
-----  
(Carl P. McCormick)  
President & Chief Executive Officer

Date: 05/13/95 By: /s/ David D. Johnson  
-----  
(David D. Johnson)  
Vice President & Chief Financial Officer

## EXHIBIT INDEX

EXHIBIT NUMBER -----	DESCRIPTION -----
10.32.1	Group Technologies Corporation Independent Directors' Stock Option Plan Restated effective on February 21, 1996, dated October 27, 1994.
10.33.1	Group Technologies Corporation 1994 Stock Option Plan For Key Employees Restated effective on February 21, 1996, dated October 27, 1994.
10.36	Group Technologies Corporation Independent Directors Compensation Program Restated effective on February 21, 1996, dated September 1, 1995.
10.37	Group Technologies Corporation 1996 Special Recovery Bonus Plan for Vice Presidents effective as of January 2, 1996.
10.38	Sublease between Group Technologies Supr. Informatica Ind. e Com. Ltda. and Ceccato S/A Comercio de Utilidades Domesticas dated March 20, 1996 regarding the Campinas, Brazil property.
11	Statement re: computation of per share earnings.
27	Financial data schedule. (for SEC use only).

GROUP TECHNOLOGIES CORPORATION  
INDEPENDENT DIRECTORS' STOCK OPTION PLAN  
ADOPTED ON OCTOBER 27, 1994

AMENDED AND RESTATED ON FEBRUARY 21, 1996

1. Purpose. The purpose of the Group Technologies Corporation Independent Directors Stock Option Plan is to promote the interests of the Company by affording an incentive to certain persons not affiliated with the Company and its Subsidiaries to serve as a director of the Company in order to bring additional expertise and business judgment to the Company through the opportunity for stock ownership offered under this Plan.

2. Definitions.

A. Board. The word "Board" means the Company's Board of Directors.

B. Code. The word "Code" means the Internal Revenue Code of 1986, as amended.

C. Common Stock. The term "Common Stock" means the Company's common stock, \$.01 par value, or the common stock or securities of a Successor that have been substituted theretofore pursuant to Section 9.

D. Company. The word "Company" means Group Technologies Corporation, a Florida corporation, with its principal place of business at 10901 Malcolm McKinley Drive, Tampa, Florida 33612.

E. Independent Director. The term "Independent Director" means an individual serving as a director on the Company's Board of Directors and who is not otherwise employed by the Company or its Subsidiaries or an affiliate thereof.

F. Option Price. The term "Option Price" means the price to be paid for Common Stock upon the exercise of an option granted under the Plan, in accordance with Section 7.B.

G. Optionee. The word "Optionee" means a director to whom options have been granted under the Plan.

H. Optionee Representative. The term "Optionee Representative" means the estate or the person or persons entitled thereto by will or by applicable laws of descent and distribution.



I. Plan. The word "Plan" means the Group Technologies Corporation Independent Directors' Stock Option Plan, as set forth herein, and as amended from time to time.

J. Plan Committee. The term "Plan Committee" means the committee appointed by the Board to administer the Plan, pursuant to Section 4.

K. Subsidiary. The word "Subsidiary" shall mean any corporation which at the time an option is granted under the Plan qualifies as a subsidiary of the Company under the definition of "subsidiary corporation" contained in Code Section 424(f), or any similar provision thereafter enacted.

L. Successor. The word "Successor" means the entity surviving a merger or consolidation with the Company, or the entity that acquires all or a substantial portion of the Company's assets or outstanding capital stock (whether by merger, purchase or otherwise).

### 3. Shares Subject to Plan.

A. Authorized Unissued or Treasury Shares. Subject to the provisions of Section 9, the shares to be delivered upon exercise of options granted under the Plan shall be made available, at the discretion of the Board, from the authorized unissued shares or treasury shares of Common Stock.

B. Aggregate Number of Shares. Subject to adjustments and substitutions made pursuant to the provisions of Section 9, the aggregate number of shares that may be issued upon exercise of all options that may be granted under the Plan shall not exceed three hundred thousand (300,000) of the Company's authorized shares of Common Stock.

C. Shares Subject to Expired Options. If any option granted under the Plan expires or terminates for any reason without having been exercised in full in accordance with the terms of the Plan, the shares of Common Stock subject to, but not delivered under, such option shall become available for any lawful corporate purpose, including for transfer pursuant to other options granted to the same employee or other employees without decreasing the aggregate number of shares of Common Stock that may be granted under the Plan.

4. Administration. The Plan shall be administered by the Plan Committee, whose membership shall be determined and reviewed from time to time by the Board. The Plan Committee shall consist of not less than two (2) members of the Board who are not and have not at any time for one (1) year prior to appointment to the Plan Committee been eligible to receive stock or options under any plan of the Company or any of its Subsidiaries. Members of the Plan Committee shall be subject to any additional restrictions necessary to satisfy the requirements of the disinterested administration of the Plan as set forth in Rule 16b-3 under the Securities Exchange Act of 1934, as it may be amended from time to time. Jeffrey T. Gill and Robert E. Gill shall serve as members of the Plan Committee until delivery of their written resignation to the Board or until removal by the Board. The Plan Committee shall have full power and

authority to construe, interpret, and administer the Plan and may from time to time adopt such rules and regulations for carrying out the Plan as it may deem proper and in the best interests of the Company.

5. Grant of Options. Subject to the terms, provisions and conditions of the Plan, the Plan Committee shall have exclusive jurisdiction: [i] to select the Independent Directors to whom options shall be granted; [ii] to determine the number of shares of Common Stock subject to each option; [iii] to determine the time or times when options will be granted, the manner in which each option shall be exercisable, and the duration of the exercise period; [iv] to fix such other provisions of the option agreement as it may deem necessary or desirable consistent with the terms of the Plan; and [v] to determine all other questions relating to the administration of the Plan. The interpretation of any provisions of the Plan by the Committee shall be final, conclusive, and binding upon all persons and the officers of the Company shall place into effect and shall cause the Company to perform its obligations under the Plan in accordance with the determinations of the Plan Committee in administering the Plan.

6. Eligibility. Independent Directors of the Company shall be eligible to receive options under the Plan. No director of the Company who is also an employee of the Company or a Subsidiary shall be entitled to receive an option under the Plan. Independent Directors to whom options may be granted under the Plan will be those elected by the Plan Committee from time to time who, in the sole discretion of the Plan Committee, have contributed in the past or who may be expected to contribute materially in the future to the successful performance of the Company and its Subsidiaries.

7. Terms and Conditions of Options. Each option granted under the Plan shall be evidenced by an option agreement signed by the Optionee and by a member of the Plan Committee on behalf of the Company. An option agreement shall constitute a binding contract between the Company and the Optionee, and every Optionee, upon acceptance of such option agreement, shall be bound by the terms and restrictions of the Plan and of the option agreement. Such agreement shall be subject to the following express terms and conditions and to such other terms and conditions that are not inconsistent with the Plan and the Plan Committee may deem appropriate.

A. Option Period. Options granted under the Plan shall be exercisable immediately and, if not exercised, shall lapse at the earliest of the following times:

- [1] ten (10) years from the date of grant; or
- [2] the date set by the grant.

B. Option Price. The Option Price per share of Common Stock shall be determined by the Plan Committee at the time an option is granted. The Option Price shall be not less than fair market value on the date the option is granted. The fair market value of Common Stock shall be determined as follows:

- [i] if the Common Stock is traded on the over-the-counter market, the average of the closing bid and asked quotations or the closing high bid quotation, whichever is available, for the Common Stock in the over-the-counter market, as reported by the National Association of Securities Dealers Automated Quotation System on the business day immediately preceding the date of grant;
- [ii] if the Common Stock is listed on a national securities exchange, the average of the closing prices of the Common Stock on the Composite Tape for the then (10) consecutive trading days immediately preceding such given
- [iii] if the Common Stock is neither traded on the over-the-counter market nor listed on a national securities exchange, such value as the Plan Committee, in good faith, shall determine.

The Option Price shall be subject to adjustments in accordance with the provisions of Section 9 herein.

C. Payment of Option Price. Each option shall provide that the purchase price of the shares as to which an option shall be exercised shall be paid to the Company at the time of exercise either in cash or in such other consideration as the Committee deems appropriate, including, but not limited to: (i) Common Stock of the Company already owned by the optionee having a total fair market value, as determined by the Committee, equal to the purchase price, (ii) Common Stock of the Company issuable upon the exercise of a Plan option and withheld by the Company having a total fair market value, as determined by the Committee, equal to the purchase price, or (iii) a combination of cash and Common Stock (either previously owned or being withheld upon the exercise of a Plan option) of the Company having a total fair market value, as determined by the Committee, equal to the purchase price.

D. Manner of Exercise. To exercise an option, the Optionee shall deliver to the Company, or to a broker-dealer in the Common Stock with the original copy to the Company, the following: [i] seven (7) day prior written notice specifying the number of shares as to which the option is being exercised and, if determined by counsel for the Company to be necessary, representing that such shares are being acquired for investment purposes only and not for purpose of resale or distribution; and [ii] payment by the Optionee, or the broker-dealer, for such shares in cash, or if the Plan Committee in its discretion agrees to so accept, by delivery to the Company of other Common Stock owned by Optionee, or in some combination of cash and such Common Stock acceptable to the Plan Committee. At the expiration of the seven (7) day notice period, and provided that all conditions precedent contained in the Plan are satisfied, the Company shall, without transfer or issuance tax or other incidental expenses to Optionee, deliver to Optionee, at the offices of the Company, a certificate or certificates for the Common Stock. If Optionee fails to accept delivery of the Common Stock, his rights to exercise the applicable portion of the option shall terminate. If payment of the Option Price is made in Common Stock,

the value of the Common Stock used for payment of the Option Price shall be the fair market value of the Common Stock, determined in accordance with Section 7.B.

E. Investment Representation. Each option agreement may provide that, upon demand by the Plan Committee for such a representation, the Optionee or Optionee's Representative shall deliver to the Plan Committee at the time of any exercise of an option or portion thereof a written representation that the shares to be acquired upon such exercise are to be acquired for investment and not for resale or with a view to the distribution thereof. Upon such demand, delivery of such representation before delivery of Common Stock issued upon exercise of an option and before expiration of the option period shall be a condition precedent to the right of the Optionee or Optionee's Representative to purchase Common Stock.

F. Transferability of Options. An option granted under the Plan may not be transferable and may be exercised only by the Optionee during Optionee's lifetime, or by the Optionee's Representative in the event of Optionee's death, to the extent the option was exercisable by Optionee at the date of his death.

G. No Rights as Shareholder. No Optionee or Optionee's Representative shall have any rights as a shareholder with respect to Common Stock subject to his option before the date of transfer to him of a certificate or certificates for such shares.

8. Compliance With Other Laws and Regulations. The Plan, the grant and exercise of options thereunder, and the obligation of the Company to sell and deliver Common Stock under such options, shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. The Company shall not be required to issue or deliver any certificates for Common Stock before: [i] the listing of the Common Stock on any stock exchange or over-the-counter market on which the Common Stock may then be listed and [ii] the completion of any registration or qualification of any governmental body which the Company shall, in its sole discretion, determine to be necessary or advisable. To the extent the Company meets the then applicable requirements for the use thereof and to the extent the Company may do so without undue cost or expense, and subject to the determination by the Board of Directors of the Company that such action is in the best interest of the Company, the Company intends to register the issuance and sale of such Common Stock by the Company under federal and applicable state securities laws using a Form S-8 registration statement under the Securities Act of 1933, as amended, or such successor Form as shall then be available.

9. Capital Adjustments Affecting Stock, Mergers and Consolidations.

A. Capital Adjustments. In the event of a capital adjustment in the Common Stock resulting from a stock dividend, stock split, reorganization, merger, consolidation, or a combination or exchange of shares, the number of shares of Common Stock subject to the Plan and the number of shares under option shall be automatically adjusted to take into account such capital adjustment. By virtue of such a capital adjustment, the price of any share under option

shall be adjusted so that there will be no change in the aggregate purchase price payable upon exercise of any such option.

B. Mergers and Consolidations. In the event the Company merges or consolidates with another entity, or all or a substantial portion of the Company's assets or outstanding capital stock are acquired (whether by merger, purchase or otherwise) by a Successor, the kind of shares of Common Stock that shall be subject to the Plan and to each outstanding option shall, automatically by virtue of such merger, consolidation or acquisition, be converted into and replaced by shares of common stock, or such other class of securities having rights and preferences no less favorable than the Common Stock of the Successor, and the number of shares subject to the option and the purchase price per share upon exercise of the option shall be correspondingly adjusted, so that, by virtue of such merger, consolidation or acquisition, each Optionee shall have the right to purchase: [a] that number of shares of common stock of the Successor that have a book value equal, as of the date of such merger, conversion or acquisition, to the book value, as of the date of such merger, conversion or acquisition, of the shares of Common Stock of the Company theretofore subject to the Optionee's option, [b] for a purchase price per share that, when multiplied by the number of shares of common stock of the Successor subject to the option, shall equal the aggregate exercise price at which the Optionee could have acquired all of the shares of Common Stock of the Company theretofore optioned to the Optionee.

C. No Effect on Company's Rights. The granting of an option pursuant to the Plan shall not effect in any way the right and power of the Company to make adjustments, reorganizations, reclassifications, or changes of its capital or business structure or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

10. Amendment, Suspension, or Termination. The Board shall have the right, at any time, to amend, suspend or terminate the Plan. Notwithstanding the foregoing, without the consent of the Optionee, no amendment shall make any changes in an outstanding option which would adversely affect the rights of the Optionee.

11. Effective Date, Term and Approval. The effective date of the Plan shall be October 27, 1994 (the date of Board adoption of the Plan), subject to approval by stockholders of the Company holding not less than a majority of the shares present and voting at its 1995 annual meeting on April 21, 1995. The Plan shall terminate ten (10) years after the effective date of the Plan and no options may be granted under the Plan after such time, but any option granted prior thereto may be exercised in accordance with its terms.

12. Governing Law; Severability. The Plan shall be governed by the laws of the State of Florida. The invalidity or unenforceability of any provision of the Plan or any option granted pursuant to the Plan shall not affect the validity and enforceability of the remaining provisions of the Plan and the options granted hereunder, and such invalid or unenforceable provision shall be stricken to the extent necessary to preserve the validity and enforceability of the Plan and the options granted hereunder.

Dated this 2nd day of May, 1996, but effective as of February 21, 1996.

GROUP TECHNOLOGIES CORPORATION

By: /s/ Carl P. McCormick  
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Carl P. McCormick  
President and Chief Executive Officer

ATTEST:

/s/ Michael L. Schuman  
-----  
Secretary

GROUP TECHNOLOGIES CORPORATION  
1994 STOCK OPTION PLAN FOR KEY EMPLOYEES  
ADOPTED ON OCTOBER 27, 1994

AMENDED AND RESTATED ON FEBRUARY 21, 1996

1. Purpose. The purpose of the Group Technologies Corporation 1994 Stock Option Plan for Key Employees is to promote the interests of the Company by affording an incentive to certain key employees to remain in the employ of the company and its Subsidiaries and to us their best efforts in its behalf; and further to aid the Company and its Subsidiaries in attracting, maintaining, and developing capable personnel of a caliber required to ensure the continued success of the Company and its Subsidiaries by means of an offer to such persons of an opportunity to acquire or increase their proprietary interest in the Company through the granting of incentive stock options and nonstatutory stock options to purchase the Company's stock pursuant to the terms of the Plan.

2. Definitions.

A. Board. The word "Board" means the Company's Board of Directors.

B. Code. The word "Code" means the Internal Revenue Code of 1986, as amended.

C. Common Stock. The term "Common Stock" means the Company's common stock, \$.01 par value, or the common stock or securities of a Successor that have been substituted theretofore pursuant to Section 9.

D. Company. The word "Company" means Group Technologies Corporation, a Florida corporation, with its principal place of business at 10901 Malcolm McKinley Drive, Tampa, Florida 33612.

E. ISO. The acronym "ISO" means an option to purchase Common Stock which at the time the option is granted under the Plan qualifies as an incentive stock option within the meaning of Code Section 422.

F. NSO. The acronym "NSO" means a nonstatutory stock option to purchase Common Stock which at the time the option is granted under the Plan does not qualify as an ISO.

G. Option Price. The term "Option Price" means the price to be paid for Common Stock upon the exercise of an option granted under the Plan, in accordance with Section 7.B.

H. Optionee. The word "Optionee" means an employee to whom options have been granted under the Plan.

I. Plan. The word "Plan" means the Group Technologies Corporation 1994 Stock Option Plan for Key Employees, as set forth herein, and as amended from time to time.

J. Plan Committee. The term "Plan Committee" means the committee appointed by the Board to administer the Plan, pursuant to Section 4.

K. Subsidiary. The word "Subsidiary" shall mean any corporation which at the time an option is granted under the Plan qualifies as a subsidiary of the Company under the definition of "subsidiary corporation" contained in Code Section 424(f), or any similar provision thereafter enacted.

L. Successor. The word "Successor" means the entity surviving a merger or consolidation with the Company, or the entity that acquires all or a substantial portion of the Company's assets or outstanding capital stock (whether by merger, purchase or otherwise).

M. Ten Percent Shareholder. The term "Ten Percent Shareholder" means an employee who, at the time an option is granted, owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or Subsidiary employing the Optionee or of its parent (within the meaning of Code Section 424(e)) or subsidiary (within the meaning of Code Section 424(f)) corporation.

### 3. Shares Subject to Plan.

A. Authorized Unissued or Treasury Shares. Subject to the provisions of Section 9, the shares to be delivered upon exercise of options granted under the Plan shall be made available, at the discretion of the Board, from the authorized unissued shares or treasury shares of Common Stock.

B. Aggregate Number of Shares. Subject to adjustments and substitutions made pursuant to the provisions of Section 9, the aggregate number of shares that may not be issued upon exercise of all options that may be granted under the Plan shall not exceed eight hundred thousand (800,000) of the Company's authorized shares of Common Stock.

C. Shares Subject to Expired Options. If any option granted under the Plan expires or terminates for any reason without having been exercised in full in accordance with the terms of the Plan, the shares of Common Stock subject to, but not delivered under, such option shall become available for any lawful corporate purpose, including for transfer pursuant to other options granted to the same employee or other employees without decreasing the aggregate number of shares of Common Stock that may be granted under the Plan.



4. Administration. The Plan shall be administered by the Plan Committee, whose membership shall be determined and reviewed from time to time by the Board. The Plan Committee shall consist of not less than two (2) members of the Board who are not and have not at any time for one (1) year prior to appointment to the Plan Committee been eligible to receive stock or options under any plan of the Company or any of its Subsidiaries. Members of the Plan Committee shall be subject to any additional restrictions necessary to satisfy the requirements of the disinterested administration of the Plan as set forth in Rule 16b-3 under the Securities Exchange Act of 1934, as it may be amended from time to time. Jeffrey T. Gill and Robert E. Gill shall serve as members of the Plan Committee until delivery of their written resignation to the Board or until removal by the Board. The Plan Committee shall have full power and authority to construe, interpret, and administer the Plan and may from time to time adopt such rules and regulations for carrying out the Plan as it may deem proper and in the best interests of the Company.

5. Grant of Options. Subject to the terms, provisions and conditions of the Plan, the Plan Committee shall have exclusive jurisdiction: [i] to select the employees to whom options shall be granted; [ii] to authorize the granting of ISO's, NSO's or a combination of ISO's and NSO's; [iii] to determine the number of shares of Common Stock subject to each option; [iv] to determine the time or times when options will be granted, the manner in which each option shall be Exercisable, and the duration of the exercise period; [v] to fix such other provisions of the option agreement as it may deem necessary or desirable consistent with the terms of the Plan; and [vi] to determine all other questions relating to the administration of the Plan. Notwithstanding the foregoing, the aggregate fair market value (determined as of the date the option is granted) of the Common Stock for which ISOs will first become Exercisable by an Optionee in any calendar year under all ISO plans of the Company and its Subsidiaries shall not exceed \$100,000. The interpretation of any provisions of the Plan by the Committee shall be final, conclusive, and binding upon all persons and the officers of the Company shall place into effect and shall cause the Company to perform its obligations under the Plan in accordance with the determinations of the Plan Committee in administering the Plan.

6. Eligibility. Key employees of the Company and its subsidiaries including officers and directors, shall be eligible to receive options under the Plan. No director of the Company who is not also any employee of the Company or a Subsidiary shall be entitled to receive an option under the Plan. Key employees to whom options may be granted under the Plan will be those elected by the Plan Committee from time to time who, in the solve discretion of the Plan Committee, have contributed in the past or who may be expected to contribute materially in the future to the successful performance of the Company and its Subsidiaries.

7. Terms and Conditions of Options. Each option granted under the Plan shall be evidenced by an option agreement signed by the Optionee and by a member of the Plan Committee on behalf of the Company. An option agreement shall constitute a binding contract between the Company and the Optionee, and every Optionee, upon acceptance of such option agreement, shall be bound by the terms and restrictions of the Plan and of the option agreement.

Such agreement shall be subject to the following express terms and conditions and to such other terms and conditions that are not inconsistent with the Plan and the Plan Committee may deem appropriate.

A. Option Period. Each option agreement shall specify the period for which the option thereunder is granted and shall provide that the option shall expire at the end of such period. The Plan Committee may extend such period provided that, in the case of an ISO, such extension shall not in any way disqualify the option as an ISO without the Optionee's consent. In no case shall such period, including any such extensions, exceed ten (10) years from the date of grant, provided, however, that in the case of and ISO granted to a Ten Percent Stockholder, such period, including extensions, shall not exceed five (5) years from the date of grant.

B. Option Price. The Option Price per share of Common Stock shall be determined by the Plan Committee at the time an option is granted. The Option Price for ISO's and NSO's shall be not less than: [i] the fair market value, or [ii] in the case of an ISO granted to a Ten Percent Shareholder, one hundred ten percent (110%) of the fair market value. The fair market value of Common Stock shall be determined as follows:

- [i] if the Common Stock is traded on the over-the-counter market, the average of the closing bid and asked quotations or the closing high bid quotation, whichever is available, for the Common Stock in the over-the-counter market, as reported by the National Association of Securities Dealers Automated Quotation System, on the business day immediately preceding the date of grant;
- [ii] if the Common Stock is listed on a national securities exchange, the average of the closing prices of the Common Stock on the Composite Tape for the then (10) consecutive trading days immediately preceding such given date; and
- [iii] if the Common Stock is neither traded on the over-the-counter market nor listed on a national securities exchange, such value as the Plan Committee, in good faith, shall determine.

The Option Price shall be subject to adjustments in accordance with the provisions of Section 9 herein.

C. Exercise in the Event of Death or Termination of Employment.

[1] If an Optionee dies (i) while an employee of the Company or a subsidiary, and (ii) within three (3) months after termination of his employment with the Company or a Subsidiary because of his disability, his options may be exercised by the Optionee's Representative, to the extent that the Optionee shall have been titled to do so on the date of his

death or such determination of employment, but not later than the expiration date specified in paragraph A of this Section 7 or one (1) year after the Optionee's death, whichever date is earlier.

[2] If an Optionee's employment by the Company or a Subsidiary terminates because of his disability and the Optionee has not died within the following three (3) months, he may exercise his options, to the extent that he shall have been entitled to do so at the date of the termination of his employment, at any time, or from time to time, but later than the expiration date specified in paragraph A of this Section 7 or one (1) year after termination of his employment, whichever date is earlier.

[3] If an Optionee's employment terminates by reason of his retirement in accordance with the terms of the Company's tax-qualified retirement plans or with the consent of the Plan Committee, all right to exercise his options shall terminate at the expiration date specified in paragraph A of this Section 7 or three (3) months after termination of employment, whichever date is earlier.

[4] If an Optionee's employment terminates for any reason other than death, disability, or retirement, all right to exercise his options shall terminate on the date of his termination of employment.

D. Leaves of Absence. The Plan Committee, may in its discretion, treat all or any portion of any period during which an Optionee is on military or on an approved leave of absence from the Company or a Subsidiary as a period of employment of such Optionee by the Company or Subsidiary for purposes of accrual of his rights under the Plan. Notwithstanding the foregoing, if a leave of absence exceeds ninety (90) days and reemployment is not guaranteed by contract or statute, the Optionee's employment by the Company or a Subsidiary for the purposes of the Plan shall be deemed to have terminated on the 91st day of the leave.

E. Payment of Option Price. Each option shall provide that the purchase price of the shares as to which an option shall be exercised shall be paid to the Company at the time of exercise either in cash or in such other consideration as the Committee deems appropriate, including, but not limited to: (i) Common Stock of the Company already owned by the optionee having a total fair market value, as determined by the Committee, equal to the purchase price, (ii) Common Stock of the Company issuable upon the exercise of a Plan option and withheld by the Company having a total fair market value, as determined by the Committee, equal to the purchase price, and (ii) a combination of cash and Common Stock (either previously owned or being withheld upon the exercise of a Plan option) of the Company having a total fair market value, as determined by the Committee, equal to the purchase price.

F. Manner of Exercise. To exercise an option, the Optionee shall deliver to the Company, or to a broker-dealer in the Common Stock with the original copy to the Company, the following: [i] seven (7) day prior written notice specifying the number of shares as to which the option is being exercised and, if determined by counsel for the Company to be necessary,

representing that such shares are being acquired for investment purposes only and not for purpose of resale or distribution; and [iii] payment by the Optionee, or the broker-dealer, for such shares in cash, or if the Plan Committee in its discretion agrees to so accept, by delivery to the Company of other Common Stock owned by Optionee, or in some combination of cash and such Common Stock acceptable to the Plan Committee. At the expiration of the seven (7) day notice period, and provided that all conditions precedent contained in the Plan are satisfied, the Company shall, without transfer or issuance tax or other incidental expenses to Optionee, deliver to Optionee, at the offices of the Company, a certificate or certificates for the Common Stock. If Optionee fails to accept delivery of the Common Stock, his rights to exercise the applicable portion of the option shall terminate. If payment of the Option Price is made in Common Stock, the value of the Common Stock used for payment of the Option Price shall be the fair market value of the Common Stock, determined in accordance with Section 7.B, on the business day preceding the day written notice of exercise is delivered to the Company. Subject to the terms and conditions of any applicable option agreement, any option granted under the Plan may be exercised in whole or in part in installments at such time or times as the Plan Committee may prescribe in the applicable option agreement.

G. Exercises Causing Loss of Compensation Deduction. No part of an option may be exercised to the extent the exercise would cause the Optionee to have compensation from the Company and its affiliated companies for any year in excess of \$1 million and which is nondeductible by the Company and its affiliated companies pursuant to Code Section 162(m) and the regulations issued thereunder. Any option not Exercisable because of this limitation shall continue to be Exercisable in any subsequent year in which the exercise would not cause the loss of the Company's or its affiliated companies; compensation tax deduction, provided such exercise occurs before lapse of the option, and otherwise complies with the terms and conditions of the Plan and option agreement.

H. Investment Representation. Each option agreement may provide that, upon demand by the Plan Committee for such a representation, the Optionee or Optionee's Representative shall deliver to the Plan Committee at the time of any exercise of an option or portion thereof a written representation that the shares to be acquired upon such exercise are to be acquired for investment and not for resale or with a view to the distribution thereof. Upon such demand, delivery of such representation before delivery of Common Stock issued upon exercise of an option and before expiration of the option period shall be a condition precedent to the right of the Optionee or Optionee's Representative to purchase Common Stock.

I. ISOs. Each option agreement which provides for the grant of an ISO to an employee shall contain such terms and provisions as the Plan Committee deems necessary or desirable to qualify such option as an ISO within the meaning of Code Section 422.

J. Transferability of Options. An option granted under the Plan may not be transferred by the Optionee otherwise than by will or the laws of descent and distribution, and during the lifetime of the Optionee to whom granted, may be exercised only by such Optionee.

K. No Rights as Shareholder. No Optionee or Optionee's Representative shall have any rights as a shareholder with respect to Common Stock subject to his option before the date of transfer to him of a certificate or certificates for such shares.

L. No Rights To Continued Employment. The Plan and any option granted under the Plan shall not confer upon any Optionee any right with respect to continuance of employment by the Company or any Subsidiary, nor shall it interfere in any way with the right of the Company or any Subsidiary by which an Optionee is employed to terminate his employment at any time.

8. Compliance With Other Laws and Regulations. The Plan, the grant and exercise of options thereunder, and the obligation of the Company to sell and deliver Common Stock under such options, shall be subject to all applicable federal and state laws, rules and regulations and to such approvals by any government or regulatory agency s may be required. The Company shall not be required to issue or deliver any certificates for Common Stock before [i] the listing of the Common Stock on any stock exchange or over-the-counter market on which the Common Stock may then be listed and [ii] the completion of any registration or qualification of any governmental body which the Company shall, in its sole discretion, determine to be necessary or advisable. To the extent the Company meets the then applicable requirements for the use thereof and to the extent the Company may do so without undue cost or expense, and subject to the determination by the Board of Directors of the Company that such action is in the best interest of the Company, the Company intends to register the issuance and sale of such Common Stock by the Company under federal and applicable state securities laws using a Form S-8 registration statement under the Securities Act of 1933, as amended, or such successor Form as shall then be available.

9. Capital Adjustments Affecting Stock, Mergers and Consolidations.

A. Capital Adjustments. In the event of a capital adjustment in the Common Stock resulting from a stock dividend, stock split, reorganization, merger, consolidation, or a combination or exchange of shares, the number of shares of Common Stock subject to the Plan and the number of shares under option shall be automatically adjusted to take into account such capital adjustment. By virtue of such a capital adjustment, the price of any share under option shall be adjusted so that there will be no change in the aggregate purchase price payable upon exercise of any such option.

B. Mergers and Consolidations. In the event the Company merges or consolidates with another entity, or all or a substantial portion of the Company's assets or outstanding capital stock are acquired (whether by merger, purchase or otherwise) by a Successor, the kind of shares of Common Stock that shall be subject to the Plan and to each outstanding option shall, automatically by virtue of such merger, consolidation or acquisition, be converted into and replaced by shares of common stock, or such other class of securities having rights and

preferences no less favorable than the Common Stock, of the Successor, and the number of shares subject to the option and the purchase price per share upon exercise of the option shall be correspondingly adjusted, so that, by virtue of such merger, consolidation or acquisition, each Optionee shall have the right to purchase [a] that number of shares of common stock of the Successor that have a book value equal, as of the date of such merger, conversion or acquisition, to the book value, as of the date of such merger, conversion or acquisition, of the shares of Common Stock of the Company theretofore subject to the Optionee's option, [b] for a purchase price per share that, when multiplied by the number of shares of common stock of the Successor subject to the option, shall equal the aggregate exercise price at which the Optionee could have acquired all of the shares of Common Stock of the Company theretofore optioned to the Optionee.

C. No Effect on Company's Rights. The granting of an option pursuant to the Plan shall not effect in any way the right and power of the Company to make adjustments, reorganizations, reclassifications, or changes of its capital or business structure or to merge, consolidate, dissolve, liquidate, sell or transfer all or any part of its business or assets.

10. Amendment, Suspension, or Termination. The Board shall have the right, at any time, to amend, suspend or terminate the Plan in any respect that it may deem to be in the best interests of the Company, except that, without approval by shareholders of the Company holding not less than a majority of the votes represented and entitled to be voted at a duly held meeting of the Company's shareholders, no amendment shall be made that would:

A. increase the maximum number of shares of Common Stock which may be delivered under the Plan, except as provided in Section 9;

B. change the Option Price for an ISO, except as provided in Section 9;

C. extend the period during which an ISO may be exercised beyond the period provided in Section 7.A;

D. make any changes in any outstanding option, without the consent of the Optionee, which would adversely affect the rights of the Optionee; or

E. extend the termination date of the Plan.

11. Effective Date, Term and Approval. The effective date of the Plan shall be October 27, 1994 (the date of Board adoption of the Plan), subject to approval by stockholders of the Company holding not less than a majority of the shares present and voting at its 1995 annual meeting on April 21, 1995. The Plan shall terminate ten (10) years after the effective date of the Plan and no options may be granted under the Plan after such time, but any option granted prior thereto may be exercised in accordance with its terms.

12. Governing Law; Severability. The Plan shall be governed by the laws of the State of Florida. The invalidity or unenforceability of any provision of the Plan or any option granted pursuant to the Plan shall not affect the validity and enforceability of the remaining provisions of the Plan and the options granted hereunder, and such invalid or unenforceable provision shall be stricken to the extent necessary to preserve the validity and enforceability of the Plan and the options granted hereunder.

Dated this day of May, 1996, but effective as of February 21, 1996.

GROUP TECHNOLOGIES CORPORATION

By: /s/ Carl P. McCormick

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Carl P. McCormick  
President and Chief Executive Officer

ATTEST:

/s/ Michael L. Schuman

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Secretary

GROUP TECHNOLOGIES CORPORATION  
INDEPENDENT DIRECTORS COMPENSATION PROGRAM  
ADOPTED ON SEPTEMBER 1, 1995

AMENDED AND RESTATED ON FEBRUARY 21, 1996

DESCRIPTION OF THE PROGRAM

NAME. The name of this benefit program shall be the "Independent Directors Compensation Program."

PURPOSE. The purpose of the Independent Directors Compensation Program is to enable Group Technologies Corporation (the "Company") to attract, retain and motivate experienced directors by providing compensation that is competitive with compensation offered to independent directors of other similarly situated public corporations in the United States.

ELIGIBILITY AND PARTICIPATION. Only "Independent Directors," defined as those members of the Board of Directors of the Company (the "Board") who are not otherwise employed by the Company, its subsidiaries or any affiliate of the Company in any other capacity, are eligible to participate in the Independent Directors Compensation Program. Any Independent Director on the Board as of September 1, 1995 (the "Effective Date") and thereafter shall be eligible for compensation under the Independent Directors Compensation Program.

COMPENSATION. Independent Directors shall be compensated as set forth below:

a) Upon election to the Board at the Company's annual shareholders' meeting, each Independent Director shall receive nonstatutory stock options in the amount of 7,000 shares of the Company's common stock, \$.01 par value (the "Common Stock"), and options for an additional 7,000 shares of Common Stock upon reelection at each subsequent annual meeting of the shareholders. In the event that an Independent Director is elected to the Board at time other than the Company's annual shareholders' meeting, he or she shall receive, at the time he or she is elected, stock options for a pro rated number of shares to be determined by multiplying 7,000 by a fraction, the numerator of which is the number of months remaining until the Company's next annual shareholders' meeting and the denominator of which is twelve (12). All such stock options shall be subject to the terms and conditions of the Company's Independent Directors' Stock Option Plan (the "Option Plan") and Stock Option Agreement for Independent Directors.

b) Each Independent Director elected to the Board at the Company's annual shareholders' meeting shall receive an annual retainer in the amount of \$15,000.00 (the "Annual Retainer"), which Annual Retainer shall be paid quarterly, in equal installments of \$3,750.00 by checks issued no later than the fifteenth (15th) calendar day following the end of each of the Company's fiscal quarters during which the Independent Director served on the Board. Alternatively, pursuant to Paragraph d) below, each Independent Director may elect to receive his or her Annual Retainer in the form of nonstatutory stock options in lieu of cash. Any such stock options shall be granted pursuant to the Option Plan on a quarterly basis, with the number of shares to be granted under such options to be determined by dividing the Annual Retainer by 33% of the fair market value of the Company's stock, as determined in accordance with Section 7.B. of the Option Plan, on the Date of Grant, as defined below, and multiplying that figure by 1/4. The stock options shall be granted no later than the fifteenth (15th)



calendar day following the end of each of the Company's fiscal quarters during which the Independent Director served on the Board (the "Date of Grant"). All Independent Directors serving on the Company's Board on the Effective Date shall receive the Annual Retainer for all services provided since the Company's 1995 annual shareholders' meeting. If payable in cash, the installment payment for the Company's fiscal quarter ended July 2, 1995 (the "Second Quarter Retainer") shall be paid by a check issued to the Independent Director on the thirtieth (30th) calendar day following the Effective Date. In the event that an Independent Director serving on the Board as of the Effective Date elects to receive his Annual Retainer in stock options in lieu of cash, the options to be awarded to him or her for the Second Quarter Retainer shall be priced at the fair market value of the Company's stock, as determined in accordance with Section 7.B. of the Option Plan, on the Effective Date, which will be deemed to be the date of grant for such options. The number of stock options to be granted to an Independent Director for the Second Quarter Retainer shall be determined by dividing the Annual Retainer by 33% of the fair market value of the Company's stock, as determined in accordance with Section 7.B of the Option Plan, on the Effective Date, and multiplying that figure by 1/4. In the event that an Independent Director is elected to the Board at a time other than at the Company's annual shareholders' meeting, he or she shall receive a pro rated Annual Retainer (the "Pro Rated Annual Retainer") to be determined by multiplying \$15,000.00 by a fraction, the numerator of which is the number of months remaining until the Company's next annual shareholders' meeting and the denominator of which is twelve (12). Such Pro Rated Annual Retainer shall be paid in quarterly installments, either cash or stock options as elected by the Independent Director beginning no later than the fifteenth (15th) calendar day following the end of the Company's fiscal quarter in which such Independent Director was elected to the Board.

c) Each Independent Director shall receive the sum of \$1,000.00 for each meeting of the Board for which he or she is in attendance (the "Attendance Fee"). "Attendance" shall be defined as participation in a meeting of the Board, whether in person or by telephone, but shall not include execution of an action by written consent. Attendance Fees for all Board meetings attended during a fiscal quarter shall be payable, together with the Annual Retainer, by a check issued no later than the fifteenth (15th) calendar day following the end of the fiscal quarter. Alternatively, pursuant to Paragraph d) below, each Independent Director may elect to receive his or her Attendance Fees in the form of nonstatutory stock options in lieu of cash. Any such stock options shall be granted pursuant to the Option Plan on a quarterly basis, with each grant to be made, together with stock options for the Annual Retainer, no later than the fifteenth (15th) calendar day following the end of each of the Company's fiscal quarters (the "Date of Grant"). The number of shares to be granted under such options shall be determined by dividing the Attendance Fees earned during the previous fiscal quarter by 33% of the fair market value of the Company's stock, as determined in accordance with Section 7.B. of the Option Plan, on the Date of Grant. The options shall be priced at the fair market value of the Company's stock, as determined in accordance with Section 7.B. of the Option Plan. Any Independent Director on the Board as of the Effective Date shall be paid the Attendance Fee for each meeting of the Board which he or she attended since the Company's 1995 annual shareholders' meeting, such Attendance Fees to be payable, together with the Annual Retainer, in nonstatutory stock options or in cash, as indicated by the Independent Director's election under this Program. In the event that an Independent Director serving on the Board as of the Effective Date elects to receive his or her Attendance Fees in stock options in lieu of cash, the number of shares to be granted under options to be awarded, together with stock options for the Second Quarter Retainer, shall be determined by dividing the Attendance Fees earned as of July 2, 1995 by 33% of the fair market value of the Company's stock, as determined in accordance with Section 7.B. of the Option Plan, on the Effective Date.

d) Each Independent Director may elect to receive his or her Annual Retainer and Attendance Fees in the form of nonstatutory stock options in lieu of cash. The election to receive stock options in lieu of cash must be made by the Independent Director no later than the tenth (10th) calendar

day following the Effective Date and, thereafter, within ten (10) calendar days of being elected to a term on the Board. Such election to receive stock options in lieu of cash shall be irrevocable for the remainder of the director's current term and applies to all compensation described in Paragraphs b) and c) above.

**EXPENSE REIMBURSEMENT.** Each Independent Director shall be reimbursed for travel and other expenses incurred in the performance of his or her duties.

**ABILITY TO DEFER CASH COMPENSATION.** Each Independent Director may elect to participate in the Company's Management Deferred Compensation Plan. The Plan, which effectively enables each Independent Director to defer recognition of any cash compensation, provides for a range of investment alternatives, including mutual funds.

**ADMINISTRATION.** The Independent Directors Compensation Program is administered by the Compensation Committee of the Board. The Committee members are selected by the Board and have no specific term of office.

**RESIGNATION FROM THE BOARD OF DIRECTORS.** The resignation of any Independent Director shall cause such director to be ineligible to receive the remainder of the Annual Retainer installments not yet paid to him or her, and all compensation hereunder shall cease. To the extent the resigning director has opted to defer any cash compensation under the Company's Deferred Compensation Plan, all such compensation will be distributed to him or her in accordance with the provisions of the Company's Deferred Compensation Plan as applicable to terminated or resigning employees.

**PROGRAM TERMINATION OR MODIFICATION.** The Compensation Committee shall review the Independent Directors Compensation Program on at least an annual basis and may make changes, alternations or modifications to the program which are deemed to be in the Company's best interest, provided, however, that the provisions of the program shall not be changed, altered or modified more than once every six months. Any change, alteration or modification shall be made by a written instrument consented to by the Board. The Board may similarly terminate the Independent Directors Compensation Program at any time if, in the judgment of the Board, such termination is in the Company's best interest.

IN WITNESS WHEREOF, the Company has caused this Independent Directors Compensation Program to be executed in its name and on its behalf on May 2, 1996 by the person named below, but effective as of February 21, 1996.

GROUP TECHNOLOGIES CORPORATION

By: /s/ Carl P. McCormick

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Carl P. McCormick  
President & Chief Executive Officer

ATTEST:

/s/ Michael L. Schuman

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Secretary

GROUP TECHNOLOGIES CORPORATION  
1996 SPECIAL RECOVERY BONUS PLAN  
FOR VICE PRESIDENTS

1. Establishment of Plan.

Group Technologies Corporation (the "Company"), established this 1996 Special Recovery Bonus Plan for Vice Presidents effective as of January 2, 1996 (the "Plan"), to provide an additional financial incentive for Vice Presidents of the Company to advance the growth and prosperity of the Company.

2. Eligibility.

All employees of the Company who have been elected to the office of Vice President shall be eligible to participate in the Plan, other than those employees who are located outside of the United States.

3. Awards.

(a) Quarterly Award. Each eligible employee shall be granted a nonstatutory stock option for the purchase of up to 5,000 shares of the Company's common stock (\$0.01 par value) for each quarter in 1996 that the Company's reported Profit Before Tax (after adjustment to exclude the impact of any settlement of the Boeing Claim) exceeds the corresponding quarterly Profit Before Tax reflected in the approved 1996 Business Plan.

(b) Annual Award. Each eligible employee shall be granted a nonstatutory stock option for the purchase of up to 10,000 shares of the Company's common stock (\$0.01 par value) in the event the Company's reported full year 1996 Profit Before Tax (after adjustment to exclude the impact of any settlement of the Boeing Claim) exceeds \$2,500,000.

4. Time of Grant and Terms.

(a) Time of Grant. The stock options shall be granted effective the last business day of the month immediately following the period for which the award shall have been earned after review and approval of the unaudited financial statements for such period by the Option Plan Committee.

(b) Terms. The stock options shall be granted subject to the terms and conditions of the Company's 1994 Stock Option Plan for Key Employees and shall (i) be nonstatutory stock option, (ii) be priced at market in accordance with the terms of paragraph 7.B of the 1994 Stock Option Plan for Key Employees, (iii) vest in 2 equal increments of 2,500 shares each (or 5,000 shares, as the case may be) beginning 1 year from the date of grant, and (iv) expire 5 years after the date of grant.

GROUP TECHNOLOGIES CORPORATION  
1996 SPECIAL RECOVERY BONUS PLAN  
FOR VICE PRESIDENTS

5. Administration.

This Plan shall be administered by the Board of Directors of the Company. The decisions of the Board of Directors in interpreting and applying the Plan shall be final.

6. Miscellaneous.

(a) Employment Rights. The adoption and maintenance of this Plan is not an employment agreement between the Company and any employee. Nothing herein contained shall be deemed to give any employee the right to be retained in the employ of the Company nor to interfere with the right of the Company to discharge any employee's right to terminate his or her employment at any time.

(b) Amendment and Termination. The Company may, without the consent of any employee or beneficiary, amend or terminate the Plan at any time and from time to time.

(c) Construction. The headings and subheadings of the Plan have been inserted for convenience for reference only and are to be ignored in any construction of the provisions hereof. The masculine shall be deemed to include the feminine, the singular shall include the plural, and the plural shall include the singular unless the context otherwise requires. The invalidity or unenforceability of any provision hereunder shall not affect the validity or enforceability of the balance hereof. This Plan represents the entire undertaking by the Company concerning its subject matter and supersedes all prior undertakings with respect thereto. No provision hereof may be waived or discharged except by a written document signed by a duly authorized representative of the Company.

GROUP TECHNOLOGIES CORPORATION

/s/ Jeffrey T. Gill  
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Chairman of the Board

January 2, 1996  
-----  
Date

FREE TRANSLATION

## SUBLEASE AGREEMENT

By this act, lawfully and under private signature, the parties below:

1. CECCATO S/A COMERCIO DE UTILIDADES DOMESTICAS, a company with its principal place of business in the City of Campinas, Sao Paulo State, at Rua 13 de Maio, 231, Centro, registered under CGC/MF no. 45.993.680/0001-20 and State Registry no. 244.013.828-116, herein represented by its directors Mr. Fioravante Octavio Ceccato, a Brazilian citizen, married, businessman, the bearer of ID Card RG no. 1.451.258 and CPF/MF no. 014.241.498/00 and Mr. Oswaldo Ceccato, a Brazilian citizen, married, businessman, the bearer of ID Card RG no. 1.420.707 and CPF/MF no. 014.241.308/91; and

2. GROUP TECHNOLOGIES SUPR. INFORMATICA IND. E COM. LTDA., a company with its principal place of business in the City of Hortolandia, Sao Paulo State, at Rodovia SP101, Km.9 Trecho Campinas - Monte Mor Centro Industrial IBM Predio 031, registered under CGC/MF 00.457.616/0001-96 and State Registry no. 748.017.284.118, herein represented by its Managing Director, Mr. Ricardo Fabio Battaglia, a Brazilian citizen, married, the bearer of ID Card RG no. 15.659.595 and CPF/MF no 083.697.098/50.

also hereinafter simply referred to as Sublessor and Sublessee respectively, do hereby agree to enter into this Agreement, in accordance with the following clauses and conditions, mutually accepted and granted by the parties and their successors:

CLAUSE 1 - PURPOSE - The present agreement has as a purpose the sublease of a property located in the City of Campinas, at Rua Antonio Vilela Junior, no. 33, Real Estate Development Jardim Bandeirantes, Block F, lots no. 07 comprised of 360,00 m2, no. 08 of 360,00 m2, no. 09 of 537,00 m2, no. 10 of 616,00 m2, no. 11 of 448,00 m2, no. 12 of 300,00 m2, no. 13 of 300,00 m2, no. 14 of 300,00 m2, no. 15 of 300,00 m2, no 16. of 300,00 m2 and no. 17 of 300,00 m2. Jardim Bandeirantes is a 4121, 00 m2 land and 2851,75 m2 built-up area Real Estate Development, duly registered before the Real Estate Registry Office of Campinas, SP, Sao Paulo State, Brazil, under enrollment nos. 7632, 7633, and 7634.

CLAUSE 2 - DESIGNATION - The subleased property is designated for the installation of any facilities deemed as necessary for the performance of Sublessee's activities.

CLAUSE 3 - VALIDITY - The validity term of this Agreement shall start on March 20, 1996 and expire on July 07, 1999, on which expiration date Sublessee undertakes to return the property to Sublessor completely vacant and under the same conditions it has first received it, independently of any notice.

3.1 - Sublessee may assign and transfer this Sublease Agreement, totally or partially, to companies pertaining to its economic group. This Agreement shall remain valid in the event of transfer of the subleased property's domain or possession to third parties, under any circumstances.

CLAUSE 4 - RENTAL AMOUNT - The initial rental amount to be paid on a monthly basis shall be R\$19,000.00 (Nineteen thousand reais).

4.1 - As long as this Agreement remains valid or should the term hereof be extended, the rental amount to be paid on a monthly basis shall be adjusted annually, as of the initial date of the Agreement, which adjustment shall be based on the accrued variation of the previous year of the index IGP-M of the FGV (Getulio Vargas Foundation), and in case such index is not disclosed, another index, pertinent to the matter, determined by the competent government authorities, shall be adopted.

4.2 - The rental amount shall be due as of March 20, 1996 and payable by Sublessee until the fifth (5th) day of the following month, and payments shall be effected upon deposits at UNIBANCO, current account no. 112233-0 agency 0113 - - - Senador Saraiva, Campinas SP, or by any other mean Sublessor previously and by written notice determines.

4.3 - Sublessor shall send Sublessee until the 25th day of each month, copies of the rental payment receipts of the previous month, referring to payments the former has effected to Owner. Should Sublessor fail to forward the receipts to Sublessee, the latter may withhold the rental sublease payments. In the event, payments which were withheld by Sublessee shall be released to Sublessor, no interest, fine or monetary correction charged, upon evidence that Sublessee's has complied with its obligations to Owner.

CLAUSE 5 - TAXES AND FEES - Sublessee shall account for all taxes levied on urban/territorial real property, and any other municipal taxes incurred, as well as for all the ordinary expenses of the subleases property such as water supply and electricity.

CLAUSE 6 - BETTERMENTS AND CONSERVATION - Sublessor hereby authorizes Sublessee to effect any alterations or betterments to the property deemed as convenient by the latter to furnish adequate services, as long as the legal provisions and regulations in force are respected, as well as the safety and stability of the construction.

6.1 - Disassemble or removable betterments may be removed at any time by Sublessee, who shall replace the original essence as regards any affected parts of the building.

6.2 - Upon termination of this Agreement, Sublessee agrees to deliver the sublease property in good conditions of cleanliness, neatness and conservation. Sublessee further agrees to comply with all requirements enforceable due to its actions by the administrative authorities.

6.3 - Sublessor declares that the building is in perfect accordance with the municipal standards of construction and requirements of the concessionaires of public services. Should any irregularity be evidenced, Sublessor agrees to promptly comply with the requirements set forth by the competent authorities. A plan duly approved by the competent authority is annexed hereto.

CLAUSE 7 - INSURANCE - Sublessee agrees to contract insurance against fire risk for the subleased property, in which policy Owner shall be the beneficiary, and which amount shall be initially R\$3,340,000.00 (Three million, Three hundred and forty thousand reais), and further adjusted on occasion of the renewal of the general insurance policy contracted by Sublessee. Upon each renewal of the referred policy, the insured amount shall be that equivalent to 176 times the rental amount in effect.

7.1 - In the event of destruction by fire of the subleased property, this Sublease Agreement shall be automatically terminated. If, however, the property is only partially destroyed and the competent authorities authorize utilization of the non-damaged portion of the building, and should Sublessor wish to

utilize said portion, this Agreement shall remain valid and a proportional reduction of the rental amount and other charges shall be established.

CLAUSE 8 - INFRINGEMENT FINE - It is hereby stipulated an infringement fine equivalent to R\$150,000.00 (One hundred and fifty thousand reais), to be incurred on the party who fails to comply with any clause or condition set forth by this Agreement. The infringement fine mentioned above shall be due in its totality, at any time during the term of this agreement.

CLAUSE 9 - SUBLESSOR'S OBLIGATIONS - Sublessor hereby undertakes to renew the lease agreement entered into with the Owner of the property for more than ten (10) years, which new instrument shall be executed until November 30, 1998, pursuant to applicable law.

9.1 - In the event no new agreement has been executed until November 30, 1998, Sublessor agrees to comply with the time frame for filing a judicial suit against Lessor/Owner, aiming at the compulsory renewal of the agreement, which judicial suit shall be brought until December 10, 1998, since the period for bringing suit expires when courts are closed.

9.2 - Once defined the renewal of the lease Agreement between Sublessor and Owner, Sublessor agrees to offer the property to Sublessee for renewal of the sublease. The new sublease payment amount shall be in accordance with the rental amount practiced in the market.

9.3 - In the event Sublessor fails to comply with its obligations as set out in this Clause, the same agrees to pay a fine of R\$150,000.00 (one hundred and fifty thousand reais) to Sublessee.

CLAUSE 10 - BANK GUARANTEE - It is hereby determined that Sublessee shall provide a Bank Guarantee in the form of a letter of Guarantee by Banco Itamarati S/A, comprising the amount of R\$150,000.00 (One hundred and fifty thousand reais). This instrument shall be binding on Banco Itamarati S/A, as a jointly liable guarantor, in relation to all contractual charges, which liability shall endure until the property is delivered, vacant of persons and things. This instrument shall expire on February 24, 1997 and may be renewed for equal periods of time.

CLAUSE 11 - RESILITION - Sublessee may rescind this Agreement partially or totally, at any moment during the term hereof, provided that a previous written notice is given to the other party, with a minimum two hundred and thirty (230) days, not being owed in this regard any rental amount referring to the months comprised between the resiliation date and the termination date of the Agreement.

CLAUSE 12 - JURISDICTION - The parties hereby elect the exclusive jurisdiction of the central courts of the City of Campinas, State of Sao Paulo, with respect to any controversy arising out of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement in four (4) counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument, in the presence of the witnesses below.

Campinas, March 20th, 1996.

By Sublessor

/s/ Fioravante Octavio Ceccato

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Ceccato S/A Comercio de Utilidades Domesticas  
Fioravante Octavio Ceccato Oswaldo Ceccato

By Sublessee

/s/ Ricardo Fabio Battaglia

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Group Technologies Supr. Informatica Ind. e Com. Ltda.  
Ricardo Fabio Battaglia

Witnesses:

1. /s/ Jose Henrique Xavier

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Jose Henrique Xavier

2. /s/ Jose Eduardo Darros de Matos

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Jose Eduardo Darros de Matos



STATEMENT REGARDING COMPUTATION OF EARNINGS PER SHARE  
GROUP TECHNOLOGIES CORPORATION

PRIMARY EARNINGS PER SHARE

	QUARTERS ENDED	
	MARCH 31, 1996	APRIL 2, 1995
Weighted averages shares outstanding .....	15,965,145	15,659,879
Net effect of dilutive stock options (based on treasury method) ..	298,100	
Total .....	16,263,245	15,659,879
	=====	=====
Net income (loss) .....	\$ 5,000	\$ (903,000)
Net income (loss) per share .....	\$ 0.00	\$ (0.06)

FULLY DILUTED EARNINGS PER SHARE

	QUARTERS ENDED	
	MARCH 31, 1996	APRIL 2, 1995
Primary weighted averages shares outstanding .....	16,263,245	15,659,879
Net effect of dilutive stock options (based on treasury method)		
Total .....	16,263,245	15,659,879
	=====	=====
Net income (loss) .....	\$ 5,000	\$ (903,000)
Net income (loss) per share .....	\$ 0.00	\$ (0.06)

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AT MARCH 31, 1996 AND THE CONSOLIDATED STATEMENT OF OPERATIONS FOR THE QUARTER ENDED MARCH 31, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

3-MOS		
	DEC-31-1996	
	JAN-01-1996	
	MAR-31-1996	681
		0
		40,967
		325
		42,167
	90,561	44,938
		22,857
	113,658	
65,568		20,411
	0	0
		24,229
		3,150
113,658		68,200
	68,200	64,000
		64,000
		0
		30
	949	
		108
		103
	5	
		0
		0
		0
		5
		0.00
		0.00