

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

Form 10-Q/A

(Mark One)

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

For the quarterly period ended March 31, 2004

OR

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

Commission file number 0-8328

DYNAMIC MATERIALS CORPORATION

(Exact name of Registrant as Specified in its Charter)

Delaware
(State of Incorporation or Organization)

84-0608431
(I.R.S. Employer Identification No.)

5405 Spine Road, Boulder, Colorado 80301
(Address of principal executive offices, including zip code)

(303) 665-5700
(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 No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 under the Act). Yes No

The number of shares of Common Stock outstanding was 5,107,134 as of April 30, 2004.

EXPLANATORY NOTE

This Quarterly Report on Form 10-Q/A amends the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2004. The Registrant has amended Part II, Item 6 only, Reports on Form 8-K and Exhibits, in order to file certain exhibits.

CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q contains "forward-looking statements" within the meaning of section 27A of the Securities Act of 1933 and section 21E of the Securities Exchange Act of 1934. In particular, we direct your attention to Part I Item 1—Financial Statements, Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations and Item 3—Quantitative and Qualitative Disclosures About Market Risk. We intend the forward-looking statements throughout the quarterly report on Form 10-Q and the information incorporated by reference to be covered by the safe harbor provisions for forward-looking statements. Statements which are not historical facts contained in this report are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from projected results. All projections and statements regarding our expected financial position and operating results, our business strategy, our financing plans and the outcome of any contingencies are forward-looking statements. These statements can sometimes be identified by our use of forward-looking words such as "may", "believe", "plan", "will", "anticipate", "estimate", "expect", "intend" and other phrases of similar meaning. The forward-looking information is based on information available as of the date of this report on Form 10-Q and on numerous assumptions and developments that are not within our control. Although we believe that our expectations as expressed in these forward-looking statements are reasonable, we cannot assure you that our expectations will turn out to be correct. Factors that could cause actual results to differ materially include, but are not limited to, the following: the ability to obtain new contracts at attractive prices; the size and timing of customer orders; fluctuations in customer demand; competitive factors; the timely completion of contracts; any actions which may be taken by SNPE as the controlling shareholder of the Company with respect to the Company and our businesses; the timing and size of expenditures; the timely receipt of government approvals and permits; the adequacy of local labor supplies at our facilities; the availability and cost of funds; and general economic conditions, both domestically and abroad. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. We undertake no obligation to publicly release the results of any revision to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

INDEX

PART I—FINANCIAL INFORMATION	
Item 1—Consolidated Financial Statements	4
Consolidated Balance Sheets as of March 31, 2004 (unaudited) and December 31, 2003	4
Consolidated Statements of Operations for the three months ended March 31, 2004 and 2003 (unaudited)	6
Consolidated Statements of Stockholders' Equity for the three months ended March 31, 2004 (unaudited)	7
Consolidated Statements of Cash Flows for the three months ended March 31, 2004 and 2003 (unaudited)	8
Notes to Consolidated Financial Statements (unaudited)	10
Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations	16
Item 3—Quantitative and Qualitative Disclosures about Market Risk	24
Item 4—Controls and Procedures	24
PART II—OTHER INFORMATION	
Item 1—Legal Proceedings	25
Item 2—Changes in Securities and Use of Proceeds	25
Item 3—Defaults Upon Senior Securities	25
Item 4—Submission of Matters to a Vote of Security Holders	25
Item 5—Other Information	25
Item 6—Reports on Form 8-K and Exhibits	26
Signatures	27
Exhibits and Certifications	

Part I—FINANCIAL INFORMATION

ITEM 1. Consolidated Financial Statements

DYNAMIC MATERIALS CORPORATION & SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	March 31, 2004	December 31, 2003
	(unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 522,604	\$ 521,697
Accounts receivable, net of allowance for doubtful accounts of \$215,312 and \$216,384, respectively	7,268,296	6,922,630
Inventories	8,091,710	7,441,712
Prepaid expense and other	1,141,324	1,207,615
Current portion of promissory note receivable	210,000	157,500
Current deferred tax asset	221,400	388,100
	<u>17,455,334</u>	<u>16,639,254</u>
PROPERTY, PLANT AND EQUIPMENT	23,082,244	22,702,857
Less—Accumulated depreciation	(9,040,470)	(8,686,208)
	<u>14,041,774</u>	<u>14,016,649</u>
Property, plant and equipment	14,041,774	14,016,649
RESTRICTED CASH AND INVESTMENTS	191,999	191,999
GOODWILL , net of accumulated amortization of \$234,299	847,076	847,076
INTANGIBLE ASSETS , net of accumulated amortization of \$700,354 and \$694,854, respectively	61,168	66,668
OTHER ASSETS , net	191,661	197,262
PROMISSORY NOTE RECEIVABLE	370,000	422,500
	<u>33,159,012</u>	<u>32,381,408</u>
TOTAL ASSETS	\$ 33,159,012	\$ 32,381,408

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

**DYNAMIC MATERIALS CORPORATION & SUBSIDIARY
CONSOLIDATED BALANCE SHEETS**

	March 31, 2004	December 31, 2003
	(unaudited)	
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Bank overdraft	\$ 300,952	\$ 288,162
Accounts payable	4,029,179	2,759,121
Accrued expenses	2,374,390	2,379,483
Lines of credit	2,128,370	2,059,624
Current maturities on long-term debt	2,631,071	2,627,049
	<u>11,463,962</u>	<u>10,113,439</u>
Total current liabilities	11,463,962	10,113,439
OTHER LONG-TERM DEBT	5,404,296	6,021,540
NET DEFERRED TAX LIABILITIES	441,722	485,555
DEFERRED GAIN ON SWAP TERMINATION	34,827	37,245
OTHER LONG-TERM LIABILITIES	126,557	139,223
	<u>17,471,364</u>	<u>16,797,002</u>
Total liabilities	17,471,364	16,797,002
STOCKHOLDERS' EQUITY:		
Preferred stock, \$.05 par value; 4,000,000 shares authorized; no issued and outstanding shares	—	—
Common stock, \$.05 par value; 15,000,000 shares authorized; 5,097,034 and 5,088,884 shares issued and outstanding, respectively	254,854	254,446
Additional paid-in capital	12,439,749	12,428,545
Retained earnings	2,262,083	2,053,869
Other cumulative comprehensive income	730,962	847,546
	<u>15,687,648</u>	<u>15,584,406</u>
Total stockholders' equity	15,687,648	15,584,406
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 33,159,012	\$ 32,381,408

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

DYNAMIC MATERIALS CORPORATION & SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2004 AND 2003
(unaudited)

	2004	2003
NET SALES	\$ 10,981,508	\$ 9,203,866
COST OF PRODUCTS SOLD	8,849,785	6,894,189
Gross profit	2,131,723	2,309,677
COSTS AND EXPENSES:		
General and administrative expenses	918,221	889,662
Selling expenses	756,031	729,058
Total costs and expenses	1,674,252	1,618,720
INCOME FROM OPERATIONS	457,471	690,957
OTHER INCOME (EXPENSE):		
Other income (expense), net	4,641	3,926
Interest expense	(123,511)	(143,709)
Interest income	4,170	1,342
INCOME BEFORE INCOME TAXES	342,771	552,516
INCOME TAX PROVISION	134,557	216,324
INCOME FROM CONTINUING OPERATIONS	208,214	336,192
DISCONTINUED OPERATIONS:		
Loss from discontinued operations, net of tax benefit	—	(182,487)
NET INCOME	\$ 208,214	\$ 153,705
NET INCOME PER SHARE—BASIC AND DILUTED:		
Continuing operations	\$ 0.04	\$ 0.07
Discontinued operations	—	(0.04)
Net Income	\$ 0.04	\$ 0.03
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING—		
Basic	5,089,549	5,061,390
Diluted	5,166,934	5,080,340

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

DYNAMIC MATERIALS CORPORATION & SUBSIDIARY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2004
(unaudited)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Other Cumulative Comprehensive Income	Total	Comprehensive Income for the Period
	Shares	Amount					
Balances, December 31, 2003	5,088,884	\$ 254,446	\$ 12,428,545	\$ 2,053,869	\$ 847,546	\$ 15,584,406	
Shares issued for stock option exercises	8,150	408	11,204	—	—	11,612	
Net income	—	—	—	208,214	—	208,214	208,214
Derivative valuation, net of tax of \$10,912	—	—	—	—	(17,068)	(17,068)	(17,068)
Change in cumulative foreign currency translation adjustment	—	—	—	—	(99,516)	(99,516)	(99,516)
Balances, March 31, 2004	5,097,034	\$ 254,854	\$ 12,439,749	\$ 2,262,083	\$ 730,962	\$ 15,687,648	\$ 91,630

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

DYNAMIC MATERIALS CORPORATION & SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2004 AND 2003
(unaudited)

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income from continuing operations	\$ 208,214	\$ 336,192
Adjustments to reconcile income from continuing operations to net cash provided by operating activities—		
Depreciation	400,105	361,982
Amortization	5,500	5,500
Amortization of deferred gain on swap termination	(2,418)	(3,040)
Provision for deferred income taxes	129,097	90,387
Change in—		
Accounts receivable, net	(438,223)	2,203,579
Inventories	(758,213)	(1,310,985)
Prepaid expenses and other	45,790	(400,516)
Accounts payable	1,345,033	1,255,103
Accrued expenses	46,950	(358,591)
Net cash flows provided by operating activities	981,835	2,179,611
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(525,604)	(343,033)
Change in other non-current assets	5,601	22,780
Net cash flows used in investing activities	(520,003)	(320,253)

DYNAMIC MATERIALS CORPORATION & SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2004 AND 2003
(unaudited)

	2004	2003
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings / (repayments) on bank lines of credit, net	287,431	(412,826)
Borrowings / (repayments) on related party lines of credit, net	(187,383)	—
Payment on SNPE Inc term loan	(333,333)	(333,333)
Payment on industrial development revenue bond	(225,000)	(205,000)
Change in other long-tem liabilities	(8,682)	—
Net proceeds from issuance of common stock	11,612	—
Bank overdraft	12,790	
Repayment of bank overdraft	—	(209,517)
	(442,565)	(1,160,676)
EFFECTS OF EXCHANGE RATES ON CASH	(18,360)	33,626
CASH FLOWS USED IN DISCONTINUED OPERATIONS	—	(254,364)
NET INCREASE IN CASH AND CASH EQUIVALENTS	907	477,944
CASH AND CASH EQUIVALENTS, beginning of the period	521,697	1,158,234
CASH AND CASH EQUIVALENTS, end of the period	\$ 522,604	\$ 1,636,178
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for—		
Interest	\$ 115,189	\$ 224,782
Income taxes	\$ 69,924	\$ 324,797

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

DYNAMIC MATERIALS CORPORATION & SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

1. BASIS OF PRESENTATION

The information included in the Consolidated Financial Statements is unaudited but includes all normal and recurring adjustments which, in the opinion of management, are necessary for a fair presentation of the interim periods presented. These Consolidated Financial Statements should be read in conjunction with the financial statements that are included in the Company's Annual Report filed on Form 10-K for the year ended December 31, 2003.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Dynamic Materials Corporation ("DMC") and its subsidiary in which it has a greater than a 50% interest. All significant intercompany accounts, profits and transactions have been eliminated in consolidation.

Foreign Operations and Foreign Exchange Rate Risk

The functional currency for our foreign operations is the applicable local currency for each affiliate company. Assets and liabilities of foreign subsidiaries for which the functional currency is the local currency are translated at exchange rates in effect at period-end, and the statements of operations are translated at the average exchange rates during the period. Exchange rate fluctuations on translating foreign currency financial statements into U.S. Dollars that result in unrealized gains or losses are referred to as translation adjustments. Cumulative translation adjustments are recorded as a separate component of stockholders' equity and are included in other cumulative comprehensive income. Transactions denominated in currencies other than the local currency are recorded based on exchange rates at the time such transactions arise. Subsequent changes in exchange rates result in transaction gains and losses which are reflected in income as unrealized (based on period-end translations) or realized upon settlement of the transactions. Cash flows from our operations in foreign countries are translated at actual exchange rates when known, or at the average rate for the period. As a result, amounts related to assets and liabilities reported in the consolidated statements of cash flows will not agree to changes in the corresponding balances in the consolidated balance sheets. The effects of exchange rate changes on cash balances held in foreign currencies are reported as a separate line item below cash flows from financing activities.

Revenue Recognition

DMC's contracts with its customers generally require the production and delivery of multiple units or products. The Company records revenue from the contracts using the completed contract method as products are completed and shipped to the customer. If, as a contract proceeds toward completion, projected total cost on an individual contract indicates a potential loss, we currently provide for such anticipated loss.

Stock Based Compensation

The Company has elected to follow Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees* ("APB 25"), and related interpretations in accounting for its employee stock options including Statement of Financial Accounting Standard ("SFAS") No. 148, *Accounting for Stock-*

Based Compensation—Transition and Disclosure ("SFAS 148"). Under APB 25, because the exercise price of the Company's employee stock options is generally equal to the market price of the underlying stock on the date of the grant, no compensation expense is recognized. SFAS No. 123, *Accounting and Disclosure of Stock-Based Compensation* ("SFAS 123"), establishes an alternative method of expense recognition for stock-based compensation awards to employees that is based on fair values. The Company elected not to adopt SFAS 123 for expense recognition purposes.

Pro-forma information regarding net income and earnings per share is required by SFAS 123, and has been determined as if the Company had accounted for its employee stock options and employees stock purchase plan under the fair value method of SFAS 123. The fair value of the options granted was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions:

	Three Months Ended March 31,	
	2004	2003
Risk-free interest rate	2.7%	2.5%
Expected lives	4.0 years	4.0 years
Expected volatility	80.7%	101.0%
Expected dividend yield	0.0%	0.0%

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including expected stock price characteristics significantly different from those of traded options. Expected volatility is computed using the Company's historic stock prices over the preceding three-year period. Because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

The weighted average fair value of options granted for the three months ended March 31, 2004 and 2003 was \$1.94 and \$2.36, respectively. For purposes of pro-forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting periods. The Company's

pro-forma net income (loss) and pro-forma net income (loss) per share, as if the Company had used the fair value accounting provisions of SFAS 123, are shown below.

	Three Months Ended March 31,	
	2004	2003
Net income:		
As reported	\$ 208,214	\$ 153,705
Expense calculated under SFAS 123	(53,816)	(64,326)
Pro forma	\$ 154,398	\$ 89,379
Basic and diluted net income per common share:		
As reported	\$ 0.04	\$ 0.03
Pro forma	\$ 0.03	\$ 0.02

3. INVENTORY

The components of inventory are as follows at March 31, 2004 and December 31, 2003:

	March 31, 2004	December 31, 2003
(unaudited)		
Raw Materials	\$ 2,420,261	\$ 2,757,459
Work-in-Process	5,373,252	4,435,019
Supplies	298,197	249,234
	\$ 8,091,710	\$ 7,441,712

4. DEBT

Lines of credit consist of the following at March 31, 2004 and December 31, 2003:

	March 31, 2004	December 31, 2003
Bank lines of credit	\$ 1,580,360	\$ 1,306,204
SNPE S.A line of credit	548,010	753,420
	\$ 2,128,370	\$ 2,059,624

Other long-term debt consists of the following at March 31, 2004 and December 31, 2003:

	March 31, 2004	December 31, 2003
SNPE, Inc. Convertible subordinated note	\$ 1,200,000	\$ 1,200,000
SNPE, Inc. Term loan	1,666,669	2,000,002
Term loan—French bank	1,763,698	1,818,587
Industrial development revenue bonds	3,405,000	3,630,000
	8,035,367	8,648,589
Less current maturities	(2,631,071)	(2,627,049)
Other long-term debt	\$ 5,404,296	\$ 6,021,540

Loan Covenants and Restrictions

The Company's existing loan agreements include various covenants and restrictions, certain of which relate to the payment of dividends or other distributions to stockholders, redemption of capital stock, incurrence of additional indebtedness, mortgaging, pledging or disposition of major assets, limits on capital expenditures and maintenance of specified financial ratios. As of March 31, 2004, the Company was in compliance with all financial covenants and provisions of its debt agreements.

5. BUSINESS SEGMENTS

DMC is organized in the following two segments: the Explosive Metalworking Group and the Aerospace Group. The Explosive Metalworking Group uses explosives to perform metal cladding and shock synthesis. The most significant product of this group is clad metal which is used in the fabrication of pressure vessels, heat exchangers and transition joints used in the hydrocarbon processing, chemical processing, power generation, petrochemical, pulp and paper, mining, shipbuilding and heat, ventilation and air conditioning industries. The Aerospace Group machines, forms and welds parts for the commercial aircraft, aerospace and defense industries.

DMC's reportable segments are strategic business units that offer different products and services and are separately managed. Each segment is marketed to different customer types and requires

different manufacturing processes and technologies. Segment information is presented for the three months ended March 31, 2004 and 2003 as follows:

	Explosive Manufacturing	Aerospace	Total
For the three months ended March 31, 2004			
Net sales	\$ 9,660,434	\$ 1,321,074	\$ 10,981,508
Depreciation and amortization	\$ 289,938	\$ 115,667	\$ 405,605
Income (loss) from operations	\$ 835,559	\$ (378,088)	\$ 457,471
Unallocated amounts:			
Other income, net			4,641
Interest expense, net			(119,341)
Consolidated income before income taxes			\$ 342,771
For the three months ended March 31, 2003			
Net sales	\$ 7,273,031	\$ 1,930,835	\$ 9,203,866
Depreciation and amortization	\$ 254,459	\$ 113,023	\$ 367,482
Income from operations	\$ 676,634	\$ 14,323	\$ 690,957
Unallocated amounts:			
Other income, net			3,926
Interest expense, net			(142,367)
Consolidated income before income taxes			\$ 552,516

During the three months ended March 31, 2004 and 2003, sales to no one customer accounted for more than 10% of total net sales.

6. COMPREHENSIVE INCOME

DMC's comprehensive income for the three ended March 31, 2004 and 2003 was as follows:

	Three Months Ended March 31,	
	2004	2003
Net income for the period	\$ 208,214	\$ 153,705
Derivative valuation adjustment	(17,068)	—
Foreign currency translation adjustment	(99,516)	118,977
Comprehensive income	\$ 91,630	\$ 272,682

7. DISCONTINUED OPERATIONS

On October 7, 2003, DMC completed the sale of its PMP division. The sale price was \$580,000 and was financed through the issuance of a promissory note payable over a 2¹/₂ year period. The sale included the inventory and property, plant and equipment of PMP.

Operating results of the discontinued operations (formerly included in the Aerospace Group) for the three months ended March 31, 2003 are summarized as follows:

Net sales	\$	532,369
Loss from discontinued operations	\$	(298,487)
Tax benefit		116,000
Loss from discontinued operations, net of tax	\$	(182,487)

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Executive Overview

DMC's consolidated sales for the quarter ended March 31, 2004 increased from those in the first quarter of 2003 due to a general strengthening in demand for clad metal plate manufactured by our Explosive Metalworking Group. On a worldwide basis, year-to-year first quarter sales for our Explosive Metalworking Group increased by 33% as a result of a 58% increase in sales by the Group's U.S. Clad Metal division. However, for the three months ended March 31, 2004, consolidated income from operations declined to \$457,471 from \$690,957 in the first quarter of 2003 due to the first quarter 2004 operating loss reported by our Aerospace Group and a decline in year-to-year first quarter gross margins at Nobelclad Europe. Our consolidated net income increased from \$153,708 in the first quarter of 2003 to \$208,214 in the first quarter of 2004. Reported first quarter net income in 2003 included a loss from the discontinued operations of \$182,487 relating to the discontinued operations of the former PMP Division that was sold on October 7, 2003.

Our Explosive Metalworking Group reported first quarter sales of \$9,660,434 in 2004 versus sales of \$7,273,031 in 2003 and an increase in operating income to \$835,559 in the first quarter of 2004 from \$676,634 in the first quarter of 2003. The outlook for continued improvement in the Group's 2004 sales performance and operating income is promising. The Explosive Metalworking backlog, which had increased from \$8.6 million at December 31, 2002 to \$11.7 million at December 31, 2003, increased further to \$17.3 million as of March 31, 2004 due to a strong flow of new orders during first three months of 2004 that significantly exceeded our expectations. U.S. demand for our clad metal products is largely driven by plant maintenance and retrofit projects at existing chemical processing, petrochemical processing and oil refining facilities. Postponed capital spending within these industries over the past few years, improved economic conditions and the "Clean Fuels Act" appear to be working together to increase demand for our products in the U.S. In contrast to the U.S. market, demand for our clad products in Europe is more dependent on large projects, such as the building of new purified terephthalic acid ("PTA") plants in different parts of the world, and on sales of electrical transition joints that are used in the aluminum smelting industry. European sales should improve during the remainder of 2004 as Nobelclad ships product under an order it has received in support of new PTA plant construction and continues to gain market share in the electrical transition joint business. Nobelclad Europe's first quarter gross margin, which declined from 29.4% in 2003 to 13.0% in 2004 due to unfavorable product mix changes and local market price competition, is also expected to show improvement during the remainder of 2004.

For the three months ended March 31, 2004, our Aerospace Group reported sales of \$1,321,074 compared to sales of \$1,930,835 in the prior year first quarter. As a result of this 32% sales decrease, the Aerospace Group reported an operating loss of \$378,088 in the first quarter of 2004 compared to operating income of \$14,323 in the first quarter of 2003. Spin Forge's first quarter loss increased to \$325,244 in 2004 from \$125,340 in 2003. As discussed in our December 31, 2003 Form 10-K, Spin Forge remains highly dependent on two missile motor case programs for the defense industry. There are no current orders for one of these two programs and it is not clear when Spin Forge will receive the next order. While the Spin Forge management team has greatly increased opportunities for the division's participation in new programs, it will take some time before these positive business development efforts begin to show significant bottom-line benefits. AMK Welding reported an operating loss of \$52,844 in the first quarter of 2004 compared to operating income of \$139,663 in the first quarter of 2003 as development work performed in 2003 on a new ground-based turbine did not recur in 2004. AMK Welding expects to see improvement in its sales and operating results during the remainder of 2004 and still hopes that its full year 2004 results will be comparable to those for 2003. Prospects at AMK for 2005 and beyond now appear to be excellent as the new ground-based turbine goes into production and the demand for commercial aircraft engines, which has been depressed since 2001, improves.

DMC generated cash flow from operations of approximately \$980,000 during the first quarter of 2004, all of which was applied to the funding of capital expenditures and scheduled long-term debt principal payments in the approximate amounts of \$525,000 and \$558,000, respectively. Based on expected improvements in operating income during the remainder of 2004 and minimal expected income tax payments due to than \$2.7 million in net operating loss carry-forwards for U.S. Federal income tax purposes, we expect operating cash flow for the full year 2004 to be strong. A significant portion of the operating cash flow that we expect to generate in 2004 will be used to satisfy approximately \$2.6 million in principal payments that are due in 2004 under various long-term debt agreements. These payments will further strengthen our balance sheet, which also benefited from payments on long-term debt of approximately \$2.2 million in 2003.

Three Months Ended March 31, 2004 Compared to Three Months Ended March 31, 2003

The following table sets forth for the periods indicated the percentage relationship to net sales of certain income statement data:

	Percentage of net sales	
	Three months ended March 31,	
	2004	2003
Net sales	100.0%	100.0%
Cost of products sold	80.6%	74.9%
Gross margin	19.4%	25.1%
General & administrative	8.3%	9.7%
Selling expenses	6.9%	7.9%
Income from operations	4.2%	7.5%
Other expense, net	0.0%	0.0%
Interest expense, net	1.1%	1.5%
Income tax provision	1.2%	2.3%
Income from continuing operations	1.9%	3.7%
Loss from discontinued operations	—	2.0%
Net income	1.9%	1.7%

Net Sales. Net sales for the quarter ended March 31, 2004 increased by 19.3% to \$10,981,508 from \$9,203,866 in the first quarter of 2003. Sales by the Explosive Metalworking Group, which includes explosion bonding of clad metal and shock synthesis of synthetic diamonds, increased by 32.8% to \$9,660,434 in the first quarter of 2004 from \$7,273,031 in the first quarter of 2003. The Explosive Metalworking sales increase reflects a 57.9% increase in U.S. clad sales and a 3.5% U.S. dollar sales increase at Nobleclad Europe. Nobleclad Europe's sales increase is somewhat misleading since it reflects a sales volume decrease of approximately \$430,000 that was entirely offset by a favorable foreign exchange translation adjustment of approximately \$550,000 relating to the significant decline in the value of the U.S dollar against the Euro from the first quarter of 2003 to the first quarter of 2004. The overall increase in worldwide Explosive Metalworking Group sales is principally attributable to improved economic condition of the industries that the Group serves as evidenced by an increase in backlog from \$8.6 million at December 31, 2002 to \$11.7 million at the end of 2003. This positive sales trend is expected to continue in the second quarter of 2004 based on an increase in the backlog to \$17.3 million as of March 31, 2004. The Aerospace Group contributed sales of \$1,321,074 (12.0% of total sales) in the first quarter of 2004 versus \$1,930,835 (21.0% of total sales) in the first quarter of 2003. This 31.6% sales decrease reflects year-to-year sales decreases of 34.5% and 26.1% at Spin Forge

and AMK Welding, respectively. The Spin Forge sales decrease relates to sales declines under both of the division's major recurring missile motor case programs, one of which remains in an indefinite hold status. Lower year-to-year revenues from ground-based turbine work negatively affected AMK Welding's first quarter 2004 sales as AMK waits for a customer to transition a new ground-based turbine system from development into production.

Gross Profit. Gross profit for the quarter ended March 31, 2004 decreased by 7.7% to \$2,131,723 from \$2,309,677 in the first quarter of 2003. The gross profit margin rate for the first quarter of 2004 was 19.4%, a 22.7% decrease from the gross profit margin rate of 25.1% for the first quarter of 2003. The gross profit margin for the Explosive Metalworking Group decreased to 24.0% in the first quarter of 2004 from 28.4% in the 2003 first quarter. The decrease in the gross profit margin for the Explosive Metalworking Group is attributable to a decrease in Nobelclad Europe's gross margin from 29.4% in 2003 to 13.0% in 2004 as a result of unfavorable product mix changes and stiff price competition in its local markets. The gross profit margin for the Aerospace Group was a negative 13.9% for the quarter ended March 31, 2004 as compared to a positive gross margin of 12.7% in the first quarter of 2003. This significant decline in the gross margin rate is due to the first quarter 2004 sales declines experienced by both Spin Forge and AMK Welding. Spin Forge reported a negative gross profit margin of 23.8% in the first quarter of 2004 as its sales volume was insufficient to cover direct cost of sales and fixed manufacturing expenses.

General and Administrative Expenses. General and administrative expenses for the quarter ended March 31, 2004 were \$918,221, a 3.2% increase from the \$889,662 reported in the first quarter of 2003. As a percentage of net sales, general and administrative expenses decreased to 8.3% in the first quarter of 2004 from 9.7% in the first quarter of 2003 as a result of the 19.3% increase in first quarter 2004 sales.

Selling Expenses. Selling expenses increased by 3.7% to \$756,031 for the quarter ended March 31, 2004 from \$729,058 in the first quarter of 2003. As a percentage of net sales, selling expenses decreased from 7.9% in the first quarter of 2003 to 6.9% for the quarter ended March 31, 2004 as a result of the increase in first quarter 2004 sales.

Income from Operations. For the quarter ended March 31, 2004, we reported income from operations of \$457,471, a decrease of 33.8% from the \$690,957 of operating income reported for the first quarter of 2003. Our Explosive Metalworking Group reported income from operations of \$835,559 in the first quarter of 2004 as compared to operating income of \$676,634 in the 2003 first quarter. This operating income increase reflects a sales increase of \$2,387,403, or 32.8%, that was partially offset by a decrease in the Group's gross margin rate from 28.4% in 2003 to 24.0% in 2004. Our Aerospace Group reported an operating loss of \$378,088 in the first quarter of 2004 as compared to operating income of \$14,323 in the prior year first quarter. The Group's first quarter 2004 operating loss reflects operating losses of \$325,244 and \$52,844 at Spin Forge and AMK Welding, respectively. In the 2003 first quarter, AMK reported operating income of \$139,663 that offset an operating loss of \$125,340 reported by Spin Forge.

Interest Expense, net. Interest expense decreased by 16.2% to \$119,341 for the quarter ended March 31, 2004 from \$142,367 in the first quarter of 2003. This decrease reflects a combination of lower outstanding borrowings and lower average interest rates in 2004.

Income Tax Provision. For the quarter ended March 31, 2004, DMC recorded a consolidated income tax provision of \$134,557 on income from continuing operations as compared to a consolidated income tax provision of \$216,324 in the first quarter of 2003. The effective tax rate remained essentially unchanged at 39.3% in 2004 compared to 39.2% in 2003. The 2004 and 2003 income tax provisions include \$166,700 and \$81,000, respectively, related to U.S. taxes, with the remainder relating to foreign

taxes (or tax benefits) associated with the operations of Nobelclad and its Swedish subsidiary Nitro Metall.

Income from Continuing Operations. For the quarter ended March 31, 2004, income from continuing operations decreased to \$208,214 from \$336,192 in the first quarter of 2003. This decrease is attributable to the decrease in first quarter 2004 income from operations as discussed above.

Loss from Discontinued Operations. On October 7, 2003, DMC completed the sale of its PMP division. In our consolidated financial statements for the year ended December 31, 2003, we reported the loss on the sale of PMP as well as the operating losses reported by PMP in 2003, 2002 and 2001 as discontinued operations, net of related tax benefits. Accordingly, for the quarter ended March 31, 2003, we reported a loss from discontinued operations of \$182,487 to present PMP's first quarter 2003 operating loss of \$298,487, less \$116,000 in related tax benefits, as discontinued operations.

Net Income. We reported net income of \$208,214 in the first quarter of 2003 compared to net income of \$153,705 in the first quarter of 2003. Net income for the first quarter of 2003 includes income from continuing operations of \$336,192 that was partially offset by a loss from discontinued operations of \$182,487.

Liquidity and Capital Resources

Historically, DMC has obtained its operational financing from a combination of internally generated cash flow, revolving credit borrowings, various long-term debt arrangements and the issuance of common stock. On June 14, 2000, our stockholders approved a Stock Purchase Agreement between DMC and SNPE, Inc ("SNPE"). The closing of the transaction resulted in a payment from SNPE of \$5,800,000 to DMC in exchange for 2,109,091 shares of DMC common stock at a price of \$2.75 per share causing SNPE to become a majority stockholder of DMC on the closing date. An additional \$1,200,000 cash payment was made by SNPE to DMC to purchase a five-year, 5% Convertible Subordinated Note that is convertible in whole or in part into common stock by SNPE at a conversion price of \$6 per share. We also borrowed \$3,500,000 on June 14, 2000 under a credit facility with SNPE that carried interest at the Federal Funds Rate plus 1.5% and provided for maximum borrowings of \$4,500,000. Proceeds from the SNPE equity investment, convertible subordinated note issuance and credit facility borrowings aggregated \$10,500,000 and enabled us to repay all outstanding borrowings under a bank revolving credit facility.

In connection with its July 3, 2001 acquisition of Nobelclad, DMC entered into a \$4,000,000 term loan agreement with SNPE. The term loan bears interest at the Federal Funds Rate plus 3.0%. Commencing September 30, 2002 and on the last day of each calendar quarter thereafter, principal payments of \$333,333 are due, with a final principal payment of \$333,337 being due on June 30, 2005. In anticipation of its acquisition by DMC, Nobelclad acquired the stock of Nitro Metall and financed this acquisition with proceeds obtained from a term loan with a French bank in the amount of 1,448,266 Euros (\$1,763,698 based upon the March 31, 2004 exchange rate). This term loan carries interest at the Euro Interbank Offered Rate ("EURIBOR") plus 0.4%. Annual principal payments of 289,653 Euros begin on June 21, 2004 and are due on each anniversary date thereafter until final maturity on June 21, 2008. The bank has the option of demanding early repayment of any outstanding loans if Groupe SNPE's indirect ownership of Nobelclad falls below 50%. Nobelclad also maintains a 2 million Euro (\$2,435,600 based upon the March 31, 2004 exchange rate) intercompany working capital line with Groupe SNPE under which borrowings of \$548,010 were outstanding as of March 31, 2004. This intercompany line bears interest at EURIBOR plus 1.5%. DMC also maintains a 4,000,000 Swedish Krona line of credit with a Swedish bank for its Nitro Metall operations. As of March 31, 2004, there was 1,588,760 Swedish Krona in outstanding borrowings under this line of credit (\$208,763 based upon the March 31, 2004 exchange rate) and the line has a variable interest rate, which was 2.5% at March 31, 2004.

In December 2001, we obtained a \$6,000,000 revolving line of credit with a U.S. bank that replaced the \$4,500,000 credit facility between DMC and SNPE, Inc. This bank line of credit is being used to finance ongoing working capital requirements of our U.S. operations. Initial proceeds from the bank line of credit were used to repay \$3,650,000 of borrowings that were outstanding under the credit facility with SNPE, Inc. The bank line expires on December 4, 2004 and carries an interest rate equal to the bank's prime rate plus 0.5%. Borrowings under the line of credit are limited to a calculated borrowing base that is a function of inventory and accounts receivable balances and are secured by accounts receivable and inventories of our U.S. operations and by new investments in property, plant and equipment with respect to U.S. operations that are made during the term of the agreement. As of March 31, 2004 we had borrowed \$1,371,597 under the line of credit, and we had approximately \$3.4 million available for future borrowings. Company management is optimistic that that it can successfully renew or replace this line of credit prior to its December expiration date.

We believe that cash flow from operations and funds available under our current credit facilities and any future replacement thereof will be sufficient to fund working capital, debt service obligations and capital expenditure requirements of our current business operations for the foreseeable future. However, a significant portion of our sales is derived from a relatively small number of customers; therefore, the failure to perform existing contracts on a timely basis, and to receive payment for such services in a timely manner, or to enter into future contracts at projected volumes and profitability levels could adversely affect our ability to meet cash requirements exclusively through operating activities. Consequently, any restriction on the availability of borrowing under our credit facilities could lessen our ability to meet future cash requirements. DMC attempts to minimize its risk of losing customers or specific contracts by continually improving product quality, delivering product on time and competing favorably on the basis of price. Risks associated with the availability of funds are minimized by borrowing from multiple lenders. The nature of DMC's business is largely insulated from the negative effects of inflation on sales and operating income because the pricing on custom orders reflects current raw material and other manufacturing costs.

The Company's existing loan agreements include various covenants and restrictions, certain of which relate to the payment of dividends or other distributions to stockholders, redemption of capital stock, incurrence of additional indebtedness, mortgaging, pledging or disposition of major assets, limits on capital expenditures and maintenance of specified financial ratios. As of March 31, 2004, the Company was in compliance with all financial covenants and provisions of its debt agreements.

The Company's principal cash flows related to debt obligations, operating lease obligations and purchase obligations have not materially changed since December 31, 2003.

Highlights from the Statement of Cash Flows for the Three Months Ended March 31, 2004

Net cash flows provided by operating activities for the three months ended March 31, 2004 totaled \$981,835. Significant sources of operating cash flow included net income from operations of \$208,214, depreciation and amortization of \$403,187, deferred tax expense of \$129,097 and positive net changes of \$241,337 in various components of working capital. Net positive changes in working capital include an increase in accounts payable and accrued expenses aggregating \$1,391,983. This positive change in working capital was largely offset by increases in accounts receivable and inventories of \$438,223 and \$758,213, respectively. The increases in accounts receivable and inventories are reflective of the increased business activity of the Explosive Metalworking Group during the first quarter of 2004. This increased activity was financed through an increase in accounts payable and accrued expenses.

Cash used in investing activities totaled \$520,003 and included capital expenditures in the amount of \$525,604.

Net cash flows used in financing activities totaled \$442,565. Significant uses of cash for financing activities included \$333,333 in principal payments on the SNPE, Inc. term loan, an industrial

development revenue bond principal payment of \$225,000, and repayment of \$187,383 on a related party line of credit. These debt repayments were partially offset by net borrowings of \$287,431 on bank lines of credit.

Highlights from the Statement of Cash Flows for the Three Months Ended March 31, 2003

Net cash flows from operating activities for the three months ended March 31, 2003 were \$2,179,611. Significant sources of operating cash flow included net income from continuing operations of \$336,184, depreciation and amortization of \$364,442, deferred tax expense of \$90,387 and positive net changes of \$1,388,598 in various components of working capital. Net positive changes in working capital included a decrease in accounts receivable of \$2,203,579 and an increase in accounts payable of \$1,255,103. These positive changes in working capital were partially offset by increases in inventories and prepaid expenses of \$1,310,985 and \$400,516, respectively, and a decrease in accrued expenses of \$358,583. The decrease in accounts receivable is reflective of the decline in sales during the three months ended March 31, 2003. The increase in inventories and accounts payable is reflective of the increase in customer orders during the latter part of the first quarter of 2003.

Cash used in investing activities totaled \$320,253 and was comprised primarily of capital expenditures in the amount of \$343,033.

Net cash flows used in financing activities for the three months ended March 31, 2003 totaled \$1,160,676. Uses of cash flow from financing activities included repayments on the bank lines of credit of \$412,826, repayment of a bank overdraft of \$209,517, principal payments on industrial development revenue bonds in the amount of \$205,000, and \$333,333 in principal payments on the SNPE, Inc. term loan.

Future Capital Needs and Resources

We anticipate that, for the foreseeable future, available cash flows will be principally used for:

- operating expenses to support our domestic and foreign manufacturing operations;
- capital expenditures;
- debt service requirements; and
- other general corporate expenditures.

We expect cash inflows from operating activities to exceed outflows for the full year 2004. However, our success depends on the execution of our strategies, including our ability to:

- secure an adequate level of new customer orders at all operating divisions; and
- continue to implement the most cost-effective internal processes.

Based on available cash resources, anticipated capital expenditures and projected operating cash flow, we believe that we will be able to fully fund our operations through 2004. In making this assessment, we have considered:

- presently scheduled debt service requirements during the remainder of 2004, as well as the availability of funding related to our line of credit with SNPE and our bank lines of credit;
- the anticipated level of capital expenditures during 2004;
- our expectation of generating positive cash flow from operations during the remainder of 2004.

If our business plans change, or if economic conditions change materially, our cash flow, profitability and anticipated cash needs could change significantly. In particular, any acquisition or new

business opportunity could involve significant additional funding needs in excess of the identified currently available sources, and could require us to raise additional equity or debt funding to meet those needs.

Critical Accounting Policies

In response to the SEC's Release No. 33-8040, Cautionary Advice Regarding Disclosure About Critical Accounting Policies, we identified the most critical accounting principles upon which our financial status depends. We determined the critical principles by considering accounting policies that involve the most complex or subjective decisions or assessments. We identified our most critical accounting policies to be those related to revenue recognition, asset impairment, inventory valuation and impact of foreign currency exchange rate risks.

Revenue Recognition. The Company's contracts with its customers generally require the production and delivery of multiple units or products. The Company records revenue from its contracts using the completed contract method as products are completed and shipped to the customer. If, as a contract proceeds toward completion, projected total cost on an individual contract indicates a potential loss, the Company provides currently for such anticipated loss.

Asset Impairments. The Company reviews its long-lived assets and certain identifiable intangibles to be held and used by the Company for impairment whenever events or changes in circumstances indicate their carrying amount may not be recoverable. In so doing, the Company estimates the future net cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected future net cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment loss is recognized to reduce the asset to its estimated fair value. Otherwise, an impairment loss is not recognized. Long-lived assets and certain identifiable intangibles to be disposed of, if any, are reported at the lower of carrying amount or fair value less cost to sell.

In performing its asset impairment evaluation of Spin Forge fixed assets as of December 31, 2003, Company management projected a return to profitability of this division in 2005 and subsequent years that would enable asset recoverability through the generation of future positive cash flows. Estimates of such future profitability and positive cash flows are partially dependent on the continuation of a missile motor case program that is currently on hold and future revenues from the successful development of new programs. Management believes its projection of future results are supported by realistic estimates of future sales volume under existing programs and new sales that should result from current new business development projects and recent quoting activities. Spin Forge's projected return to profitability is also supported by the magnitude of the operating income that it reported in both 1998 and 1999 at sales levels below those that are projected for 2005 and subsequent years. If actual results are significantly less than those projected by Company management, the Company may be required to record an asset impairment in the future.

Inventory Valuation. Inventories are stated at the lower-of-cost (first-in, first-out) or market value. Cost elements included in inventory are material, labor, subcontract costs and factory overhead.

Impact of Foreign Currency Exchange Rate Risks. The functional currency for the Company's foreign operations is the applicable local currency for each affiliate company. Assets and liabilities of foreign subsidiaries for which the functional currency is the local currency are translated at exchange rates in effect at period-end, and the statements of operations are translated at the average exchange rates during the period. Exchange rate fluctuations on translating foreign currency financial statements into U.S. dollars that result in unrealized gains or losses are referred to as translation adjustments. Cumulative translation adjustments are recorded as a separate component of stockholders' equity and are included in other cumulative comprehensive income (loss). Transactions denominated in currencies other than the local currency are recorded based on exchange rates at the time such transactions arise.

Subsequent changes in exchange rates result in transaction gains and losses which are reflected in income as unrealized (based on period-end translations) or realized upon settlement of the transactions. Cash flows from the Company's operations in foreign countries are translated at actual exchange rates when known, or at the average rate for the period. As a result, amounts related to assets and liabilities reported in the consolidated statements of cash flows will not agree to changes in the corresponding balances in the consolidated balance sheets. The effects of exchange rate changes on cash balances held in foreign currencies are reported as a separate line item below cash flows from financing activities.

ITEM 3. Quantitative and Qualitative Disclosure about Market Risk

There have been no events that materially affect our quantitative and qualitative disclosure about market risk as reported in our Annual Report on Form 10-K for the year ended December 31, 2003.

ITEM 4. Controls and Procedures

As of March 31, 2004, an evaluation was performed under the supervision and with the participation of the Company's management, including the CEO and CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that the Company's disclosure controls and procedures were effective as of March 31, 2004. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to March 31, 2004.

The Company's management, including the CEO and CFO, does not expect that the Company's disclosure controls or its internal controls will prevent all errors and all fraud. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. As a result of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. As a result of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Accordingly, the Company's disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the disclosure controls and procedures are met.

Part II—OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 2. Changes in Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

On January 28, 2004, the Company held a Special Meeting of Stockholders. The Board of Directors of the Company called the Special Meeting to vote on a plan to remove the Company's current classified board structure (frequently referred to as a "staggered board") and replace it with a structure in which each director will be subject to reelection annually, and subject to removal by stockholders without cause.

The Company had 5,072,943 shares of Common Stock outstanding as of December 19, 2003, the record date for the Special Meeting. At the Special Meeting, holders of a total of 4,922,402 shares of Common Stock were present in person or represented by proxy. The following sets forth information regarding the results of the voting at the Special Meeting:

Proposal 1: To amend the certification of incorporation of the Company to provide for removal of the staggered board and to provide stockholders with the ability to remove Directors without cause.

Shares Voted "FOR"	Shares Voted "AGAINST"	Shares "ABSTAINING"
4,909,316	7,585	5,501

Proposal 2: To remove all of the Directors.

Shares Voted "FOR"	Shares Voted "AGAINST"	Shares "ABSTAINING"	Shares not voted
2,962,361	8,818	55,841	1,895,382

Proposal 3: Election of Directors.

DIRECTOR	Shares Voted "FOR"	Shares Withheld
Mr. Bernard Hueber	4,838,572	83,830
Mr. Gerard Munera	4,839,087	83,315
Mr. Jacques Loppion	4,837,150	85,252
Mr. Francois Schwartz	4,838,810	83,592
Mr. George W. Morgenthaler	4,834,777	87,625
Mr. Bernard Fontana	4,840,287	82,115
Mr. Dean Allen	4,843,157	79,245

Item 5. Other Information

None.

Item 6.

(a) Exhibits

- 4.1 - Certificate of Incorporation of the Company.
- 4.2 - Bylaws of the Company.
- 31.1 - Certification of the President and Chief Executive Officer pursuant to 17 CFR 240.13a-14(a) or 17 CFR 240.15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 - Certification of the Vice President and Chief Financial Officer pursuant to 17 CFR 240.13a-14(a) or 17 CFR 240.15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 - Certification of the President and Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 - Certification of the Vice President and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

Current Report on Form 8-K filed on March 16, 2004, under items 7 and 12 thereof, relating to the Company's financial results for the year ended December 31, 2003.

SIGNATURES

In accordance with the requirements of the Exchange Act, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DYNAMIC MATERIALS CORPORATION
(Registrant)

Date: May 14, 2004

/s/ RICHARD A. SANTA

Richard A. Santa, Vice President and Chief Financial Officer (Duly Authorized Officer and Principal Financial and Accounting Officer)

[QuickLinks](#)

[EXPLANATORY NOTE](#)

[CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS](#)

[INDEX](#)

[Part I—FINANCIAL INFORMATION](#)

[ITEM 1. Consolidated Financial Statements](#)

[DYNAMIC MATERIALS CORPORATION & SUBSIDIARY CONSOLIDATED BALANCE SHEETS](#)

[DYNAMIC MATERIALS CORPORATION & SUBSIDIARY CONSOLIDATED BALANCE SHEETS](#)

[DYNAMIC MATERIALS CORPORATION & SUBSIDIARY CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2004 AND 2003 \(unaudited\)](#)

[DYNAMIC MATERIALS CORPORATION & SUBSIDIARY CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY FOR THE THREE MONTHS ENDED MARCH 31, 2004 \(unaudited\)](#)

[DYNAMIC MATERIALS CORPORATION & SUBSIDIARY CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2004 AND 2003 \(unaudited\)](#)

[DYNAMIC MATERIALS CORPORATION & SUBSIDIARY CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2004 AND 2003 \(unaudited\)](#)

[DYNAMIC MATERIALS CORPORATION & SUBSIDIARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS \(unaudited\)](#)

[ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations](#)

[ITEM 3. Quantitative and Qualitative Disclosure about Market Risk](#)

[ITEM 4. Controls and Procedures](#)

[Part II—OTHER INFORMATION](#)

[Item 1. Legal Proceedings](#)

[Item 2. Changes in Securities and Use of Proceeds](#)

[Item 3. Defaults Upon Senior Securities](#)

[Item 4. Submission of Matters to a Vote of Security Holders](#)

[Item 5. Other Information](#)

[Item 6.](#)

[SIGNATURES](#)

CERTIFICATE OF AMENDMENT
OF
CERTIFICATE OF INCORPORATION
of
DYNAMIC MATERIALS CORPORATION

Pursuant to Section 242 of the General Corporation law of the State of Delaware.

Dynamic Materials Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware, in accordance with Section 242 thereof,

DOES HEREBY CERTIFY:

FIRST: The name of the Corporation is Dynamic Materials Corporation.

SECOND: That at a meeting of the Board of Directors of Dynamic Materials Corporation held on October 15, 2003 resolutions were duly adopted setting forth a proposed amendment of the Certificate of Incorporation of said corporation, declaring said amendment to be advisable and calling a meeting of the stockholders of said corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

"**RESOLVED**, that the Board of Directors of the Company hereby confirms its determination that it is advisable to amend the Certificate of Incorporation of the Company (the "Certificate") to provide that each director shall be elected annually by deleting Article V, Section A.2. of the Certificate and replacing it with the following text:

"Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under certain circumstances, each of the directors shall be elected at the annual meeting of stockholders for a term of 1 year. Notwithstanding the foregoing provisions of this Article, each director shall serve until his successor is duly elected and qualified or until his death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director"

; and it is further

RESOLVED, that the Board of Directors of the Company hereby confirms its determination that it is advisable to amend the Certificate to provide that directors may be removed from the Board of Directors with or without cause by deleting Article V, Section A.3 of the Certificate and replacing it with the following text:

"Subject to the rights of the holders of any series of Preferred Stock, directors may be removed from the Board of directors with or without cause. Subject to any limitations imposed by law, the Board of Directors or any individual director may be removed from office at any time by the affirmative vote of the holders of a majority of voting power of all the then-outstanding shares of voting stock of the corporation, entitled to vote at an election of directors (the "Voting Stock")"

THIRD: That thereafter, pursuant to resolution of its Board of Directors, a special meeting of the stockholders of said corporation was duly called and held upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

FOURTH: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

FIFTH: That the capital of said corporation shall not be reduced under or by reason of said amendment.

IN WITNESS WHEREOF, the undersigned has signed this Certificate of Amendment of the Certificate of Incorporation on behalf of Dynamic Materials Corporation, this 28th day of January 2004.

By: /s/ RICHARD A. SANTA

Richard A. Santa
Vice President, Chief Financial Officer and Secretary

**CERTIFICATE OF INCORPORATION
OF
BOOM, INC.**

The undersigned, a natural person (the "SOLE INCORPORATOR"), for the purpose of organizing a corporation to conduct the business and promote the purposes hereinafter stated, under the provisions and subject to the requirements of the laws of the State of Delaware hereby certifies that:

I.

The name of this corporation is Boom, Inc.

II.

The address of the registered office of the corporation in the State of Delaware is 1209 Orange Street, City of Wilmington, County of New Castle, and the name of the registered agent of the corporation in the State of Delaware at such address is The Corporation Trust Company.

III.

The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware.

IV.

A. This corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares which the corporation is authorized to issue is nineteen million (19,000,000) shares. Fifteen million (15,000,000) shares shall be Common Stock, each having a par value of five cents (\$.05). Four million (4,000,000) shares shall be Preferred Stock, each having a par value of five cents (\$.05).

B. The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized, by filing a certificate (a "Preferred Stock Designation") pursuant to the Delaware General Corporation Law, to fix or alter from time to time the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions of any wholly unissued series of Preferred Stock, and to establish from time to time the number of shares constituting any such series or any of them; and to increase or decrease the number of shares of any series subsequent to the issuance of shares of that series, but not below the number of shares of such series then outstanding. In case the number of shares of any series shall be decreased in accordance with the foregoing sentence, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series.

V.

For the management of the business and for the conduct of the affairs of the corporation, and in further definition, limitation and regulation of the powers of the corporation, of its directors and of its stockholders or any class thereof, as the case may be, it is further provided that:

A. 1. The management of the business and the conduct of the affairs of the corporation shall be vested in its Board of Directors. The number of directors which shall constitute the whole Board of Directors shall be fixed exclusively by one or more resolutions adopted by the Board of Directors.

2. Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, the directors shall be divided into three classes designated as Class I, Class II and Class III, respectively. Directors shall be assigned to each class in accordance with a resolution or resolutions adopted by the Board of Directors. At the first annual meeting of stockholders following the adoption and filing of this Certificate of Incorporation, the term of office of the Class I directors shall expire and Class I directors shall be elected for a full term of three years. At the second annual meeting of stockholders following the adoption and filing of this Certificate of Incorporation, the term of office of the Class II directors shall expire and Class II directors shall be elected for a full term of three years. At the third annual meeting of stockholders following the adoption and filing of this Certificate of Incorporation, the term of office of the Class III directors shall expire and Class III directors shall be elected for a full term of three years. At each succeeding annual meeting of stockholders, directors shall be elected for a full term of three years to succeed the directors of the class whose terms expire at such annual meeting.

Notwithstanding the foregoing provisions of this Article, each director shall serve until his successor is duly elected and qualified or until his death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

3. Subject to the rights of the holders of any series of Preferred Stock, no director shall be removed without cause. Subject to any limitations imposed by law, the Board of Directors or any individual director may be removed from office at any time with cause by the affirmative vote of the holders of a majority of the voting power of all the then-outstanding shares of voting stock of the corporation, entitled to vote at an election of directors (the "Voting Stock").

4. Subject to the rights of the holders of any series of Preferred Stock, any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other causes and any newly created directorships resulting from any increase in the number of directors, shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by the stockholders, except as otherwise provided by law, be filled only by the affirmative vote of a majority of the directors then in office, even though less than a quorum of the Board of Directors, and not by the stockholders. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director's successor shall have been elected and qualified.

B. 1. Subject to paragraph (h) of Section 43 of the Bylaws, the Bylaws may be altered or amended or new Bylaws adopted by the affirmative vote of at least sixty-six and two-thirds percent ($66\frac{2}{3}\%$) of the voting power of all of the then-outstanding shares of the Voting Stock. The Board of Directors shall also have the power to adopt, amend, or repeal Bylaws.

2. The directors of the corporation need not be elected by written ballot unless the Bylaws so provide.

3. No action shall be taken by the stockholders of the corporation except at an annual or special meeting of stockholders called in accordance with the Bylaws and no action shall be taken by the stockholders by written consent.

4. Special meetings of the stockholders of the corporation may be called, for any purpose or purposes, by (i) the Chairman of the Board of Directors, (ii) the Chief Executive Officer, or (iii) the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board of Directors for adoption).

5. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the corporation shall be given in the manner provided in the Bylaws of the corporation.

VI.

A. A director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for any breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is amended after approval by the stockholders of this Article to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director shall be eliminated or limited to the fullest extent permitted by the Delaware General corporation Law, as so amended.

B. Any repeal or modification of this Article VI shall be prospective and shall not affect the rights under this Article VI in effect at the time of the alleged occurrence of any act or omission to act giving rise to liability or indemnification.

VII.

A. The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, except as provided in paragraph B. of this Article VII, and all rights conferred upon the stockholders herein are granted subject to this reservation.

B. Notwithstanding any other provisions of this Certificate of Incorporation or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of the Voting Stock required by law, this Certificate of Incorporation or any Preferred Stock Designation, the affirmative vote of the holders of at least sixty-six and two-thirds percent ($66\frac{2}{3}\%$) of the voting power of all of the then outstanding shares of the Voting Stock, voting together as a single class, shall be required to alter, amend or repeal Articles V, VI, and VII.

The name and the mailing address of the Sole Incorporator is as follows:

<u>NAME</u>	<u>MAILING ADDRESS</u>
Craig Garby	Cooley Godward LLP 2595 Canyon Blvd, Suite 250 Boulder, CO 80302

IN WITNESS WHEREOF, this Certificate has been subscribed this _____ day of March, 1997 by the undersigned who affirms that the statements made herein are true and correct.

Craig Garby
Sole Incorporator

QuickLinks

[CERTIFICATE OF AMENDMENT OF CERTIFICATE OF INCORPORATION of DYNAMIC MATERIALS CORPORATION](#)

I, RICHARD A. SANTA, hereby certify that I am the duly elected and qualified Secretary of Dynamic Materials Corporation, a Delaware corporation; that the following is a true and correct copy of resolutions adopted at a Regular Meeting of the Board of Directors thereof held on October 15, 2004; and that said resolutions have not been modified or amended and are presently in full force and effect:

**Resolutions of the Board of Directors
Dated October 15, 2004**

RESOLVED, that, in furtherance of the Amendments, the Board of Directors of the Company hereby amends the Bylaws to provide that each director shall be elected annually by deleting Article IV, Section 17 of the Bylaws and replacing it with the following text:

"[Reserved]"

; and it is further

RESOLVED, that, in furtherance of the Amendments, the Board of Directors of the Company hereby amends the Bylaws to provide that directors may be removed from the Board of Directors with or without cause by deleting Article IV, Section 20 of the Bylaws and replacing it with the following text:

"Subject to the rights of the holders of any series of Preferred Stock, directors may be removed from the Board of directors with or without cause. Subject to any limitations imposed by law, the Board of Directors or any individual director may be removed from office at any time by the affirmative vote of the holders of a majority of voting power of all the then-outstanding shares of voting stock of the corporation, entitled to vote at an election of directors (the "Voting Stock")"

; and it is further

RESOLVED, that the Authorized Officers are severally authorized and directed to do or cause to be done all such acts and things and to execute and deliver any and all such documents and papers, and to expend such money and pay such filing fees, as they may determine in their sole discretion to be necessary or desirable to effect the purposes of the foregoing resolutions and such additional resolutions as may be passed by the Special Meeting Committee, and any and all actions hereafter taken by or at the direction of said Authorized Officers consistent with the terms, provisions and intent of the foregoing resolutions and such additional resolutions as may be passed by the Special Meeting Committee be and the same are hereby approved, authorized and confirmed in all respects; and that all such actions heretofore taken by or at the direction of the Authorized Officers in connection with the subject of the foregoing resolutions be and they are hereby approved, ratified, and confirmed in all respects.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of this Company on May 14, 2004.

/s/ RICHARD A. SANTA

Richard A. Santa
Secretary

**BYLAWS
OF
BOOM, INC.
(A DELAWARE CORPORATION)**

TABLE OF CONTENTS

	Page
ARTICLE I OFFICES	1
Section 1. Registered Office	1
Section 2. Other Offices	1
ARTICLE II CORPORATE SEAL	1
Section 3. Corporate Seal	1
ARTICLE III STOCKHOLDERS' MEETINGS	1
Section 4. Place of Meetings	1
Section 5. Annual Meetings	1
Section 6. Special Meetings	3
Section 7. Notice of Meetings	3
Section 8. Quorum	3
Section 9. Adjournment and Notice of Adjourned Meetings	4
Section 10. Voting Rights	4
Section 11. Joint Owners of Stock	4
Section 12. List of Stockholders	4
Section 13. Action Without Meeting	5
Section 14. Organization	5
ARTICLE IV DIRECTORS	5
Section 15. Number and Term of Office	5
Section 16. Powers	5
Section 17. Classes of Directors	5
Section 18. Vacancies	6
Section 19. Resignation	6
Section 20. Removal	6
Section 21. Meetings	6
(a) Annual Meetings	6
(b) Regular Meetings	6
(c) Special Meetings	6
(d) Telephone Meetings	7
(e) Notice of Meetings	7
(f) Waiver of Notice	7
Section 22. Quorum and Voting	7
Section 23. Action Without Meeting	7
Section 24. Fees and Compensation	7
Section 25. Committees	8
(a) Executive Committee	8
(b) Other Committees	8
(c) Term	8
(d) Meetings	8
Section 26. Organization	9
ARTICLE V OFFICERS	9
Section 27. Officers Designated	9
Section 28. Tenure and Duties of Officers	9
(a) General	9

(b)	Duties of Chairman of the Board of Directors	9
(c)	Duties of President	9
(d)	Duties of Vice Presidents	10
(e)	Duties of Secretary	10
(f)	Duties of Chief Financial Officer	10
Section 29.	Delegation of Authority	10
Section 30.	Resignations	10
Section 31.	Removal	10
ARTICLE VI EXECUTION OF CORPORATE INSTRUMENTS AND VOTING OF SECURITIES OWNED BY THE CORPORATION		11
Section 32.	Execution of Corporate Instruments	11
Section 33.	Voting of Securities Owned by the Corporation	11
ARTICLE VII SHARES OF STOCK		11
Section 34.	Form and Execution of Certificates	11
Section 35.	Lost Certificates	12
Section 36.	Transfers	12
Section 37.	Fixing Record Dates	12
Section 38.	Registered Stockholders	13
ARTICLE VIII OTHER SECURITIES OF THE CORPORATION		13
Section 39.	Execution of Other Securities	13
ARTICLE IX DIVIDENDS		13
Section 40.	Declaration of Dividends	13
Section 41.	Dividend Reserve	13
ARTICLE X FISCAL YEAR		13
Section 42.	Fiscal Year	13
ARTICLE XI INDEMNIFICATION		14
Section 43.	Indemnification of Directors, Executive Officers, Other Officers, Employees and Other Agents	14
(a)	Directors and Executive Officers	14
(b)	Other Officers, Employees and Other Agents	14
(c)	Expenses	14
(d)	Enforcement	14
(e)	Non-Exclusivity of Rights	15
(f)	Survival of Rights	15
(g)	Insurance	15
(h)	Amendments	15
(i)	Saving Clause	15
(j)	Certain Definitions	15
ARTICLE XII NOTICES		16
Section 44.	Notices	16
(a)	Notice to Stockholders	16
(b)	Notice to Directors	16
(c)	Affidavit of Mailing	16

(d)	Time Notices Deemed Given	16
(e)	Methods of Notice	16
(f)	Failure to Receive Notice	17
(g)	Notice to Person with Whom Communication is Unlawful	17
(h)	Notice to Person with Undeliverable Address	17
ARTICLE XIII AMENDMENTS		17
Section 45.	Amendments	17
ARTICLE XIV LOANS TO OFFICERS		17
Section 46.	Loans to Officers	17

**BYLAWS
OF
BOOM, INC.
(A DELAWARE CORPORATION)**

**ARTICLE I
OFFICES**

Section 1. *Registered Office.* The registered office of the corporation in the State of Delaware shall be in the City of Wilmington, County of New Castle. (Del. Code Ann., tit. 8, Section 131)

Section 2. *Other Offices.* The corporation shall also have and maintain an office or principal place of business at such place as may be fixed by the Board of Directors, and may also have offices at such other places, both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the corporation may require. (Del. Code Ann., tit. 8, Section 122(8))

**ARTICLE II
CORPORATE SEAL**

Section 3. *Corporate Seal.* The corporate seal shall consist of a die bearing the name of the corporation and the inscription, "Corporate Seal-Delaware." Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise. (Del. Code Ann., tit. 8, Section 122(3))

**ARTICLE III
STOCKHOLDERS' MEETINGS**

Section 4. *Place of Meetings.* Meetings of the stockholders of the corporation shall be held at such place, either within or without the State of Delaware, as may be designated from time to time by the Board of Directors, or, if not so designated, then at the office of the corporation required to be maintained pursuant to Section 2 hereof. (Del. Code Ann., tit. 8, Section 211(a))

Section 5. *Annual Meetings.*

(a) The annual meeting of the stockholders of the corporation, for the purpose of election of directors and for such other business as may lawfully come before it, shall be held on such date and at such time as may be designated from time to time by the Board of Directors. (Del. Code Ann., tit. 8, Section 211(b))

(b) At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be: (A) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (B) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (C) otherwise properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the corporation not later than the close of business on the sixtieth (60th) day nor earlier than the close of business on the ninetieth (90th) day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that no annual meeting was held in the previous year or the date of the annual meeting has been changed by more than thirty (30) days from the date contemplated at the time of the previous year's proxy statement, notice by the stockholder to be timely must be so received not earlier than the close of business on the ninetieth (90th) day prior to such annual meeting and not

later than the close of business on the later of the sixtieth (60th) day prior to such annual meeting or, in the event public announcement of the date of such annual meeting is first made by the corporation fewer than seventy (70) days prior to the date of such annual meeting, the close of business on the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the corporation. A stockholder's notice to the Secretary shall set forth as to each matter the stockholder proposes to bring before the annual meeting: (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and address, as they appear on the corporation's books, of the stockholder proposing such business, (iii) the class and number of shares of the corporation that are beneficially owned by the stockholder, (iv) any material interest of the stockholder in such business and (v) any other information that is required to be provided by the stockholder pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "1934 Act"), in his capacity as a proponent to a stockholder proposal. Notwithstanding the foregoing, in order to include information with respect to a stockholder proposal in the proxy statement and form of proxy for a stockholder's meeting, stockholders must provide notice as required by the regulations promulgated under the 1934 Act. Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at any annual meeting except in accordance with the procedures set forth in this paragraph (b). The chairman of the annual meeting shall, if the facts warrant, determine and declare at the meeting that business was not properly brought before the meeting and in accordance with the provisions of this paragraph (b), and, if he should so determine, he shall so declare at the meeting that any such business not properly brought before the meeting shall not be transacted. (Del. Code Ann., tit. 8: Section 211(b)).

(c) Only persons who are nominated in accordance with the procedures set forth in this paragraph (c) shall be eligible for election as directors. Nominations of persons for election to the Board of Directors of the corporation may be made at a meeting of stockholders by or at the direction of the Board of Directors or by any stockholder of the corporation entitled to vote in the election of directors at the meeting who complies with the notice procedures set forth in this paragraph (c). Such nominations, other than those made by or at the direction of the Board of Directors, shall be made pursuant to timely notice in writing to the Secretary of the corporation in accordance with the provisions of paragraph (b) of this Section 5. Such stockholder's notice shall set forth (i) as to each person, if any, whom the stockholder proposes to nominate for election or re-election as a director: (A) the name, age, business address and residence address of such person, (B) the principal occupation or employment of such person, (C) the class and number of shares of the corporation that are beneficially owned by such person, (D) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the stockholder, and (E) any other information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the 1934 Act (including without limitation such person's written consent to being named in the proxy statement, if any, as a nominee and to serving as a director if elected); and (ii) as to such stockholder giving notice, the information required to be provided pursuant to paragraph (b) of this Section 5. At the request of the Board of Directors, any person nominated by a stockholder for election as a director shall furnish to the Secretary of the corporation that information required to be set forth in the stockholder's notice of nomination that pertains to the nominee. No person shall be eligible for election as a director of the corporation unless nominated in accordance with the procedures set forth in this paragraph (c). The chairman of the meeting shall, if the facts warrant, determine and declare at the meeting that a nomination was not made in accordance with the procedures prescribed by these Bylaws, and if he should so determine, he shall so declare at the meeting, and the defective nomination shall be disregarded. (Del. Code Ann., tit. 8, Sections 212, 214).

(d) For purposes of this Section 5, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service

or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

Section 6. *Special Meetings.*

(a) Special meetings of the stockholders of the corporation may be called, for any purpose or purposes, by (i) the Chairman of the Board of Directors, (ii) the Chief Executive Officer, or (iii) the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board of Directors for adoption), and shall be held at such place, on such date, and at such time as the Board of Directors, shall fix.

(b) If a special meeting is called by any person or persons other than the Board of Directors, the request shall be in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the Chairman of the Board of Directors, the Chief Executive Officer, or the Secretary of the corporation. No business may be transacted at such special meeting otherwise than specified in such notice. The Board of Directors shall determine the time and place of such special meeting, which shall be held not less than thirty-five (35) nor more than one hundred twenty (120) days after the date of the receipt of the request. Upon determination of the time and place of the meeting, the officer receiving the request shall cause notice to be given to the stockholders entitled to vote, in accordance with the provisions of Section 7 of these Bylaws. If the notice is not given within sixty (60) days after the receipt of the request, the person or persons requesting the meeting may set the time and place of the meeting and give the notice. Nothing contained in this paragraph (b) shall be construed as limiting, fixing, or affecting the time when a meeting of stockholders called by action of the Board of Directors may be held.

Section 7. *Notice of Meetings.* Except as otherwise provided by law or the Certificate of Incorporation, written notice of each meeting of stockholders shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting, such notice to specify the place, date and hour and purpose or purposes of the meeting. Notice of the time, place and purpose of any meeting of stockholders may be waived in writing, signed by the person entitled to notice thereof, either before or after such meeting, and will be waived by any stockholder by his attendance thereat in person or by proxy, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Any stockholder so waiving notice of such meeting shall be bound by the proceedings of any such meeting in all respects as if due notice thereof had been given. (Del. Code Ann., tit. 8, Sections 222, 229)

Section 8. *Quorum.* At all meetings of stockholders, except where otherwise provided by statute or by the Certificate of Incorporation, or by these Bylaws, the presence, in person or by proxy duly authorized, of the holders of a majority of the outstanding shares of stock entitled to vote shall constitute a quorum for the transaction of business. In the absence of a quorum, any meeting of stockholders may be adjourned, from time to time, either by the chairman of the meeting or by vote of the holders of a majority of the shares represented thereat, but no other business shall be transacted at such meeting. The stockholders present at a duly called or convened meeting, at which a quorum is present, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. Except as otherwise provided by law, the Certificate of Incorporation or these Bylaws, all action taken by the holders of a majority of the vote cast, excluding abstentions, at any meeting at which a quorum is present shall be valid and binding upon the corporation; provided, however, that directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. Where a separate vote by a class or classes or series is required, except where otherwise

provided by the statute or by the Certificate of Incorporation or these Bylaws, a majority of the outstanding shares of such class or classes or series, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter and, except where otherwise provided by the statute or by the Certificate of Incorporation or these Bylaws, the affirmative vote of the majority (plurality, in the case of the election of directors) of the votes cast, including abstentions, by the holders of shares of such class or classes or series shall be the act of such class or classes or series. (Del. Code Ann., tit. 8, Section 216)

Section 9. *Adjournment and Notice of Adjourned Meetings.* Any meeting of stockholders, whether annual or special, may be adjourned from time to time either by the chairman of the meeting or by the vote of a majority of the shares casting votes, excluding abstentions. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the corporation may transact any business that might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. (Del. Code Ann., tit. 8, Section 222(c))

Section 10. *Voting Rights.* For the purpose of determining those stockholders entitled to vote at any meeting of the stockholders, except as otherwise provided by law, only persons in whose names shares stand on the stock records of the corporation on the record date, as provided in Section 12 of these Bylaws, shall be entitled to vote at any meeting of stockholders. Every person entitled to vote shall have the right to do so either in person or by an agent or agents authorized by a proxy granted in accordance with Delaware law. An agent so appointed need not be a stockholder. No proxy shall be voted after three (3) years from its date of creation unless the proxy provides for a longer period. (Del. Code Ann., tit. 8, Sections 211(e), 212(b))

Section 11. *Joint Owners of Stock.* If shares or other securities having voting power stand of record in the names of two (2) or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, or otherwise, or if two (2) or more persons have the same fiduciary relationship respecting the same shares, unless the Secretary is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (a) if only one (1) votes, his act binds all; (b) if more than one (1) votes, the act of the majority so voting binds all; (c) if more than one (1) votes, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionally, or may apply to the Delaware Court of Chancery for relief as provided in the General Corporation Law of Delaware, Section 217(b). If the instrument filed with the Secretary shows that any such tenancy is held in unequal interests, a majority or even-split for the purpose of subsection (c) shall be a majority or even-split in interest. (Del. Code Ann., tit. 8, Section 217(b))

Section 12. *List of Stockholders.* The Secretary shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order, showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not specified, at the place where the meeting is to be held. The list shall be produced and kept at the time and place of meeting during the whole time thereof and may be inspected by any stockholder who is present. (Del. Code Ann., tit. 8, Section 219(a))

Section 13. *Action Without Meeting.*

(a) No action shall be taken by the stockholders except at an annual or special meeting of stockholders called in accordance with these Bylaws, and no action shall be taken by the stockholders by written consent.

Section 14. *Organization.*

(a) At every meeting of stockholders, the Chairman of the Board of Directors, or, if a Chairman has not been appointed or is absent, the President, or, if the President is absent, a chairman of the meeting chosen by a majority in interest of the stockholders entitled to vote, present in person or by proxy, shall act as chairman. The Secretary, or, in his absence, an Assistant Secretary directed to do so by the President, shall act as secretary of the meeting.

(b) The Board of Directors of the corporation shall be entitled to make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations of the Board of Directors, if any, the chairman of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are necessary, appropriate or convenient for the proper conduct of the meeting, including, without limitation, establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting and the safety of those present, limitations on participation in such meeting to stockholders of record of the corporation and their duly authorized and constituted proxies and such other persons as the chairman shall permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to questions or comments by participants and regulation of the opening and closing of the polls for balloting on matters that are to be voted on by ballot. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with rules of parliamentary procedure.

**ARTICLE IV
DIRECTORS**

Section 15. *Number and Term of Office.* The authorized number of directors of the corporation shall be fixed in accordance with the Certificate of Incorporation. Directors need not be stockholders unless so required by the Certificate of Incorporation. If for any cause, the directors shall not have been elected at an annual meeting, they may be elected as soon thereafter at a special meeting of the stockholders called for that purpose in the manner provided in these Bylaws. (Del. Code Ann., tit. 8, Sections 141(b), 211(b), (c))

Section 16. *Powers.* The powers of the corporation shall be exercised, its business conducted and its property controlled by the Board of Directors, except as may be otherwise provided by statute or by the Certificate of Incorporation. (Del. Code Ann., tit. 8, Section 141(a))

Section 17. *Classes of Directors.* Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, the directors shall be divided into three classes designated as Class I, Class II and Class III, respectively. Directors shall be assigned to each class in accordance with a resolution or resolutions adopted by the Board of Directors. At the first annual meeting of stockholders following the adoption and filing of this Certificate of Incorporation, the term of office of the Class I directors shall expire and Class I directors shall be elected for a full term of three years. At the second annual meeting of stockholders following the adoption and filing of this Certificate of Incorporation, the term of office of the Class II directors shall expire and Class II directors shall be elected for a full term of three years. At the third annual meeting of stockholders following the adoption and filing of this Certificate of Incorporation, the term of office of the Class III directors shall expire and Class III directors shall be elected for a full term of three years. At each

succeeding annual meeting of stockholders, directors shall be elected for a full term of three years to succeed the directors of the class whose terms expire at such annual meeting.

Notwithstanding the foregoing provisions of this Article, each director shall serve until his successor is duly elected and qualified or until his death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

Section 18. *Vacancies*. Unless otherwise provided in the Certificate of Incorporation, any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other causes and any newly created directorships resulting from any increase in the number of directors, shall unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by stockholders, be filled only by the affirmative vote of a majority of the directors then in office, even though less than a quorum of the Board of Directors. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director's successor shall have been elected and qualified. A vacancy in the Board of Directors shall be deemed to exist under this Bylaw in the case of the death, removal or resignation of any director. (Del. Code Ann., tit. 8, Section 223(a), (b))

Section 19. *Resignation*. Any director may resign at any time by delivering his written resignation to the Secretary, such resignation to specify whether it will be effective at a particular time, upon receipt by the Secretary or at the pleasure of the Board of Directors. If no such specification is made, it shall be deemed effective at the pleasure of the Board of Directors. When one or more directors shall resign from the Board of Directors, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each Director so chosen shall hold office for the unexpired portion of the term of the director whose place shall be vacated and until his successor shall have been duly elected and qualified. (Del. Code Ann., tit. 8, Sections 141(b), 223(d))

Section 20. *Removal*. Subject to the rights of the holders of any series of Preferred Stock, no director shall be removed without cause. Subject to any limitations imposed by law, the Board of Directors or any individual director may be removed from office at any time with cause by the affirmative vote of the holders of a majority of the voting power of all the then-outstanding shares of voting stock of the corporation, entitled to vote at an election of directors (the "Voting Stock").

Section 21. *Meetings*.

(a) *Annual Meetings*. The annual meeting of the Board of Directors shall be held immediately before or after the annual meeting of stockholders and at the place where such meeting is held. No notice of an annual meeting of the Board of Directors shall be necessary and such meeting shall be held for the purpose of electing officers and transacting such other business as may lawfully come before it.

(b) *Regular Meetings*. Except as hereinafter otherwise provided, regular meetings of the Board of Directors shall be held in the office of the corporation required to be maintained pursuant to Section 2 hereof. Unless otherwise restricted by the Certificate of Incorporation, regular meetings of the Board of Directors may also be held at any place within or without the State of Delaware that has been designated by resolution of the Board of Directors or the written consent of all directors. (Del. Code Ann., tit. 8, Section 141(g))

(c) *Special Meetings*. Unless otherwise restricted by the Certificate of Incorporation, special meetings of the Board of Directors may be held at any time and place within or without the State of

Delaware whenever called by the Chairman of the Board, the President or any two of the directors (Del. Code Ann., tit. 8, Section 141(g))

(d) *Telephone Meetings.* Any member of the Board of Directors, or of any committee thereof, may participate in a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting. (Del. Code Ann., tit. 8, Section 141(l))

(e) *Notice of Meetings.* Notice of the time and place of all special meetings of the Board of Directors shall be orally or in writing, by telephone, facsimile, telegraph or telex, during normal business hours, at least twenty-four (24) hours before the date and time of the meeting, or sent in writing to each director by first class mail, charges prepaid, at least three days before the date of the meeting. Notice of any meeting may be waived in writing at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. (Del. Code Ann., tit. 8, Section 229)

(f) *Waiver of Notice.* The transaction of all business at any meeting of the Board of Directors, or any committee thereof, however called or noticed, or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, each of the directors not present shall sign a written waiver of notice. All such waivers shall be filed with the corporate records or made a part of the minutes of the meeting. (Del. Code Ann., tit. 8, Section 229)

Section 22. *Quorum and Voting.*

(a) Unless the Certificate of Incorporation requires a greater number and except with respect to indemnification questions arising under Section 43 hereof, for which a quorum shall be one-third of the exact number of directors fixed from time to time in accordance with the Certificate of Incorporation, a quorum of the Board of Directors shall consist of a majority of the exact number of directors fixed from time to time by the Board of Directors in accordance with the Certificate of Incorporation; provided, however, at any meeting whether a quorum be present or otherwise, a majority of the directors present may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors, without notice other than by announcement at the meeting. (Del. Code Ann., tit. 8, Section 141(b))

(b) At each meeting of the Board of Directors at which a quorum is present, all questions and business shall be determined by the affirmative vote of a majority of the directors present, unless a different vote be required by law, the Certificate of Incorporation or these Bylaws. (Del. Code Ann., tit. 8, Section 141(b))

Section 23. *Action Without Meeting.* Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent thereto in writing, and such writing or writings are filed with the minutes of proceedings of the Board of Directors or committee. (Del. Code Ann., tit. 8, Section 141(f))

Section 24. *Fees and Compensation.* Directors shall be entitled to such compensation for their services as may be approved by the Board of Directors, including, if so approved, by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, for attendance at each regular or special meeting of the Board of Directors and at any meeting of a committee of the Board of Directors. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee, or otherwise and receiving compensation therefor. (Del. Code Ann., tit. 8, Section 141(h))

Section 25. *Committees.*

(a) *Executive Committee.* The Board of Directors may by resolution passed by a majority of the whole Board of Directors appoint an Executive Committee to consist of one (1) or more members of the Board of Directors. The Executive Committee, to the extent permitted by law and provided in the resolution of the Board of Directors shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, including without limitation the power or authority to declare a dividend, to authorize the issuance of stock and to adopt a certificate of ownership and merger, and may authorize the seal of the corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority in reference to amending the Certificate of Incorporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the Board of Directors fix the designations and any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the corporation or fix the number of shares of any series of stock or authorize the increase or decrease of the shares of any series), adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, recommending to the stockholders a dissolution of the corporation or a revocation of a dissolution, or amending the bylaws of the corporation. (Del. Code Ann., tit. 8, Section 141(c))

(b) *Other Committees.* The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, from time to time appoint such other committees as may be permitted by law. Such other committees appointed by the Board of Directors shall consist of one (1) or more members of the Board of Directors and shall have such powers and perform such duties as may be prescribed by the resolution or resolutions creating such committees, but in no event shall such committee have the powers denied to the Executive Committee in these Bylaws. (Del. Code Ann., tit. 8, Section 141(c))

(c) *Term.* Each member of a committee of the Board of Directors shall serve a term on the committee coexistent with such member's term on the Board of Directors. The Board of Directors, subject to the provisions of subsections (a) or (b) of this Bylaw may at any time increase or decrease the number of members of a committee or terminate the existence of a committee. The membership of a committee member shall terminate on the date of his death or voluntary resignation from the committee or from the Board of Directors. The Board of Directors may at any time for any reason remove any individual committee member and the Board of Directors may fill any committee vacancy created by death, resignation, removal or increase in the number of members of the committee. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, and, in addition, in the absence or disqualification of any member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. (Del. Code Ann., tit. 8, Section 141(c))

(d) *Meetings.* Unless the Board of Directors shall otherwise provide, regular meetings of the Executive Committee or any other committee appointed pursuant to this Section 25 shall be held at such times and places as are determined by the Board of Directors, or by any such committee, and when notice thereof has been given to each member of such committee, no further notice of such regular meetings need be given thereafter. Special meetings of any such committee may be held at any place that has been determined from time to time by such committee, and may be called by any director who is a member of such committee, upon written notice to the members of such committee of the time and place of such special meeting given in the manner provided for the giving of written

notice to members of the Board of Directors of the time and place of special meetings of the Board of Directors. Notice of any special meeting of any committee may be waived in writing at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends such special meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. A majority of the authorized number of members of any such committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of such committee. (Del. Code Ann., tit. 8, Sections 141(c), 229)

Section 26. *Organization.* At every meeting of the directors, the Chairman of the Board of Directors, or, if a Chairman has not been appointed or is absent, the President, or if the President is absent, the most senior Vice President, or, in the absence of any such officer, a chairman of the meeting chosen by a majority of the directors present, shall preside over the meeting. The Secretary, or in his absence, an Assistant Secretary directed to do so by the President, shall act as secretary of the meeting.

ARTICLE V OFFICERS

Section 27. *Officers Designated.* The officers of the corporation shall include, if and when designated by the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer, the President, one or more Vice Presidents, the Secretary, the Chief Financial Officer, the Treasurer, the Controller, all of whom shall be elected at the annual organizational meeting of the Board of Directors. The Board of Directors may also appoint one or more Assistant Secretaries, Assistant Treasurers, Assistant Controllers and such other officers and agents with such powers and duties as it shall deem necessary. The Board of Directors may assign such additional titles to one or more of the officers as it shall deem appropriate. Any one person may hold any number of offices of the corporation at any one time unless specifically prohibited therefrom by law. The salaries and other compensation of the officers of the corporation shall be fixed by or in the manner designated by the Board of Directors. (Del. Code Ann., tit. 8, Sections 122(5), 142(a), (b))

Section 28. *Tenure and Duties of Officers.*

(a) *General.* All officers shall hold office at the pleasure of the Board of Directors and until their successors shall have been duly elected and qualified, unless sooner removed. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors. (Del. Code Ann., tit. 8, Section 141(b), (e))

(b) *Duties of Chairman of the Board of Directors.* The Chairman of the Board of Directors, when present, shall preside at all meetings of the stockholders and the Board of Directors. The Chairman of the Board of Directors shall perform other duties commonly incident to his office and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time. If there is no President, then the Chairman of the Board of Directors shall also serve as the Chief Executive Officer of the corporation and shall have the powers and duties prescribed in paragraph (c) of this Section 28. (Del. Code Ann., tit. 8, Section 142(a))

(c) *Duties of President.* The President shall preside at all meetings of the stockholders and at all meetings of the Board of Directors, unless the Chairman of the Board of Directors has been appointed and is present. Unless some other officer has been elected Chief Executive Officer of the corporation, the President shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. The President shall perform other duties commonly incident to his office and shall also

perform such other duties and have such other powers as the Board of Directors shall designate from time to time. (Del. Code Ann., tit. 8, Section 142(a))

(d) *Duties of Vice Presidents.* The Vice Presidents may assume and perform the duties of the President in the absence or disability of the President or whenever the office of President is vacant. The Vice Presidents shall perform other duties commonly incident to their office and shall also perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time. (Del. Code Ann., tit. 8, Section 142(a))

(e) *Duties of Secretary.* The Secretary shall attend all meetings of the stockholders and of the Board of Directors and shall record all acts and proceedings thereof in the minute book of the corporation. The Secretary shall give notice in conformity with these Bylaws of all meetings of the stockholders and of all meetings of the Board of Directors and any committee thereof requiring notice. The Secretary shall perform all other duties given him in these Bylaws and other duties commonly incident to his office and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time. The President may direct any Assistant Secretary to assume and perform the duties of the Secretary in the absence or disability of the Secretary, and each Assistant Secretary shall perform other duties commonly incident to his office and shall also perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time. (Del. Code Ann., tit. 8, Section 142(a))

(f) *Duties of Chief Financial Officer.* The Chief Financial Officer shall keep or cause to be kept the books of account of the corporation in a thorough and proper manner and shall render statements of the financial affairs of the corporation in such form and as often as required by the Board of Directors or the President. The Chief Financial Officer, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the corporation. The Chief Financial Officer shall perform other duties commonly incident to his office and shall also perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time. The President may direct the Treasurer or any Assistant Treasurer, or the Controller or any Assistant Controller to assume and perform the duties of the Chief Financial Officer in the absence or disability of the Chief Financial Officer, and each Treasurer and Assistant Treasurer and each Controller and Assistant Controller shall perform other duties commonly incident to his office and shall also perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time. (Del. Code Ann., tit. 8, Section 142(a))

Section 29. *Delegation of Authority.* The Board of Directors may from time to time delegate the powers or duties of any officer to any other officer or agent, notwithstanding any provision hereof.

Section 30. *Resignations.* Any officer may resign at any time by giving written notice to the Board of Directors or to the President or to the Secretary. Any such resignation shall be effective when received by the person or persons to whom such notice is given, unless a later time is specified therein, in which event the resignation shall become effective at such later time. Unless otherwise specified in such notice, the acceptance of any such resignation shall not be necessary to make it effective. Any resignation shall be without prejudice to the rights, if any, of the corporation under any contract with the resigning officer. (Del. Code Ann., tit. 8, Section 142(b))

Section 31. *Removal.* Any officer may be removed from office at any time, either with or without cause, by the affirmative vote of a majority of the directors in office at the time, or by the unanimous written consent of the directors in office at the time, or by any committee or superior officers upon whom such power of removal may have been conferred by the Board of Directors.

ARTICLE VI
EXECUTION OF CORPORATE INSTRUMENTS AND VOTING OF SECURITIES OWNED BY THE CORPORATION

Section 32. *Execution of Corporate Instruments.* The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute on behalf of the corporation any corporate instrument or document, or to sign on behalf of the corporation the corporate name without limitation, or to enter into contracts on behalf of the corporation, except where otherwise provided by law or these Bylaws, and such execution or signature shall be binding upon the corporation. (Del. Code Ann., tit. 8, Sections 103(a), 142(a), 158)

Unless otherwise specifically determined by the Board of Directors or otherwise required by law, promissory notes, deeds of trust, mortgages and other evidences of indebtedness of the corporation, and other corporate instruments or documents requiring the corporate seal, and certificates of shares of stock owned by the corporation, shall be executed, signed or endorsed by the Chairman of the Board of Directors, or the President or any Vice President, and by the Secretary or Treasurer or any Assistant Secretary or Assistant Treasurer. All other instruments and documents requiring the corporate signature, but not requiring the corporate seal, may be executed as aforesaid or in such other manner as may be directed by the Board of Directors. (Del. Code Ann., tit. 8, Sections 103(a), 142(a), 158)

All checks and drafts drawn on banks or other depositories on funds to the credit of the corporation or in special accounts of the corporation shall be signed by such person or persons as the Board of Directors shall authorize so to do.

Unless authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount. (Del. Code Ann., tit. 8, Sections 103(a), 142(a), 158).

Section 33. *Voting of Securities Owned by the Corporation.* All stock and other securities of other corporations owned or held by the corporation for itself, or for other parties in any capacity, shall be voted, and all proxies with respect thereto shall be executed, by the person authorized so to do by resolution of the Board of Directors, or, in the absence of such authorization, by the Chairman of the Board of Directors, the Chief Executive Officer, the President, or any Vice President. (Del. Code Ann., tit. 8, Section 123)

ARTICLE VII
SHARES OF STOCK

Section 34. *Form and Execution of Certificates.* Certificates for the shares of stock of the corporation shall be in such form as is consistent with the Certificate of Incorporation and applicable law. Every holder of stock in the corporation shall be entitled to have a certificate signed by or in the name of the corporation by the Chairman of the Board of Directors, or the President or any Vice President and by the Treasurer or Assistant Treasurer or the Secretary or Assistant Secretary, certifying the number of shares owned by him in the corporation. Any or all of the signatures on the certificate may be facsimiles. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued with the same effect as if he were such officer, transfer agent, or registrar at the date of issue. Each certificate shall state upon the face or back thereof, in full or in summary, all of the powers, designations, preferences, and rights, and the limitations or restrictions of the shares authorized to be issued or shall, except as otherwise required by law, set forth on the face or back a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional, or other special rights of each class of stock or series thereof and the qualifications, limitations or

restrictions of such preferences and/or rights. Within a reasonable time after the issuance or transfer of uncertificated stock, the corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to this section or otherwise required by law or with respect to this section a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Except as otherwise expressly provided by law, the rights and obligations of the holders of certificates representing stock of the same class and series shall be identical. (Del. Code Ann., tit. 8, Section 158)

Section 35. *Lost Certificates.* A new certificate or certificates shall be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. The corporation may require, as a condition precedent to the issuance of a new certificate or certificates, the owner of such lost, stolen, or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require or to give the corporation a surety bond in such form and amount as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen, or destroyed. (Del. Code Ann., tit. 8, Section 167)

Section 36. *Transfers.*

(a) Transfers of record of shares of stock of the corporation shall be made only upon its books by the holders thereof, in person or by attorney duly authorized, and upon the surrender of a properly endorsed certificate or certificates for a like number of shares. (Del. Code Ann., tit. 8, Section 201, tit. 6, Section 8-401(1))

(b) The corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the corporation to restrict the transfer of shares of stock of the corporation of any one or more classes owned by such stockholders in any manner not prohibited by the General Corporation Law of Delaware. (Del. Code Ann., tit. 8, Section 160 (a))

Section 37. *Fixing Record Dates.*

(a) In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. (Del. Code Ann., tit. 8, Section 213)

Section 38. *Registered Stockholders.* The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware. (Del. Code Ann., tit. 8, Sections 213(a), 219)

**ARTICLE VIII
OTHER SECURITIES OF THE CORPORATION**

Section 39. *Execution of Other Securities.* All bonds, debentures and other corporate securities of the corporation, other than stock certificates (covered in Section 34), may be signed by the Chairman of the Board of Directors, the President or any Vice President, or such other person as may be authorized by the Board of Directors, and the corporate seal impressed thereon or a facsimile of such seal imprinted thereon and attested by the signature of the Secretary or an Assistant Secretary, or the Chief Financial Officer or Treasurer or an Assistant Treasurer; provided, however, that where any such bond, debenture or other corporate security shall be authenticated by the manual signature, or where permissible facsimile signature, of a trustee under an indenture pursuant to which such bond, debenture or other corporate security shall be issued, the signatures of the persons signing and attesting the corporate seal on such bond, debenture or other corporate security may be the imprinted facsimile of the signatures of such persons. Interest coupons appertaining to any such bond, debenture or other corporate security, authenticated by a trustee as aforesaid, shall be signed by the Treasurer or an Assistant Treasurer of the corporation or such other person as may be authorized by the Board of Directors, or bear imprinted thereon the facsimile signature of such person. In case any officer who shall have signed or attested any bond, debenture or other corporate security, or whose facsimile signature shall appear thereon or on any such interest coupon, shall have ceased to be such officer before the bond, debenture or other corporate security so signed or attested shall have been delivered, such bond, debenture or other corporate security nevertheless may be adopted by the corporation and issued and delivered as though the person who signed the same or whose facsimile signature shall have been used thereon had not ceased to be such officer of the corporation.

**ARTICLE IX
DIVIDENDS**

Section 40. *Declaration of Dividends.* Dividends upon the capital stock of the corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors pursuant to law at any regular or special meeting. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation. (Del. Code Ann., tit. 8, Sections 170, 173)

Section 41. *Dividend Reserve.* Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the Board of Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the Board of Directors shall think conducive to the interests of the corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created. (Del. Code Ann., tit. 8, Section 171)

**ARTICLE X
FISCAL YEAR**

Section 42. *Fiscal Year.* The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

**ARTICLE XI
INDEMNIFICATION**

Section 43. *Indemnification of Directors, Executive Officers, Other Officers, Employees and Other Agents*

(a) *Directors and Executive Officers.* The corporation shall indemnify its directors and executive officers (for the purposes of this Article XI, "executive officers" shall have the meaning defined in Rule 3b-7 promulgated under the 1934 Act) to the fullest extent not prohibited by the Delaware General Corporation Law; provided, however, that the corporation may modify the extent of such indemnification by individual contracts with its directors and executive officers; and, provided, further, that the corporation shall not be required to indemnify any director or executive officer in connection with any proceeding (or part thereof) initiated by such person unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board of Directors of the corporation, (iii) such indemnification is provided by the corporation, in its sole discretion, pursuant to the powers vested in the corporation under the Delaware General Corporation Law or (iv) such indemnification is required to be made under subsection (d).

(b) *Other Officers, Employees and Other Agents.* The corporation shall have power to indemnify its other officers, employees and other agents as set forth in the Delaware General Corporation Law.

(c) *Expenses.* The corporation shall advance to any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or executive officer of the corporation, or is or was serving at the request of the corporation as a director or executive officer of another corporation, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly following request therefor, all expenses incurred by any director or executive officer in connection with such proceeding upon receipt of an undertaking by or on behalf of such person to repay said amounts if it should be determined ultimately that such person is not entitled to be indemnified under this Bylaw or otherwise.

Notwithstanding the foregoing, unless otherwise determined pursuant to paragraph (c) of this Bylaw, no advance shall be made by the corporation to an executive officer of the corporation (except by reason of the fact that such executive officer is or was a director of the corporation in which event this paragraph shall not apply) in any action, suit or proceeding, whether civil, criminal, administrative or investigative, if a determination is reasonably and promptly made (i) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to the proceeding, or (ii) if such quorum is not obtainable, or, even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, that the facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation.

(d) *Enforcement.* Without the necessity of entering into an express contract, all rights to indemnification and advances to directors and executive officers under this Bylaw shall be deemed to be contractual rights and be effective to the same extent and as if provided for in a contract between the corporation and the director or executive officer. Any right to indemnification or advances granted by this Bylaw to a director or executive officer shall be enforceable by or on behalf of the person holding such right in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within ninety (90) days of request therefor. The claimant in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting his claim. In connection with any claim for indemnification, the corporation shall be entitled to raise as a defense to any such action that the claimant has not met the standards of conduct that make it permissible under the Delaware

General Corporation Law for the corporation to indemnify the claimant for the amount claimed. In connection with any claim by an executive officer of the corporation (except in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such executive officer is or was a director of the corporation) for advances, the corporation shall be entitled to raise a defense as to any such action clear and convincing evidence that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation, or with respect to any criminal action or proceeding that such person acted without reasonable cause to believe that his conduct was lawful. Neither the failure of the corporation (including its Board of Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct. In any suit brought by a director or executive officer to enforce a right to indemnification or to an advancement of expenses hereunder, the burden of proving that the director or executive officer is not entitled to be indemnified, or to such advancement of expenses, under this Article XI or otherwise shall be on the corporation.

(e) *Non-Exclusivity of Rights.* The rights conferred on any person by this Bylaw shall not be exclusive of any other right that such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding office. The corporation is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advances, to the fullest extent not prohibited by the Delaware General Corporation Law.

(f) *Survival of Rights.* The rights conferred on any person by this Bylaw shall continue as to a person who has ceased to be a director, officer, employee or other agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) *Insurance.* To the fullest extent permitted by the Delaware General Corporation Law, the corporation, upon approval by the Board of Directors, may purchase insurance on behalf of any person required or permitted to be indemnified pursuant to this Bylaw.

(h) *Amendments.* Any repeal or modification of this Bylaw shall only be prospective and shall not affect the rights under this Bylaw in effect at the time of the alleged occurrence of any action or omission to act that is the cause of any proceeding against any agent of the corporation.

(i) *Saving Clause.* If this Bylaw or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each director and executive officer to the full extent not prohibited by any applicable portion of this Bylaw that shall not have been invalidated, or by any other applicable law.

(j) *Certain Definitions.* For the purposes of this Bylaw, the following definitions shall apply:

(1) The term "proceeding" shall be broadly construed and shall include, without limitation, the investigation, preparation, prosecution, defense, settlement, arbitration and appeal of, and the giving of testimony in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative.

(2) The term "expenses" shall be broadly construed and shall include, without limitation, court costs, attorneys' fees, witness fees, fines, amounts paid in settlement or judgment and any other costs and expenses of any nature or kind incurred in connection with any proceeding.

(3) The term the "corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger that, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Bylaw with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

(4) References to a "director," "executive officer," "officer," "employee," or "agent" of the corporation shall include, without limitation, situations where such person is serving at the request of the corporation as, respectively, a director, executive officer, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise.

(5) References to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the corporation" shall include any service as a director, officer, employee or agent of the corporation that imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this Bylaw.

ARTICLE XII NOTICES

Section 44. *Notices.*

(a) *Notice to Stockholders.* Whenever, under any provisions of these Bylaws, notice is required to be given to any stockholder, it shall be given in writing, timely and duly deposited in the United States mail, postage prepaid, and addressed to his last known post office address as shown by the stock record of the corporation or its transfer agent. (Del. Code Ann., tit. 8, Section 222)

(b) *Notice to Directors.* Any notice required to be given to any director may be given by the method stated in subsection (a), or by facsimile, telex or telegram, except that such notice other than one that is delivered personally shall be sent to such address as such director shall have filed in writing with the Secretary, or, in the absence of such filing, to the last known post office address of such director.

(c) *Affidavit of Mailing.* An affidavit of mailing, executed by a duly authorized and competent employee of the corporation or its transfer agent appointed with respect to the class of stock affected, specifying the name and address or the names and addresses of the stockholder or stockholders, or director or directors, to whom any such notice or notices was or were given, and the time and method of giving the same, shall in the absence of fraud, be prima facie evidence of the facts therein contained. (Del. Code Ann., tit. 8, Section 222)

(d) *Time Notices Deemed Given.* All notices given by mail, as above provided, shall be deemed to have been given as at the time of mailing, and all notices given by facsimile, telex or telegram shall be deemed to have been given as of the sending time recorded at time of transmission.

(e) *Methods of Notice.* It shall not be necessary that the same method of giving notice be employed in respect of all directors, but one permissible method may be employed in respect of any

one or more, and any other permissible method or methods may be employed in respect of any other or others.

(f) *Failure to Receive Notice.* The period or limitation of time within which any stockholder may exercise any option or right, or enjoy any privilege or benefit, or be required to act, or within which any director may exercise any power or right, or enjoy any privilege, pursuant to any notice sent him in the manner above provided, shall not be affected or extended in any manner by the failure of such stockholder or such director to receive such notice.

(g) *Notice to Person with Whom Communication is Unlawful.* Whenever notice is required to be given, under any provision of law or of the Certificate of Incorporation or Bylaws of the corporation, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting that shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the corporation is such as to require the filing of a certificate under any provision of the Delaware General Corporation Law, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

(h) *Notice to Person with Undeliverable Address.* Whenever notice is required to be given, under any provision of law or the Certificate of Incorporation or Bylaws of the corporation, to any stockholder to whom notice of two consecutive annual meetings, and all notices of meetings or of the taking of action by written consent without a meeting to such person during the period between such two consecutive annual meetings, or (ii) all, and at least two, payments (if sent by first class mail) of dividends or interest on securities during a twelve-month period, have been mailed addressed to such person at his address as shown on the records of the corporation and have been returned undeliverable, the giving of such notice to such person shall not be required. Any action or meeting that shall be taken or held without notice to such person shall have the same force and effect as if such notice had been duly given. If any such person shall deliver to the corporation a written notice setting forth his then current address, the requirement that notice be given to such person shall be reinstated. In the event that the action taken by the corporation is such as to require the filing of a certificate under any provision of the Delaware General Corporation Law, the certificate need not state that notice was not given to persons to whom notice was not required to be given pursuant to this paragraph. (Del. Code Ann, tit. 8, Section 230)

ARTICLE XIII AMENDMENTS

Section 45. *Amendments.* Subject to paragraph (h) of Section 43 hereof, these Bylaws may be altered or amended or new Bylaws adopted by the affirmative vote of at least sixty-six and two-thirds percent ($66\frac{2}{3}\%$) of the voting power of all of the then-outstanding shares of voting stock of the corporation entitled to vote at an election of directors. The Board of Directors shall also have the power to adopt, amend, or repeal Bylaws.

ARTICLE XIV LOANS TO OFFICERS

Section 46. *Loans to Officers.* The corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the corporation or of its subsidiaries, including any officer or employee who is a Director of the corporation or its subsidiaries, whenever, in the judgment of the Board of Directors, such loan, guarantee or assistance may reasonably be expected to benefit the corporation. The loan, guarantee or other assistance may be with or without interest and may be

unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the corporation. Nothing in these Bylaws shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the corporation at common law or under any statute. (Del. Code Ann., tit. 8, Section 143)

QuickLinks

[Resolutions of the Board of Directors Dated October 15, 2004](#)

CERTIFICATIONS

I, Yvon Pierre Cariou, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of Dynamic Materials Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 14, 2004

/s/ YVON PIERRE CARIOU

Yvon Pierre Cariou
President and Chief Executive Officer
of Dynamic Materials Corporation

QuickLinks

[Exhibit 31.1](#)

CERTIFICATIONS

I, Richard A. Santa, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of Dynamic Materials Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 14, 2004

/s/ RICHARD A. SANTA

Richard A. Santa
Vice President and Chief Financial Officer of Dynamic Materials Corporation

QuickLinks

[Exhibit 31.2](#)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Dynamic Materials Corporation (the "Company") on Form 10-Q/A for the period ending March 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Yvon Pierre Cariou, President and Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (i) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ YVON PIERRE CARIOU

Yvon Pierre Cariou
President and Chief Executive Officer
of Dynamic Materials Corporation

May 14, 2004

A signed original of this written statement required by Section 906 has been provided to Dynamic Materials Corporation and will be retained by Dynamic Materials Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

QuickLinks

[Exhibit 32.1](#)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Dynamic Materials Corporation (the "Company") on Form 10-Q/A for the period ending March 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard A. Santa, Vice President and Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (i) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ RICHARD A. SANTA

Richard A. Santa
Vice President and Chief Financial Officer of Dynamic Materials Corporation

May 14, 2004

A signed original of this written statement required by Section 906 has been provided to Dynamic Materials Corporation and will be retained by Dynamic Materials Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

QuickLinks

[Exhibit 32.2](#)