



SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

SCHEDULE 14D-1

TENDER OFFER STATEMENT PURSUANT TO SECTION 14(d)(1)  
OF THE  
SECURITIES EXCHANGE ACT OF 1934

AMP INCORPORATED  
(NAME OF SUBJECT COMPANY)

PMA ACQUISITION CORPORATION  
A WHOLLY OWNED SUBSIDIARY OF  
ALLIEDSIGNAL INC.  
(BIDDER)

COMMON STOCK, WITHOUT PAR VALUE  
(INCLUDING THE COMMON STOCK PURCHASE RIGHTS)  
(TITLE OF CLASS OF SECURITIES)

031897101  
(CUSIP NUMBER OF CLASS OF SECURITIES)

PETER M. KREINDLER, ESQ.  
ALLIEDSIGNAL INC.  
101 COLUMBIA ROAD  
MORRISTOWN, NEW JERSEY 07692  
(973) 455-5513  
(NAME, ADDRESS AND TELEPHONE NUMBER OF PERSON AUTHORIZED TO  
RECEIVE NOTICES AND COMMUNICATIONS ON BEHALF OF BIDDERS)

COPIES TO:  
ARTHUR FLEISCHER, ESQ.  
FRIED, FRANK, HARRIS, SHRIVER & JACOBSON  
ONE NEW YORK PLAZA  
NEW YORK, NEW YORK 10004-1980  
(212) 859-8120

CALCULATION OF FILING FEE

TRANSACTION VALUATION\*

\$9,987,952,242

AMOUNT OF FILING FEE\*\*

\$1,997,590

\* Based on the offer to purchase all outstanding shares of Common Stock of AMP Incorporated together with the associated Common Stock Purchase Rights at \$44.50 cash per share, the number of Shares of Common Stock reported as outstanding in AMP Incorporated's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998 (218,601,033), and the number of shares of Common Stock under option reported in AMP Incorporated's 1997 Annual Report on Form 10-K (5,847,332).

\*\* 1/50 of 1% of Transaction Value.

[ ] Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

AMOUNT PREVIOUSLY PAID:  
FORM OR REGISTRATION NO.:

FILING PARTY:  
DATE FILED:



This Schedule 14D-1 relates to a tender offer by PMA Acquisition Corporation, a Delaware corporation (the 'Offeror'), a wholly owned subsidiary of AlliedSignal Inc., a Delaware corporation ('Parent'), to purchase all of the outstanding shares of common stock, without par value (the 'Shares'), including the associated Common Stock Purchase Rights (the 'Rights'), of AMP Incorporated, a Pennsylvania corporation (the 'Company'), at a purchase price of \$44.50 per Share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated August 10, 1998 (the 'Offer to Purchase'), and in the related Letter of Transmittal (which together constitute the 'Offer'), copies of which are filed as Exhibits (a)(1) and (a)(2) hereto, respectively, and which are incorporated herein by reference.

ITEM 1. SECURITY AND SUBJECT COMPANY.

(a) The name of the subject company is AMP Incorporated. The address of the principal executive offices of the Company is set forth in Section 8 ('Certain Information Concerning the Company') of the Offer to Purchase and is incorporated herein by reference.

(b) The exact title of the class of equity securities being sought in the Offer is the common stock, without par value (the 'Common Stock'), of the Company and the associated Common Stock Purchase Rights (the 'Rights'). The information set forth in the Introduction to the Offer to Purchase is incorporated herein by reference.

(c) The information set forth in Section 6 ('Price Range of Common Stock; Dividends') of the Offer to Purchase is incorporated herein by reference.

ITEM 2. IDENTITY AND BACKGROUND.

(a) through (d), (g) The information set forth in the Introduction and Section 9 ('Certain Information Concerning Offeror and Parent') and Schedule I of the Offer to Purchase is incorporated herein by reference.

(e) and (f) None of the Offeror or Parent, nor, to the best of their knowledge, any of the persons listed in Schedule I of the Offer to Purchase, has during the last five years (i) been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting activities subject to, federal or state securities laws or finding any violation of such laws.

ITEM 3. PAST CONTACTS, TRANSACTIONS OR NEGOTIATIONS WITH THE SUBJECT COMPANY.

(a) None.

(b) None.

ITEM 4. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

(a) The information set forth in Sections 10 ('Source and Amount of Funds') and 16 ('Fees and Expenses') of the Offer to Purchase is incorporated herein by reference.

(b) Not applicable.

(c) Not applicable.

ITEM 5. PURPOSE OF THE TENDER OFFER AND PLANS OR PROPOSALS OF THE BIDDER.

(a) through (e) The information set forth in the Introduction, Section 11 ('Background of the Offer; Past Contacts with the Company') and Section 12 ('Purpose of the Offer and the Proposed Merger; Plans for the Company; Certain Considerations') of the Offer to Purchase is incorporated herein by reference. Except as set forth in Sections 11 and 12 of the Offer to Purchase, neither the Parent nor the Offeror have any present plans or proposals that would result in an extraordinary corporate transaction, such as a merger, reorganization, liquidation or sale or transfer of a material



amount of assets involving the Company, or any other material changes in the Company's capitalization, dividend policy, corporate structure or business or composition of its management or personnel.

(f) and (g) The information set forth in Section 7 ('Effect of the Offer on the Market for Common Stock and Registration Under the Exchange Act') of the Offer to Purchase is incorporated herein by reference.

ITEM 6. INTEREST IN SECURITIES OF THE SUBJECT COMPANY.

(a) None.

(b) Not applicable.

ITEM 7. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO THE SUBJECT COMPANY'S SECURITIES.

None.

ITEM 8. PERSONS RETAINED, EMPLOYED OR TO BE COMPENSATED.

The information set forth in the Introduction and in Section 16 ('Fees and Expenses') of the Offer to Purchase is incorporated herein by reference.

ITEM 9. FINANCIAL STATEMENTS OF CERTAIN BIDDERS.

The information set forth in Section 9 ('Certain Information Concerning Offeror and Parent') of the Offer to Purchase is incorporated herein by reference.

The incorporation by reference herein of the above-mentioned financial information does not constitute an admission that such information is material to a decision by a security holder of the Company as whether to sell, tender or hold Shares being sought in the Offer.

ITEM 10. ADDITIONAL INFORMATION.

(a) None.

(b) and (c) The information set forth in Section 15 ('Certain Legal Matters; Required Regulatory Approvals') of the Offer to Purchase is incorporated herein by reference.

(d) The information set forth in Section 7 ('Effect of the Offer on the Market for Common Stock and Registration under the Exchange Act') is incorporated herein by reference.

(e) The information set forth in Section 15 ('Certain Legal Matters; Required Regulatory Approvals') is incorporated herein by reference.

(f) The information set forth in the Offer to Purchase and the Letter of Transmittal is incorporated herein by reference in its entirety.

ITEM 11. MATERIAL TO BE FILED AS EXHIBITS.

(a)(1) Offer to Purchase, dated August 10, 1998.

(a)(2) Letter of Transmittal.

(a)(3) Letter dated August 10, 1998, from Lazard Freres & Co. LLC and Goldman, Sachs & Co. to brokers, dealers, commercial banks, trust companies and other nominees.

(a)(4) Letter dated August 10, 1998, to be sent by brokers, dealers, commercial banks, trust companies and other nominees to their clients.

(a)(5) Notice of Guaranteed Delivery.

(a)(6) Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.

(a)(7) Slides used in connection with analyst presentation on August 4, 1998.



(a)(8) Form of Summary Advertisement, dated August 10, 1998.

(a)(9) Press Release issued by Parent on August 4, 1998.

(a)(10) Letter dated July 30, 1998, from Lawrence A. Bossidy, Chairman and Chief Executive Officer of AlliedSignal Inc. to Mr. William J. Hudson, Chief Executive Officer and President of AMP Incorporated.

(a)(11) Letter, dated August 4, 1998, from Lawrence A. Bossidy, Chairman and Chief Executive Officer of AlliedSignal Inc. to the Board of Directors of AMP Incorporated.

(b) None.

(c) None.

(d) None.

(e) Not applicable.

(f) None.





SIGNATURE

After due inquiry and to the best of its knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: August 10, 1998

PMA ACQUISITION CORPORATION

By: /S/ PETER M. KREINDLER  
.....  
NAME: PETER M. KREINDLER  
TITLE: VICE PRESIDENT,  
SECRETARY AND DIRECTOR

ALLIEDSIGNAL INC.

By: /S/ PETER M. KREINDLER  
.....  
NAME: PETER M. KREINDLER  
TITLE: SENIOR VICE PRESIDENT,  
GENERAL COUNSEL AND SECRETARY



EXHIBIT INDEX

EXHIBIT	DESCRIPTION	PAGE NO.
(a)(1)	-- Offer to Purchase, dated August 10, 1998.....	
(a)(2)	-- Letter of Transmittal.....	
(a)(3)	-- Letter dated August 10, 1998, from Lazard Freres & Co. LLC and Goldman, Sachs & Co. to brokers, dealers, commercial banks, trust companies and other nominees.....	
(a)(4)	-- Letter dated August 10, 1998, to be sent by brokers, dealers, commercial banks, trust companies and other nominees to their clients.....	
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OFFER TO PURCHASE FOR CASH  
ALL OUTSTANDING SHARES OF COMMON STOCK  
(INCLUDING THE ASSOCIATED COMMON STOCK PURCHASE RIGHTS)  
OF  
AMP INCORPORATED  
AT  
\$44.50 NET PER SHARE OF COMMON STOCK  
BY  
PMA ACQUISITION CORPORATION,  
A WHOLLY OWNED SUBSIDIARY OF  
ALLIEDSIGNAL INC.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, SEPTEMBER 11, 1998, UNLESS THE OFFER IS EXTENDED.

THE OFFER IS CONDITIONED UPON: (1) THERE BEING VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER THAT NUMBER OF SHARES OF COMMON STOCK OF THE COMPANY (THE 'SHARES') REPRESENTING AT LEAST A MAJORITY OF ALL OF THE OUTSTANDING SHARES ON A FULLY DILUTED BASIS (THE 'MINIMUM CONDITION'); (2) THE COMPANY'S COMMON STOCK PURCHASE RIGHTS (THE 'RIGHTS') HAVING BEEN REDEEMED BY THE COMPANY'S BOARD OF DIRECTORS OR OFFEROR BEING SATISFIED, IN ITS SOLE DISCRETION, THAT THE RIGHTS HAVE BEEN INVALIDATED OR ARE OTHERWISE INAPPLICABLE TO THE OFFER AND THE PROPOSED MERGER (THE 'RIGHTS CONDITION'); (3) THE ACQUISITION OF SHARES PURSUANT TO THE OFFER HAVING BEEN APPROVED PURSUANT TO CHAPTER 25, SUBCHAPTER F OF THE PENNSYLVANIA BUSINESS CORPORATION LAW (THE 'BUSINESS COMBINATION STATUTE') OR OFFEROR BEING SATISFIED, IN ITS SOLE DISCRETION, THAT THE BUSINESS COMBINATION STATUTE IS INVALID OR OTHERWISE INAPPLICABLE TO THE OFFER AND THE PROPOSED MERGER (THE 'BUSINESS COMBINATION CONDITION'); (4) OFFEROR HAVING BEEN ACCORDED THE RIGHT TO VOTE THE SHARES ACQUIRED BY IT PURSUANT TO THE OFFER UNDER CHAPTER 25, SUBCHAPTER G OF THE PENNSYLVANIA BUSINESS CORPORATION LAW (THE 'CONTROL SHARE CONDITION'); (5) ANY APPLICABLE WAITING PERIOD UNDER THE HART-SCOTT-RODINO ANTITRUST IMPROVEMENTS ACT OF 1976 HAVING EXPIRED OR TERMINATED PRIOR TO THE EXPIRATION OF THE OFFER (THE 'HSR CONDITION'); AND (6) SATISFACTION OF CERTAIN OTHER TERMS AND CONDITIONS (SEE SECTION 14).

THIS OFFER IS NOT CONDITIONED ON OFFEROR OBTAINING FINANCING. SEE INTRODUCTION AND SECTION 10.

-----  
PARENT IS SEEKING TO NEGOTIATE WITH THE COMPANY A MERGER OR SIMILAR BUSINESS COMBINATION (THE 'PROPOSED MERGER') IN WHICH HOLDERS OF THE SHARES WOULD RECEIVE CONSIDERATION CONSISTING OF CASH OR EQUITY SECURITIES OF PARENT OR A COMBINATION OF BOTH. IN THE EVENT PARENT IS SUCCESSFUL IN NEGOTIATING THE PROPOSED MERGER, OFFEROR RESERVES THE RIGHT TO AMEND THE OFFER (INCLUDING THE NUMBER OF SHARES TO BE PURCHASED AND THE PROPOSED OFFER PRICE) OR, IF THE PROPOSED MERGER DOES NOT CONTEMPLATE A TENDER OFFER, TO TERMINATE THE OFFER WITHOUT PURCHASING ANY SHARES THEREUNDER.  
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The Dealer Managers for the Offer are:

LAZARD FRERES & CO. LLC

GOLDMAN, SACHS & CO.

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AUGUST 10, 1998



(cover continued from previous page)

IMPORTANT

Any shareholder desiring to tender Shares (and, if applicable, Rights) should either (1) complete and sign the appropriate Letter of Transmittal (or a facsimile thereof) in accordance with the instructions in the Letter of Transmittal, including any required signature guarantees, and mail or deliver the Letter of Transmittal (or a facsimile thereof) with the certificates for the tendered Shares and, if applicable, Rights and all other required documents to the Depository (as hereinafter defined) or tender Shares and, if applicable, Rights pursuant to the procedures for book-entry transfer set forth in Section 3, or (2) request the shareholder's broker, dealer, commercial bank, trust company or other nominee to effect the transaction for the shareholder. Shareholders having Shares and, if applicable, Rights registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact the broker, dealer, commercial bank, trust company or other nominee if they desire to tender Shares and, if applicable, Rights so registered. Unless and until Offeror declares that the Rights Condition is satisfied, shareholders will be required to tender one Right for each Share tendered in order to effect a valid tender of a Share.

Any shareholder who desires to tender Shares and, if applicable, Rights and whose certificates representing Shares are not immediately available, or who cannot comply with the procedures for book-entry transfer described in Section 3 on a timely basis, must tender Shares and, if applicable, Rights by following the procedures for guaranteed delivery set forth in Section 3.

Questions and requests for assistance may be directed to the Information Agent or the Dealer Managers at their respective addresses and telephone numbers set forth on the back cover of this Offer to Purchase. Additional copies of this Offer to Purchase, the Letter of Transmittal, the Notice of Guaranteed Delivery and other related materials may also be obtained from the Information Agent, the Dealer Managers or from brokers, dealers, commercial banks or trust companies.





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To: All Holders of Common Stock of AMP Incorporated.

#### INTRODUCTION

PMA Acquisition Corporation (the 'Offeror'), a Delaware corporation and a wholly owned subsidiary of AlliedSignal Inc., a Delaware corporation ('Parent'), hereby offers to purchase all of the outstanding shares of common stock, without par value (the 'Shares'), of AMP Incorporated, a Pennsylvania corporation (the 'Company'), including the associated Common Stock Purchase Rights (the 'Rights'), issued pursuant to the Shareholder Rights Plan, dated as of October 25, 1989, between the Company and Chemical Bank (successor to Manufacturers Hanover Trust) as Rights Agent, as amended (the 'Rights Agreement') at a price of \$44.50 per Share, net to the seller in cash, without interest thereon (the 'Offer Price'), upon the terms and subject to the conditions set forth in this Offer to Purchase and in the related Letter of Transmittal (which, as either may be amended or supplemented from time to time, collectively constitute the 'Offer'). Unless the context otherwise requires, all references to Shares include the associated Rights, and all references to the Rights include the benefits that may inure to holders of the Rights pursuant to the Rights Agreement, including the right to receive any payment due upon redemption of the Rights.

Tendering holders of Shares will not be obligated to pay brokerage fees or commissions or, except as set forth in the Letter of Transmittal, stock transfer taxes on the purchase of Shares pursuant to the Offer. Offeror will pay all fees and expenses of Lazard Freres & Co. LLC ('Lazard') and Goldman, Sachs & Co. ('Goldman Sachs'), which firms are acting as dealer managers (the 'Dealer Managers'), The Bank of New York, which firm is acting as the depository (the 'Depository') and Morrow & Co., Inc., which firm is acting as the information agent (the 'Information Agent'), incurred in connection with the Offer. See Section 16.

The purpose of the Offer is to enable Parent to acquire control of, and the entire equity interest in, the Company. Parent currently intends, as soon as practicable following consummation of the Offer, to propose and seek to have the Company consummate a merger or similar business combination with Offeror or another direct or indirect wholly owned subsidiary of Parent (a 'Proposed Merger'). The purpose of the Proposed Merger under these circumstances would be to acquire all Shares not tendered and purchased pursuant to the Offer or otherwise. Pursuant to the Proposed Merger, each then outstanding Share (other than Shares owned by Offeror, Parent, or any of their subsidiaries, Shares held in the treasury of the Company and Shares owned by shareholders who perfect available appraisal rights under the Pennsylvania Business Corporation Law (the 'PBCL')) would be converted into the right to receive an amount in cash equal to the price per Share paid pursuant to the Offer.

Although Parent commenced the Offer to acquire all of the Shares for cash, Parent is seeking to negotiate with the Company, in conjunction with or in substitution for the Offer, a Proposed Merger in which holders of the Shares would receive consideration consisting of cash or equity securities of Parent or a combination of both. In the event Parent is successful in negotiating the Proposed Merger, Offeror reserves the right to amend the Offer (including the number of Shares to be purchased and the proposed Offer Price) or, if the Proposed Merger does not contemplate a tender offer, to terminate the Offer without purchasing any Shares thereunder.

Under the PBCL and the Company's articles of incorporation, holders of a majority of the outstanding Shares may act by written consent to amend the Company's by-laws (the 'Company By-laws') and elect directors. If the Company is not receptive to the Offer and Proposed Merger, Parent intends to file consent solicitation materials with the Securities and Exchange Commission (the 'Commission') for use in connection with the solicitation of written consents from shareholders of the Company (the 'Consent Solicitation') for the following purposes: (i) to amend Section 2.2 of Article II of the Company By-laws to fix the number of directors of the Company at twenty-eight; (ii) to amend Section 2.4 of Article II of the Company By-laws to permit the Company's shareholders to fill vacancies on the Company's Board of Directors (the 'Company Board'); (iii) to amend Section 1.5.3 of Article II of the Company By-laws to clarify that nominations of directors for election by written consent of shareholders are not subject to the advance notification provisions of the Company By-laws; (iv) to elect Hans W. Becherer, Lawrence A. Bossidy, Ann M. Fudge, Paul X. Kelley, Peter M. Kreindler, Robert P. Luciano, Robert B. Palmer, Russell E. Palmer, Frederic M. Poses, Donald J. Redlinger, Ivan G.



Seidenberg, Andrew C. Sigler, John R. Stafford, Thomas P. Stafford, Richard F. Wallman, Robert C. Winters and Henry T. Yang (the 'Nominees') to serve as directors of the Company; and (v) to repeal each provision of the Company By-laws or amendment(s) thereto adopted subsequent to July 22, 1998 and prior to the effectiveness of the foregoing amendments and the seating of a sufficient number of Nominees to constitute a majority of the Company Board.

If elected as directors of the Company, the Nominees intend to cause the Company, subject to the fulfillment of their fiduciary duties as directors of the Company, to enter into an agreement for a Proposed Merger (a 'Proposed Merger Agreement') which would provide for cash consideration per Share equal to the Offer Price. The Nominees also intend to take whatever other actions are appropriate, subject to fulfillment of their fiduciary duties as directors of the Company, to facilitate the Offer and Proposed Merger, including approving the Offer and Proposed Merger under the Business Combination Statute, which would satisfy the Business Combination Condition.

According to a letter from the Company to its shareholders relating to the adoption of the Rights Agreement, dated November 8, 1989 and filed as an exhibit to the Company's quarterly report on Form 10-Q for the quarter ended September 30, 1989, the Rights Agreement provides that:

'At any time until ten business days following the Stock Acquisition Date, the Company may redeem the Rights in whole, but not in part, at a price of \$.01 per Right (payable in cash, Common Stock or other consideration deemed appropriate by the Board of Directors). Under certain circumstances set forth in the Rights Agreement, the decision to redeem shall require the concurrence of a majority of the Continuing Directors. Immediately upon the action of the Board of Directors ordering redemption of the Rights, the Rights will terminate and the only right of the holders of Rights will be to receive the \$.01 redemption price.

The term 'Continuing Directors' means any member of the Board of Directors of the Company who was a member of the Board prior to [October 25, 1989], and any person who is subsequently elected to the Board if such person is recommended or approved by a majority of the Continuing Directors, but shall not include an Acquiring Person, or an affiliate or associate of an Acquiring Person, or any representative of the foregoing entities.'

Capitalized terms used in the foregoing quotation but not defined therein are defined in Section 8.

Offeror believes that the Continuing Director provision of the Rights Agreement (the 'Dead Hand Provision') is unenforceable. Offeror has commenced litigation against the Company in the United States District Court for the Eastern District of Pennsylvania seeking declaratory judgment rendering the Dead Hand Provision of the Rights Agreement invalid. There can be no assurance that the judgment will be obtained. See Section 15. If the Dead Hand Provision is enforceable, the Nominees, subject to fulfillment of their fiduciary duties as directors of the Company, intend to seek the required approval of a majority of the Continuing Directors to redeem the Rights (or to amend the Rights Agreement), but there can be no assurance that they will succeed in doing so.

THE OFFER DOES NOT CONSTITUTE A SOLICITATION OF PROXIES OR WRITTEN CONSENTS FROM THE COMPANY'S SHAREHOLDERS. ANY SOLICITATION OF PROXIES OR WRITTEN CONSENTS WHICH PARENT OR OFFEROR UNDERTAKES WOULD BE MADE ONLY PURSUANT TO SEPARATE PROXY OR CONSENT SOLICITATION MATERIALS COMPLYING WITH THE REQUIREMENTS OF SECTION 14(A) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE 'EXCHANGE ACT').

Certain Federal income tax consequences of the sale of Shares pursuant to the Offer are described in Section 5.

#### CERTAIN CONDITIONS TO THIS OFFER

Consummation of the Offer is subject to the fulfillment of a number of conditions, including the following:

THE MINIMUM CONDITION. THE OFFER IS CONDITIONED UPON THERE BEING VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER THAT NUMBER OF SHARES REPRESENTING AT LEAST A MAJORITY OF ALL OF THE OUTSTANDING SHARES ON A FULLY DILUTED BASIS (THE 'MINIMUM CONDITION').



According to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1998, as of July 27, 1998, there were 218,601,033 Shares issued and outstanding. According to the Company's Annual Report on Form 10-K for the year ended December 31, 1997 (the 'Company 1997 Annual Report'), as of December 31, 1997, 5,847,332 Shares were issuable under then outstanding options. Based on the foregoing and assuming that no options were granted after December 31, 1997, and that no options were exercised or expired from January 1, 1998 through the date hereof, there would be 224,448,365 Shares outstanding on a fully diluted basis and thus the Minimum Condition would be satisfied if there were validly tendered and not withdrawn prior to the expiration of the Offer at least 112,224,183 Shares. However, the actual number of Shares constituting the Minimum Condition will depend upon the facts as they exist on the date of the purchase.

THE RIGHTS CONDITION. THE OFFER IS CONDITIONED UPON THE RIGHTS HAVING BEEN REDEEMED BY THE COMPANY BOARD OR OFFEROR BEING SATISFIED, IN ITS SOLE DISCRETION, THAT THE RIGHTS HAVE BEEN INVALIDATED OR ARE OTHERWISE INAPPLICABLE TO THE OFFER AND THE PROPOSED MERGER (THE 'RIGHTS CONDITION'). A SUMMARY OF THE RIGHTS PLAN IS PROVIDED IN SECTION 8 AND SHOULD BE REVIEWED BY SHAREHOLDERS BEFORE MAKING A DECISION WITH RESPECT TO THE OFFER.

Offeror is hereby requesting that the Company Board redeem the Rights or amend the Rights Agreement to make the Rights inapplicable to the Offer and the Proposed Merger. However, there can be no assurance that the Company Board will do so. Offeror has commenced litigation against the Company in the United States District Court for the Eastern District of Pennsylvania seeking an order compelling the Company Board to redeem the Rights or amend the Rights Agreement to make the Rights inapplicable to the Offer and the Proposed Merger.

UNLESS THE RIGHTS CONDITION IS SATISFIED, SHAREHOLDERS WILL BE REQUIRED TO TENDER ONE RIGHT FOR EACH SHARE TENDERED IN ORDER TO EFFECT A VALID TENDER OF SHARES IN ACCORDANCE WITH THE PROCEDURES FOR TENDERING SHARES SET FORTH IN SECTION 3. UNLESS THE DISTRIBUTION DATE (AS DEFINED IN SECTION 8) OCCURS, A TENDER OF SHARES WILL ALSO CONSTITUTE A TENDER OF RIGHTS.

THE BUSINESS COMBINATION CONDITION. THE OFFER IS CONDITIONED UPON THE ACQUISITION OF SHARES PURSUANT TO THE OFFER HAVING BEEN APPROVED PURSUANT TO THE BUSINESS COMBINATION STATUTE OR OFFEROR BEING SATISFIED, IN ITS SOLE DISCRETION, THAT THE BUSINESS COMBINATION STATUTE IS INVALID OR OTHERWISE INAPPLICABLE TO THE OFFER AND THE PROPOSED MERGER (THE 'BUSINESS COMBINATION CONDITION').

The Proposed Merger is subject to the provisions of the PBCL, including the Business Combination Statute. In general, the Business Combination Statute prohibits a Pennsylvania corporation from engaging in a 'Business Combination' (defined to include a variety of transactions, including mergers) with an 'Interested Shareholder' (defined generally as a person owning shares entitled to cast at least 20% of the voting power of a corporation) for a period of five years following the date the person became an Interested Shareholder, unless, among other exceptions described in Section 15: (i) before the person became an Interested Shareholder, the Board of Directors of the corporation approved either the Business Combination or the transaction in which the Interested Shareholder became an Interested Shareholder, or (ii) the Business Combination is approved by a majority of the corporation's voting shares, other than the shares held by the Interested Shareholder, no earlier than three months after the Interested Shareholder became, and provided that at the time of the vote the Interested Shareholder is, the beneficial owner of shares entitled to cast at least 80% of votes of the corporation, and the Business Combination satisfies certain fair price criteria. See Section 15.

Offeror is hereby requesting that the Company Board adopt a resolution approving the Offer and the Proposed Merger for purposes of the Business Combination Statute. However, there can be no assurance that the Company Board will do so. Offeror has commenced litigation against the Company in the United States District Court for the Eastern District of Pennsylvania seeking an order compelling the Company Board to approve the Offer and Proposed Merger for purposes of the Business Combination Statute.

Pursuant to the Consent Solicitation, Offeror intends to seek to increase the number of seats on the Company Board from eleven to twenty-eight and fill the newly created vacancies with its Nominees, who intend to approve the Proposed Merger pursuant to the Business Combination Statute, subject to the fulfillment of their fiduciary duties as directors of the Company. Approval of the Proposed Merger





pursuant to the Business Combination Statute would satisfy the Business Combination Condition. See Section 15.

THE CONTROL SHARE CONDITION. THE OFFER IS CONDITIONED UPON OFFEROR HAVING BEEN ACCORDED THE RIGHT TO VOTE THE SHARES ACQUIRED BY IT PURSUANT TO THE OFFER UNDER CHAPTER 25, SUBCHAPTER G (THE 'CONTROL SHARE ACQUISITION STATUTE') OF THE PBCL (THE 'CONTROL SHARE CONDITION').

In general, the Control Share Acquisition Statute relates to the acquisition by any person of voting power over voting shares of a so-called 'registered corporation' (which term includes the Company) that would entitle that person, after the acquisition of voting shares, to vote for the first time at least 20%, 33 1/3% or 50% of the voting shares entitled to vote in an election for directors of the corporation. Shares subject to a control-share acquisition are 'control shares' and the person acquiring the control shares is an 'acquiring person.'

The language of the Control Share Acquisition Statute provides that an acquiring person may not vote control shares unless, by separate vote, a majority of both (i) all voting shares and (ii) 'disinterested shares' permit the acquiring person to vote its control shares. For purposes of the Control Share Acquisition Statute, 'disinterested shares' are voting shares held by persons other than an acquiring person or executive officer, director or employee stock plan of a target from 5 days prior to the acquiring person's first public announcement of its intent to effect a control share acquisition through the record date of the annual or special shareholders meeting at which the shareholders of the target corporation will consider whether to grant the acquiring person voting power over its control shares. The Control Share Acquisition Statute does not permit a corporation to opt out of its provisions by an amendment to its Articles of Incorporation or Bylaws. Unless Offeror has been accorded the right to vote the Shares acquired by it pursuant to the Offer, the Shares acquired pursuant to the Offer will not have voting rights and the Company may redeem the Shares at a price that could result in a loss to Offeror. If necessary, Offeror intends to comply with the procedures set forth in the Control Share Acquisition Statute to compel the Company Board to call a special shareholders meeting for purposes of approving voting rights for its Shares acquired pursuant to the Offer. For a description of these procedures, see Section 15.

HSR CONDITION. CONSUMMATION OF THE OFFER IS CONDITIONED UPON ANY APPLICABLE WAITING PERIOD UNDER THE HART-SCOTT-RODINO ANTITRUST IMPROVEMENTS ACT OF 1976 (THE 'HART-SCOTT-RODINO ACT') HAVING EXPIRED OR BEEN TERMINATED PRIOR TO THE EXPIRATION OF THE OFFER (THE 'HSR CONDITION').

Offeror will file with the Federal Trade Commission (the 'FTC') and the Antitrust Division of the United States Department of Justice (the 'Antitrust Division') a Pre-merger Notification and Report Form in connection with its purchase of Shares pursuant to the Offer and the Proposed Merger. The purchase of Shares pursuant to the Offer and the Proposed Merger cannot be consummated until any applicable waiting period has expired or been terminated by the FTC or the Antitrust Division. See Section 15.

CERTAIN OTHER CONDITIONS TO THE CONSUMMATION OF THE OFFER ARE DESCRIBED IN SECTION 14.

THE OFFER IS NOT CONDITIONED ON OFFEROR OBTAINING FINANCING. SEE SECTION 10.

OFFEROR RESERVES THE RIGHT (SUBJECT TO THE APPLICABLE RULES AND REGULATIONS OF THE COMMISSION) TO AMEND OR WAIVE THE MINIMUM CONDITION, THE RIGHTS CONDITION, THE BUSINESS COMBINATION CONDITION, THE CONTROL SHARE CONDITION, THE HSR CONDITION AND ANY OTHER TERMS AND CONDITIONS OF THE OFFER. SEE SECTIONS 1 AND 14.

THIS OFFER TO PURCHASE AND THE RELATED LETTER OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION AND SHOULD BE READ IN THEIR ENTIRETY BEFORE ANY DECISION IS MADE WITH RESPECT TO THE OFFER.



THE TENDER OFFER

1. TERMS OF THE OFFER. Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any extension or amendment), Offeror will accept for payment and thereby purchase all Shares (and, if applicable, Rights) validly tendered and not theretofore withdrawn in accordance with the procedures set forth in Section 4 prior to the Expiration Date. The term 'Expiration Date' means 12:00 Midnight, New York City time, on September 11, 1998, unless Offeror shall have extended the period of time for which the Offer is open, in which event the term 'Expiration Date' will mean the latest time and date at which the Offer, as so extended by Offeror, will expire.

THE OFFER IS CONDITIONED UPON SATISFACTION OF THE MINIMUM CONDITION, THE RIGHTS CONDITION, THE BUSINESS COMBINATION CONDITION, THE CONTROL SHARE CONDITION, THE HSR CONDITION AND ANY OTHER TERMS AND CONDITIONS SET FORTH IN SECTION 14. THE OFFER IS NOT CONDITIONED ON OFFEROR OBTAINING FINANCING (SEE SECTION 10).

Offeror reserves the right (but will not be obligated), in accordance with applicable rules and regulations of the Commission, to amend or waive the Minimum Condition or any other condition of the Offer. If the Minimum Condition or any of the other conditions set forth in Section 14 have not been satisfied by 12:00 Midnight, New York City time, on September 11, 1998 (or any other time then set as the Expiration Date), Offeror may elect to: (i) extend the Offer and, subject to applicable withdrawal rights, retain all tendered Shares until the expiration of the Offer, as extended; (ii) subject to complying with applicable rules and regulations of the Commission, waive all of the unsatisfied conditions and accept for payment and pay for all Shares so tendered prior to the Expiration Date and not withdrawn; or (iii) terminate the Offer and not accept for payment or pay for any Shares and return all tendered Shares to tendering shareholders.

If Offeror decides, in its sole discretion, to increase the consideration offered in the Offer to holders of Shares and if, at the time that notice of the increase is first published, sent or given to holders of Shares in the manner specified below, the Offer is scheduled to expire at any time earlier than the expiration of a period ending on the tenth business day from, and including, the date that this notice is first so published, sent or given, then the Offer will be extended until the expiration of 10 business days from the date the notice of the increase is first published, sent or given to holders of Shares. For purposes of the Offer, a 'business day' means any day other than a Saturday, Sunday or a federal holiday, and consists of the time period from 12:01 a.m. through 12:00 Midnight, New York City time. IF, PRIOR TO THE EXPIRATION DATE, OFFEROR INCREASES THE CONSIDERATION BEING PAID FOR SHARES ACCEPTED FOR PAYMENT PURSUANT TO THE OFFER, THIS INCREASED CONSIDERATION WILL BE PAID TO ALL SHAREHOLDERS WHOSE SHARES ARE PURCHASED PURSUANT TO THE OFFER WHETHER OR NOT THE SHARES WERE TENDERED PRIOR TO THE INCREASE IN CONSIDERATION.

Offeror expressly reserves the right (but will not be obligated), in its sole discretion, at any time and from time to time, to extend the period during which the Offer is open for any reason by giving oral or written notice of the extension to the Depositary and by making a public announcement of the extension. There can be no assurance that Offeror will exercise its right to extend the Offer. During any extension, all Shares previously tendered and not withdrawn will remain subject to the Offer and subject to the right of a tendering shareholder to withdraw the Shares.

Subject to the applicable rules and regulations of the Commission, Offeror also expressly reserves the right, at any time and from time to time, in its sole discretion, and regardless of whether or not any of the events or facts set forth in Section 4 shall have occurred, (i) to delay acceptance of, or payment for, any Shares regardless of whether the Shares had theretofore been accepted for payment, or to terminate the Offer and not to accept for payment or pay for any Shares not theretofore accepted for payment or paid for, by giving oral or written notice of the delay or termination to the Depositary and (ii) at any time or from time to time, to amend the Offer in any respect by giving oral or written notice to the Depositary. Offeror's right to delay payment for any Shares or not to pay for any Shares theretofore accepted for payment is subject to the applicable rules and regulations of the Commission, including Rule 14e-1(c) under the Securities Exchange Act of 1934, as amended (the 'Exchange Act'), relating to Offeror's obligation to pay the consideration offered or return tendered Shares promptly after the termination or withdrawal of the Offer.



Any extension of the period during which the Offer is open, delay in acceptance for payment or payment, termination or amendment of the Offer will be followed as promptly as practicable by a public announcement. This announcement in the case of an extension is to be issued not later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date, in accordance with the public announcement requirements of Rules 14d-4(c) and 14e-1(d) under the Exchange Act. Without limiting the obligation of Offeror under this rule or the manner in which Offeror may choose to make any public announcement, Offeror currently intends to make announcements by issuing a press release to the Dow Jones News Service and making any appropriate filing with the Commission.

If Offeror makes a material change in the terms of the Offer or the information concerning the Offer, or if it waives a material condition of the Offer (including a waiver of the Minimum Condition), Offeror will disseminate additional tender offer materials and extend the Offer if and to the extent required by Rules 14d-4(c), 14d-6(d) and 14(e)-1 under the Exchange Act or otherwise. The minimum period during which a tender offer must remain open following material changes in the terms of the offer or the information concerning the offer, other than a change in price or a change in percentage of securities sought, will depend upon the facts and circumstances, including the relative materiality of the terms or information changes. With respect to a change in price or a change in the percentage of securities sought, a minimum of 10 business days is required to allow for adequate dissemination to shareholders.

As of the date of this Offer to Purchase, the Rights are evidenced by certificates for Shares and do not trade separately. Accordingly, by tendering certificates for Shares, a shareholder is automatically tendering a similar number of associated Rights. If, however, pursuant to the Rights Agreement or for any other reason, the Rights detach and separate certificates for Rights are issued, shareholders will be required to tender one Right for each Share tendered in order to effect a valid tender of a Share.

A request is being made to the Company pursuant to Rule 14d-5 of the Exchange Act and under Pennsylvania law for the use of the Company's shareholder lists and security position listings for the purpose of disseminating the Offer to shareholders. Upon compliance by the Company with this request, this Offer to Purchase, the Letter of Transmittal and all other relevant materials will be mailed to record holders of Shares and will be furnished to brokers, dealers, banks, trust companies and similar persons whose names, or the names of whose nominees, appear on shareholders lists, or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of Shares following receipt of these lists or listings from the Company or by the Company if it so elects.

2. ACCEPTANCE FOR PAYMENT AND PAYMENT FOR SHARES AND RIGHTS. Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of the Offer as so extended or amended), Offeror will accept for payment and will pay for all Shares (and, if applicable, Rights) validly tendered prior to the Expiration Date and not theretofore withdrawn in accordance with Section 4 promptly after the later to occur of (a) the Expiration Date and (b) subject to compliance with Rule 14e-1(c) under the Exchange Act, the satisfaction or waiver of the conditions set forth in Section 14. Subject to compliance with Rule 14e-1(c) under the Exchange Act, Offeror expressly reserves the right to delay payment for Shares in order to comply in whole or in part with any applicable law. See Sections 1 and 15.

Payment for Shares accepted for payment pursuant to the Offer will be made only after timely receipt by the Depository of (i) certificates for the Shares or timely confirmation (a 'Book-Entry Confirmation') of a book-entry transfer of the Shares into the Depository's account at The Depository Trust Company (the 'Book-Entry Transfer Facility'), pursuant to the procedures set forth in Section 3, (ii) a properly completed and duly executed Letter of Transmittal (or a manually signed facsimile) with all required signature guarantees or an Agent's Message (as hereinafter defined) in connection with a book-entry transfer of Shares and (iii) any other documents required by the Letter of Transmittal.

The term 'Agent's Message' means a message transmitted by a Book-Entry Transfer Facility to, and received by, the Depository and forming a part of a Book-Entry Confirmation, which states that the Book-Entry Transfer Facility has received an express acknowledgment from the participant in the Book-Entry Transfer Facility who is tendering the Shares that the participant has received and agrees to



be bound by the terms of the related Letter of Transmittal and that Offeror may enforce the agreement against the participant.

For purposes of the Offer, Offeror will be deemed to have accepted for payment, and thereby purchased, Shares validly tendered and not withdrawn, if and when Offeror gives oral or written notice to the Depositary of Offeror's acceptance of the Shares for payment pursuant to the Offer. In all cases, upon the terms and subject to the conditions of the Offer, payment for Shares purchased pursuant to the Offer will be made by deposit of the purchase price with the Depositary, which will act as agent for tendering shareholders for the purpose of receiving payment from Offeror and transmitting the payment to validly tendering shareholders. If, for any reason whatsoever, acceptance for payment of any Shares tendered pursuant to the Offer is delayed, or Offeror is unable to accept for payment Shares tendered pursuant to the Offer, then, without prejudice to Offeror's rights under Section 1, the Depositary may, nevertheless, on behalf of Offeror, retain tendered Shares, and the Shares may not be withdrawn, except to the extent that the tendering shareholders are entitled to withdrawal rights as described in Section 4 below and as otherwise required by Rule 14e-1(c) under the Exchange Act. UNDER NO CIRCUMSTANCES WILL INTEREST ON THE PURCHASE PRICE FOR SHARES BE PAID BY OFFEROR, REGARDLESS OF ANY EXTENSION OF THE OFFER OR ANY DELAY IN MAKING PAYMENT.

If any tendered Shares are not accepted for payment pursuant to the terms and conditions of the Offer for any reason, or if certificates are submitted for more Shares than tendered, certificates for unpurchased or untendered Shares will be returned, without expense to the tendering shareholder (or, in the case of Shares delivered by book-entry transfer into the Depositary's account at a Book-Entry Transfer Facility, these Shares will be credited to an account maintained within the Book-Entry Transfer Facility), as promptly as practicable following the expiration, termination or withdrawal of the Offer.

If, prior to the Expiration Date, Offeror increases the consideration to be paid per Share pursuant to the Offer, Offeror will pay the increased consideration for all the Shares purchased pursuant to the Offer, whether or not the Shares were tendered prior to the increase in consideration.

Offeror reserves the right to transfer or assign, in whole at any time, or in part from time to time, to Parent or any one or more of Parent's direct or indirect wholly owned subsidiaries, the right to purchase all or any portion of the Shares tendered pursuant to the Offer, provided that any transfer or assignment will not relieve Offeror of its obligations under the Offer and will in no way prejudice the rights of tendering shareholders to receive payment for Shares validly tendered and accepted for payment pursuant to the Offer.

### 3. PROCEDURE FOR TENDERING SHARES.

#### VALID TENDERS

For Shares (or, if applicable, Rights) to be validly tendered pursuant to the Offer, a properly completed and duly executed Letter of Transmittal relating to the Shares (or a manually signed facsimile thereof), with any required signature guarantees, or, in the case of a book-entry transfer, an Agent's Message, and any other required documents, must be received by the Depositary at one of its addresses set forth on the back cover of this Offer to Purchase on or prior to the Expiration Date, or the tendering shareholder must comply with the guaranteed delivery procedures set forth below. In addition, either (i) certificates representing those Shares must be received by the Depositary or the Shares must be tendered pursuant to the procedures for book-entry set forth below and a Book-Entry Confirmation must be received by the Depositary, in each case prior to the Expiration Date or (ii) the guaranteed delivery procedures set forth below must be complied with. No alternative, conditional or contingent tenders will be accepted.

THE METHOD OF DELIVERY OF SHARES, THE RELATED LETTER OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH A BOOK-ENTRY TRANSFER FACILITY, IS AT THE SOLE OPTION AND RISK OF THE TENDERING SHAREHOLDER, AND THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE DEPOSITARY (INCLUDING, IN THE CASE OF A BOOK-ENTRY TRANSFER, BY BOOK-ENTRY CONFIRMATION). IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED; IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY.





## BOOK-ENTRY TRANSFER

The Depository will make a request to establish an account with respect to the Shares (or, if applicable, Rights) at each Book-Entry Transfer Facility for purposes of the Offer within two business days after the date of this Offer to Purchase. Any financial institution that is a participant in a Book-Entry Transfer Facility's system may make book-entry delivery of Shares by causing the Book-Entry Transfer Facility to transfer Shares into the Depository's account at a Book-Entry Transfer Facility in accordance with the Book-Entry Transfer Facility's procedures for transfers. Although delivery of Shares may be effected through book-entry transfer at a Book-Entry Transfer Facility prior to the Expiration Date, (i) an appropriate Letter of Transmittal (or a manually signed facsimile), properly completed and duly executed, with any required signature guarantees, or an Agent's Message in connection with a book-entry transfer, and any other required documents, must, in any case, be transmitted to and received by the Depository at one of its addresses set forth on the back cover of this Offer to Purchase or (ii) the guaranteed delivery procedures described below must be complied with. DELIVERY OF DOCUMENTS TO THE BOOK-ENTRY TRANSFER FACILITY IN ACCORDANCE WITH THE BOOK-ENTRY TRANSFER FACILITY'S PROCEDURES DOES NOT CONSTITUTE DELIVERY TO THE DEPOSITARY.

## SIGNATURE GUARANTEES

No signature guarantee is required on the Letter of Transmittal (a) if the Letter of Transmittal is signed by the registered holder(s) of Shares (which includes any participant in any of the Book-Entry Transfer Facilities' systems whose name appears on a security position listing as the owner of the Shares) and Rights tendered herewith, unless such registered holder(s) has completed either the box entitled 'Special Payment Instructions' or the box entitled 'Special Delivery Instructions' on the Letter of Transmittal or (b) if such Shares and Rights are tendered for the account of a financial institution (including most commercial banks, savings and loan associations and brokerage houses) that is a participant in the Security Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Guarantee Program or the Stock Exchange Medallion Program (an 'Eligible Institution'). In all other cases, all signatures on this Letter of Transmittal must be guaranteed by an Eligible Institution. See Instruction 5 of the Letter of Transmittal.

If the certificates evidencing Shares are registered in the name of a person or persons other than the signer of the Letter of Transmittal, or if payment is to be made, or delivered to, or certificates for unpurchased Shares are to be issued or returned to, a person other than the registered holder or holders, then the tendered certificates must be endorsed or accompanied by duly executed stock powers, in either case signed exactly as the name or names of the registered holder or holders appear on the certificates, with the signatures on the certificates or stock powers guaranteed by an Eligible Institution as provided in the Letter of Transmittal. See Instructions 1 and 5 of the related Letter of Transmittal.

## GUARANTEED DELIVERY

If a shareholder desires to tender Shares (or, if applicable, Rights) pursuant to the Offer and the shareholder's certificates for Shares are not immediately available or time will not permit all required documents to reach the Depository on or prior to the Expiration Date or the procedures for book-entry transfer cannot be completed on a timely basis, these Shares may nevertheless be tendered if all of the following guaranteed delivery procedures are duly complied with:

(i) the tender is made by or through an Eligible Institution;

(ii) a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form provided by Offeror, is received by the Depository, as provided below, prior to the Expiration Date; and

(iii) the certificates for all tendered Shares and, if applicable, Rights, in proper form for transfer (or a Book-Entry Confirmation), together with a properly completed and duly executed Letter of Transmittal relating to the Shares (or a manually signed facsimile thereof), and any required signature guarantees, or, in the case of a book-entry transfer, an Agent's Message, and any other documents required by the Letter of Transmittal are received (a) in the case of Shares, by the Depository within three New York Stock Exchange ('NYSE') trading days after the date of the



Notice of Guaranteed Delivery or (b) in the case of Rights, a period ending on the later of (1) three NYSE trading days after the execution of the Notice of Guaranteed Delivery or (2) three business days after the date certificates for Rights are distributed to Shareholders by the Company or the Rights Agent. The Notice of Guaranteed Delivery may be delivered by hand or transmitted by telegram, telex, facsimile transmission or mail to the Depository and must include a guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery.

Notwithstanding any other provision of this Offer, payment for Shares accepted for payment pursuant to the Offer will in all cases be made only after timely receipt by the Depository of (i) certificates for the Shares or a Book Entry Confirmation, (ii) a properly completed and duly executed Letter of Transmittal relating to the Shares (or a manually signed facsimile thereof), with all required signature guarantees, or, in the case of a book-entry transfer, an Agent's Message and (iii) any other documents required by the Letter of Transmittal. Accordingly, tendering shareholders may be paid at different times depending upon when certificates for Shares or Book-Entry Confirmations are actually received by the Depository. UNDER NO CIRCUMSTANCES WILL INTEREST ON THE PURCHASE PRICE OF THE SHARES BE PAID BY OFFEROR, REGARDLESS OF ANY EXTENSION OF THE OFFER OR ANY DELAY IN MAKING PAYMENT.

#### DISTRIBUTION OF RIGHTS

Holder of Shares will be required to tender one Right for each Share tendered to effect a valid tender of a Share. Unless and until the Distribution Date (as defined in Section 8 below) occurs, the Rights are represented by and transferred with the Shares. Accordingly, if the Distribution Date does not occur prior to the Expiration Date of the Offer, a tender of Shares will constitute a tender of the associated Rights. If a Distribution Date has occurred, certificates representing a number of Rights equal to the number of Shares being tendered must be delivered to the Depository in order for the Shares to be validly tendered in accordance with the procedures described in this Section 3. If a Distribution Date has occurred, a tender of Shares without Rights constitutes an agreement by the tendering shareholder to deliver certificates representing a number of Rights equal to the number of Shares tendered pursuant to the Offer to the Depository within three NYSE trading days after the date the certificates are distributed. Offeror reserves the right to require that it receive these certificates prior to accepting Shares for payment. Payment for Shares tendered and purchased pursuant to the Offer will be made only after timely receipt by the Depository of these certificates, if the certificates have been distributed to holders of Shares. Offeror will not pay any additional consideration for the Rights tendered pursuant to the Offer.

#### DETERMINATION OF VALIDITY

All questions as to the form of documents and the validity, eligibility (including time of receipt) and acceptance for payment of any tender of Shares (or, if applicable, Rights) will be determined by Offeror, in its sole discretion, and its determination will be final and binding on all parties. Offeror reserves the absolute right to reject any or all tenders of any Shares that are determined by it not to be in proper form or the acceptance of or payment for which may, in the opinion of Offeror, be unlawful. Offeror also reserves the absolute right to waive any of the conditions of the Offer or any defect or irregularities in the tender of any particular Shares, whether or not similar defects or irregularities are waived in the case of other Shares.

Offeror's interpretation of the terms and conditions of the Offer (including the Letter of Transmittal and the Instructions) will be final and binding on all parties. No tender of Shares will be deemed to have been validly made until all defects and irregularities have been cured or waived by Offeror. None of Offeror or any of its affiliates or assignees, the Dealer Managers, the Depository, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give any notification.

#### APPOINTMENT

By executing the appropriate Letter of Transmittal as set forth above, a tendering shareholder irrevocably appoints designees of Offeror as the shareholder's attorneys-in-fact and proxies, each with



full power of substitution, in the manner set forth in the Letter of Transmittal, to the full extent of the shareholder's right with respect to the Shares (or, if applicable, Rights) tendered by that shareholder and accepted for payment by Offeror (and any and all other Shares or other securities or rights issued or issuable in respect of these Shares on or after August 10, 1998). All powers of attorney and proxies will be considered irrevocable and coupled with an interest in the tendered Shares. This appointment is effective upon the acceptance for payment of Shares by Offeror in accordance with the terms of the Offer. Upon acceptance for payment, all prior proxies, other than any consents in favor of proposals set forth in the Consent Solicitation, given by the shareholder with respect to these Shares or other securities or rights will, without further action, be revoked and no subsequent proxies may be given or written consents executed (and, if given or executed, will not be deemed effective). The designees of Offeror will, with respect to the Shares and other securities or rights, be empowered to exercise all voting and other rights of the shareholder as they, in their sole judgment, deem proper in respect of any annual or special meeting of the Company's shareholders, or any adjournment or postponement thereof, or by consent in lieu of any meeting or otherwise. Offeror reserves the right to require that, in order for Shares to be deemed validly tendered, immediately upon Offeror's payment for the Shares, Offeror or its designee must be able to exercise full voting and other rights with respect to the Shares and the other securities or rights issued or issuable in respect of the Shares, including voting of Common Stock at any shareholders meeting (whether annual or special or whether or not adjourned) in respect of the Shares.

4. WITHDRAWAL RIGHTS. Except as otherwise provided in this Section 4, tenders of Shares (and, if applicable, Rights) made pursuant to the Offer are irrevocable. Shares tendered pursuant to the Offer may be withdrawn at any time prior to the Expiration Date and, unless theretofore accepted for payment pursuant to the Offer, may also be withdrawn at any time after September 11, 1998. Shares (and, if applicable, Rights) may not be withdrawn unless the associated Rights are also withdrawn. A withdrawal of Shares (and, if applicable, Rights) will also constitute a withdrawal of the associated Rights. If purchase of or payment for Shares (and, if applicable, Rights) is delayed for any reason or if Offeror is unable to purchase or pay for Shares for any reason, then, without prejudice to Offeror's rights under the Offer, tendered Shares may be retained by the Depository on behalf of Offeror and may not be withdrawn except to the extent that tendering shareholders are entitled to withdrawal rights as set forth in this Section 4, subject to Rule 14e-1(c) under the Exchange Act, which provides that no person who makes a tender offer shall fail to pay the consideration offered or fail to return the securities deposited by or on behalf of security holders promptly after the termination or withdrawal of the Offer.

For a withdrawal to be effective, a written, telegraphic, telex or facsimile transmission notice of withdrawal must be timely received by the Depository at one of its addresses set forth on the back cover of this Offer to Purchase. Any notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name in which the certificates representing Shares are registered, if different from that of the person who tendered the Shares. If certificates for Shares to be withdrawn have been delivered or otherwise identified to the Depository, then, prior to the physical release of these certificates, the serial numbers shown on these certificates must be submitted to the Depository and, unless the Shares have been tendered by an Eligible Institution, the signatures on the notice of withdrawal must be guaranteed by an Eligible Institution. If Shares have been tendered pursuant to the procedure for book-entry transfer set forth in Section 3, any notice of withdrawal must also specify the name and number of the account at the applicable Book-Entry Transfer Facility to be credited with the withdrawn Shares, in which case a notice of withdrawal will be effective if delivered to the Depository by any method of delivery described in the first sentence of this paragraph. Withdrawals of Shares may not be rescinded. Any Shares properly withdrawn will be deemed not validly tendered for purposes of the Offer, but may be retendered at any subsequent time prior to the Expiration Date by following any of the procedures described in Section 3.

All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by Offeror, in its sole discretion, and its determination will be final and binding on all parties. None of Offeror, the Depository, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give any notification.



5. CERTAIN FEDERAL INCOME TAX CONSEQUENCES. The following is a summary of the principal federal income tax consequences of the Offer to holders whose Shares (and, if applicable, Rights) are purchased pursuant to the Offer. The discussion applies only to holders of Shares who hold Shares as capital assets, and may not apply to Shares received upon conversion of securities or exercise of warrants or other rights to acquire Shares or pursuant to the exercise of stock options or otherwise as compensation, or to holders of Shares who are in special tax situations (such as insurance companies, tax-exempt organizations, non-U.S. persons, dealers in securities or commodities, or persons who hold Shares as a position in a 'straddle' or as part of a 'hedging' or 'conversion' transaction for United States federal income tax purposes).

THE FEDERAL INCOME TAX CONSEQUENCES SET FORTH BELOW ARE INCLUDED FOR GENERAL INFORMATIONAL PURPOSES ONLY AND ARE BASED UPON CURRENT LAW. BECAUSE INDIVIDUAL CIRCUMSTANCES MAY DIFFER, EACH HOLDER OF SHARES SHOULD CONSULT THAT HOLDER'S OWN TAX ADVISOR TO DETERMINE THE APPLICABILITY OF THE RULES DISCUSSED BELOW TO THAT SHAREHOLDER AND THE PARTICULAR TAX EFFECTS OF THE OFFER, INCLUDING THE APPLICATION AND EFFECT OF STATE, LOCAL AND OTHER INCOME TAX LAWS.

The receipt of cash for Shares pursuant to the Offer will be a taxable transaction for federal income tax purposes (and also may be a taxable transaction under applicable state, local and other income tax laws). In general, for federal income tax purposes, a holder of Shares will recognize gain or loss equal to the difference between his adjusted tax basis in the Shares sold pursuant to the Offer and the amount of cash received. Gain or loss generally must be determined separately for each block of Shares (i.e., Shares acquired at the same cost in a single transaction) sold pursuant to the Offer. This gain or loss will be capital gain or loss and will be long-term gain or loss if, on the date of sale, the Shares were held for more than one year. In the case of an individual, net long-term capital gain may be subject to a reduced rate of tax and net capital losses may be subject to limits on deductibility.

In order to avoid 'backup withholding' of federal income tax with respect to payments of cash pursuant to the Offer, each shareholder surrendering Shares in the Offer must provide the Depository with the shareholder's correct taxpayer identification number ('TIN') on a Substitute Form W-9 and certify under penalty of perjury that this TIN is correct and that the shareholder is not subject to backup withholding. Certain shareholders (including all corporations and certain foreign individuals and entities) are exempt recipients not subject to backup withholding. If a shareholder does not provide its correct TIN or fails to provide the certifications described above, the Internal Revenue Service may impose a penalty on the shareholder, and payment of cash to that shareholder pursuant to the Offer may be subject to backup withholding of 31%. All shareholders surrendering Shares pursuant to the Offer (physically or electronically through book-entry transfer) should complete and sign the main signature form and the Substitute Form W-9 included as part of the Letter of Transmittal to provide the information and certification necessary to avoid backup withholding (unless an applicable exemption exists and is proved in a manner satisfactory to Offeror and the Depository). Non-corporate foreign shareholders should complete and sign the main signature form and a Form W-8, Certificate of Foreign Status, a copy of which may be obtained from the Depository, in order to avoid backup withholding. See the Letter of Transmittal.

6. PRICE RANGE OF COMMON STOCK; DIVIDENDS. According to the Company 1997 Annual Report, the Company's common stock is listed on the NYSE and traded on the New York, Boston, Cincinnati, Chicago, Pacific and Philadelphia Exchanges under the symbol 'AMP.' The following table sets forth, for the periods indicated, the high and low sales prices per share for the common stock as reported on the NYSE:





	HIGH	LOW
	---	---
1998:		
Third Quarter (through July 30, 1998).....	\$34 3/4	\$28 9/16
Second Quarter.....	44 3/16	33 1/2
First Quarter.....	44 11/16	36 5/8
1997:		
Fourth Quarter.....	54 1/4	39 1/16
Third Quarter.....	56 11/16	41 3/4
Second Quarter.....	43 1/8	33 1/8
First Quarter.....	43	33 7/8
1996:		
Fourth Quarter.....	39 7/8	32 7/8
Third Quarter.....	41 3/4	36 1/8
Second Quarter.....	46 1/8	39
First Quarter.....	44 3/4	36 3/8

On August 3, 1998, the last full trading day before the first public announcement of the intention to commence the Offer, the last reported closing sales price of the Shares on the NYSE was \$28 7/8 per Share. SHAREHOLDERS ARE URGED TO OBTAIN A CURRENT MARKET QUOTATION FOR THE SHARES.

The Company declares annual dividends which are paid on a quarterly basis. The annual dividend for 1996 was \$1.00 per Share and for 1997 was \$1.04 per Share. On January 28, 1998 and April 4, 1998, the Company Board declared first and second quarterly dividends, both of \$0.27 per Share, which were paid on March 2, 1998 and June 1, 1998, respectively. On July 22, 1998, the Company Board declared a regular quarterly dividend of \$0.27 per share, payable Tuesday, September 1, 1998 to shareholders of record at the close of business on Monday, August 3, 1998. See Section 13.

As of the date of this Offer to Purchase, the Rights are attached to the Shares and not traded separately. As a result, the sales quotations per Share set forth above are also the high and low sales quotations per Share and associated Right during those periods. Upon the occurrence of the Distribution Date, the Rights will detach and may trade separately from the Shares. See Section 8. Offeror believes that as a result of the commencement of the Offer, the Distribution Date may occur as early as August 24, 1998, unless prior to this date the Company Board redeems the Rights, amends the Rights Agreement to make the Rights inapplicable to the Offer and Proposed Merger or delays the Distribution Date. IF THE DISTRIBUTION DATE OCCURS AND THE RIGHTS BEGIN TO TRADE SEPARATELY FROM THE SHARES, SHAREHOLDERS SHOULD ALSO OBTAIN A CURRENT MARKET QUOTATION FOR THE RIGHTS.

7. EFFECT OF THE OFFER ON THE MARKET FOR COMMON STOCK AND REGISTRATION UNDER THE EXCHANGE ACT. The purchase of Shares pursuant to the Offer will reduce the number of Shares that might otherwise trade publicly and will reduce the number of holders of Shares, which will likely adversely affect the liquidity and market value of the remaining Shares held by shareholders other than Offeror. The extent of the public market, if any, for Shares and the availability of price quotations in respect thereof following the purchase of Shares pursuant to the Offer will depend upon the number of holders of Shares remaining at that time, the interest in maintaining a market in the Shares on the part of securities firms, the possible termination of registration of the Shares under the Exchange Act, as described below, and other factors.

#### STOCK QUOTATIONS

Depending on the number of Shares purchased pursuant to the Offer, the Shares may no longer meet the NYSE's listing requirements. The NYSE would consider delisting the Shares if the number of record holders of at least 100 Shares should fall below 1,200, the number of publicly held Shares (exclusive of holdings of officers, directors and their families and other concentrated holdings of 10% or more (the 'NYSE Excluded Holdings')) should fall below 600,000 or the aggregate market value of publicly held Shares (exclusive of NYSE Excluded Holdings) should fall below \$5,000,000. If, as a result of the purchase of Shares pursuant to the Offer or otherwise, the Shares no longer meet the



requirements of the NYSE for continued listing and the listing of the Shares is discontinued, the market for the Shares could be adversely affected.

If the NYSE were to delist the Shares, it is possible that the Shares would continue to trade on another securities exchange or in the over-the-counter market and that price or other quotations would be reported by the exchange or through the National Association of Securities Dealers Automated Quotations ('NASDAQ') or other sources. The extent of the public market therefor and the availability of the quotations would depend, however, upon factors such as the number of shareholders and/or the aggregate market value of the securities remaining at that time, the interest in maintaining a market in the Shares on the part of securities firms, the possible termination of registration under the Exchange Act, as described below, and other factors. Offeror cannot predict whether the reduction in the number of Shares that might otherwise trade publicly would have an adverse or beneficial effect on the market price for or marketability of the Shares or whether it would cause future market prices to be higher or lower than the Offer Price.

#### EXCHANGE ACT REGISTRATION

The Shares are currently registered under the Exchange Act. This registration may be terminated upon application by the Company to the Commission if the Shares are not listed on a national securities exchange and there are fewer than 300 record holders of the Shares. The termination of registration of the Shares under the Exchange Act would substantially reduce the information required to be furnished by the Company to holders of Shares and to the Commission and would make certain provisions of the Exchange Act, such as the short-swing profit recovery provisions of Section 16(b), the requirement of furnishing a proxy statement in connection with shareholders' meetings pursuant to Section 14(a) and the requirements of Rule 13e-3 under the Exchange Act with respect to 'going private' transactions no longer applicable to the Shares. In addition, 'affiliates' of the Company and persons holding 'restricted securities' of the Company may be deprived of the ability to dispose of these securities pursuant to Rule 144 promulgated under the Securities Act of 1933, as amended (the 'Securities Act').

Based on publicly available information, the Rights are registered under the Exchange Act, but are attached to the Shares and are not currently separately transferable. Offeror believes that as a result of the commencement of the Offer, the Distribution Date may occur as early as August 24, 1998, unless prior to this date the Company Board redeems the Rights, amends the Rights Agreement to make the Rights inapplicable to the Offer and Proposed Merger or delays the Distribution Date. See Section 8. According to the Rights Agreement, certificates for Rights will be sent to all holders of Rights and the Rights will become transferable apart from the Shares. If the Distribution Date occurs and the Rights separate from the Shares, the discussion above with respect to the effect of the Offer on Exchange Act registration would apply to the Rights in a similar manner.

If the registration of the Shares is not terminated prior to the Proposed Merger, then the Shares will be delisted from all stock exchanges and the registration of the Shares and Rights under the Exchange Act will be terminated following consummation of the Proposed Merger.

If registration of the Shares under the Exchange Act were terminated, the Shares would no longer be eligible for listing on the NYSE and for trading on the New York, Boston, Cincinnati, Chicago, Pacific and Philadelphia Stock Exchanges.

#### MARGIN REGULATIONS

Shares of common stock are currently 'margin securities' under the regulations of the Board of Governors of the Federal Reserve System (the 'Federal Reserve Board'), which has the effect of allowing brokers to extend credit on the collateral of common stock like the Shares. Depending upon factors similar to those described above regarding listing and market quotations, following the Offer, it is possible that the common stock would no longer constitute 'margin securities' for the purposes of the margin regulations of the Federal Reserve Board and therefore could no longer be used as collateral for loans made by brokers.

8. CERTAIN INFORMATION CONCERNING THE COMPANY. Except as otherwise set forth herein, the information concerning the Company contained in this Offer to Purchase, including financial



information, has been taken from or based upon the Company Annual Report and other publicly available documents and records on file with the Commission and other public sources. Although none of Parent, Offeror, the Dealer Managers or Information Agent has any knowledge that would indicate that statements contained in this Offer based upon these documents are untrue, none of Parent, Offeror, the Dealer Managers or the Information Agent assumes any responsibility for the accuracy or completeness of the information concerning the Company, furnished by the Company, or contained in these documents and records or for any failure by the Company to disclose events which may have occurred or may affect the significance or accuracy of any information but which are unknown to Offeror, Parent, the Dealer Managers or Information Agent.

According to the Company 1997 Annual Report, the Company is a Pennsylvania corporation with its principal executive offices located at 470 Friendship Road, Harrisburg, Pennsylvania, 17111. The Company 1997 Annual Report states that:

'The Company designs, manufactures and markets a broad range of electronic, electrical and electrooptic connection devices and an expanding number of interconnection systems and connector-intensive assemblies. The Company's products have potential uses wherever an electronic, electrical, computer or telecommunications system is involved, and are becoming increasingly critical to the performance of these systems as voice, data and video communications converge. The Company's customers are as diverse as the products themselves, and include such differing types of accounts as original equipment manufacturers (OEMs) and their subcontractors, utilities, government agencies, distributors, value-added resellers, and customers who install, maintain and repair equipment. The industries covered by these accounts include Automotive, Power Technology, Personal Computer, Communications, and Consumer/Industrial. The Company markets its products worldwide primarily through its own direct sales force, but also through distributors and value-added resellers to respond to customer buying preferences. In 1997, 84% of product was sold through direct channels to market and 16% through distribution. The Company has established more than 330 facilities located in 53 countries to serve customers in the current and emerging markets throughout the world.'

Set forth below is certain summary consolidated financial information with respect to the Company excerpted or derived from financial information contained in the Company 1997 Annual Report and the Company's Quarterly Report on Form 10-Q for the second quarter ended June 30, 1998. More comprehensive financial information is included in reports and other documents filed by the Company with the Commission, and the following summary is qualified in its entirety by reference to reports and other documents and all the financial information (including any related notes) contained therein. Reports and other documents should be available for inspection and copies should be obtainable in the manner set forth below under 'Available Information'.



AMP INCORPORATED  
SELECTED CONSOLIDATED FINANCIAL INFORMATION  
(IN MILLIONS, EXCEPT PER SHARE DATA)

	SIX MONTHS ENDED JUNE 30,		YEAR ENDED DECEMBER 31,		
	1998	1997	1997	1996	1995
	(UNAUDITED)				
<b>INCOME STATEMENT DATA:</b>					
Net sales.....	\$ 2,748	\$2,861	\$5,745	\$5,468	\$5,227
Income from operations.....	250	350	767	503	718
Net income before cumulative effect of accounting changes.....	157	209	458	287	427
Cumulative effect of accounting changes, net of income taxes.....	--	15	15	--	--
Net income.....	157	224	473	287	427
<b>PER SHARE AMOUNTS:</b>					
Before cumulative effect of accounting changes					
Basic.....	\$ .72	\$ .95	\$ 2.08	\$ 1.31	\$ 1.97
Diluted.....	\$ .72	\$ .95	\$ 2.08	\$ 1.31	\$ 1.96
Cumulative effect of accounting changes					
Basic.....	--	\$ .07	\$ .07	--	--
Diluted.....	--	\$ .07	\$ .07	--	--
Net income					
Basic.....	\$ .72	\$ 1.02	\$ 2.15	\$ 1.31	\$ 1.97
Diluted.....	\$ .72	\$ 1.02	\$ 2.15	\$ 1.31	\$ 1.96
<b>BALANCE SHEET DATA:</b>					
Current assets.....	\$ 2,476	\$2,537	\$2,650	\$2,356	\$2,278
Property, plant and equipment, net.....	1,897	1,989	1,916	2,028	1,938
Total assets.....	4,670	4,814	4,848	4,686	4,505
Current liabilities.....	1,306	1,508	1,445	1,445	1,266
Long-term debt.....	168	186	160	182	213
Shareholders' equity.....	2,898	2,851	2,952	2,790	2,768

**RESTRUCTURING PLANS**

The Company's press release announcing its results of operations for the quarter ended June 30, 1998 contained the following statements regarding the Company's restructuring plans:

'AMP Incorporated Chief Executive Officer and President William J. Hudson said, 'We are obviously disappointed with second quarter results. Despite our successful 'globalization' efforts in recent years, we still need to better balance our manufacturing capacity in and between geographical regions to reduce the costs of exporting and importing -- and we are committed to doing this as quickly as possible without disrupting customer service. Additionally, our aggressive growth strategies are focused on responding to customer needs faster, at more competitive prices, and with guarantees to back up our claims. Supporting these growth strategies is a program to reduce the costs and overhead that impedes our responsiveness. We are determined to strengthen investor confidence by generating the financial results that will produce significant long-term returns for investors.'

Hudson noted that plans to boost sales will come by simplifying prices, enhancing distribution sales, and servicing customers through more direct sales people and other means. To reduce costs, he said, AMP has implemented mandatory one-week furloughs in the U.S., eliminated most overtime, accelerated insourcing of manufacturing services, and has frozen hiring and wage increases.

'Our strategic financial goals' Hudson said, 'will be realized through our current efforts to reduce the global workforce by 3,500 through early retirements, attrition, and layoffs;





outsource certain support functions; close plants and consolidate production into integrated facilities; and leverage the economic advantages of expanding capacity in Asia/Pacific and Europe.'

The cash impact of the charges associated with the actions is estimated to be \$100 to \$130 million.'

On July 31, 1998 the Company issued the following press release:

'AMP Incorporated to Phase Out Operations of Selinsgrove; Company Will Transfer Work to Other AMP Plants

Harrisburg, PA (July 31, 1998) -- AMP Incorporated today announced the phasing out and transfer of operations at its Automachine Systems Group plant in Selinsgrove, Pennsylvania.

Transfer locations in the United States include AMP's Fourth Street and 100 AMP Drive facilities in Harrisburg, PA, Waynesboro, PA and Mount Sidney, VA. Remaining product lines will be transferred to an AMP tooling center in Cochin, India and AMP's Strategic Tooling Center in Monterrey, Mexico.

About 130 jobs will move as a result of the transfer. Most manufacturing employees will be offered jobs at plants that are gaining work.

The transfers will result in a conversion to continuous operations at the Fourth Street and Waynesboro plants. AMP's Mount Sidney facility is already operating 24-hours a day.

The action, which is planned to take place over the next 19 months, is part of the company's recently announced reshaping strategy aimed at making AMP more competitive in the global marketplace. The strategy allows AMP operations to focus, simplify and grow. This is being done by a series of divestitures and closedowns, major manufacturing and overhead cost reductions, and new initiatives in sales.

'From a technical and financial perspective, AMP is taking major steps to respond more quickly to changes in the global economy,' CEO and President William J. Hudson said, explaining 'in the weeks and months ahead we can be expected to do all that is needed to make AMP a more customer-responsive company.'

'To stay competitive, AMP will have to use lower cost tooling approaches and fully integrate production in the United States,' adding AMP 'clearly is improving the use of its vast complement of manufacturing assets.'

#### RIGHTS PLAN

The following is based upon, and is qualified in its entirety by reference to, a letter from the Company to its Shareholders relating to the adoption of the Rights Plan, dated November 8, 1989, filed as an exhibit to the Company's quarterly report on Form 10-Q for the quarter ended September 30, 1989 and the Rights Agreement, as amended, filed with the Commission. The Company undertook a 2 for 1 stock split in 1995. As a result, each Right, as and when exercisable, now entitles the registered holder to purchase from the Company one Share at a purchase price of \$87.50 per share. The aforementioned letter states:

#### 'SUMMARY OF RIGHTS TO PURCHASE COMMON STOCK

On October 25, 1989, the Board of Directors of AMP Incorporated (the 'Company') declared a dividend distribution of one Right for each outstanding share of Common Stock, no par value (the 'Common Stock'), of the Company to shareholders of record at the close of business on November 6, 1989. Each Right entitles the registered holder to purchase from the Company one share of Common Stock at a Purchase Price of \$175.00 per share, subject to adjustment. The description and terms of the Rights are set forth in a Rights Agreement (the 'Rights Agreement') between the Company and Manufacturers Hanover Trust Company, as Rights Agent.

Initially, the Rights will be attached to all Common Stock certificates representing shares then outstanding, and no separate Rights Certificates will be distributed. The Rights will separate from



the Common Stock and a Distribution Date will occur upon the earlier of (i) 10 business days following a public announcement that a person (an 'Acquiring Person') has become an 'interested shareholder' as defined in Section 2553 of the Pennsylvania Business Corporation Law (i.e., has acquired, or obtained the right to acquire, beneficial ownership of 20% or more of the outstanding shares of Common Stock), except pursuant to a Qualifying Offer, as defined below (such public announcement date being referred to below as the 'Stock Acquisition Date') and (ii) 10 business days (or such later date as the Board shall determine) following the commencement of a tender offer or exchange offer that would result in a person becoming an Acquiring Person. Until the Distribution Date, (I) the Rights will be evidenced by the Common Stock certificates and will be transferred with and only with such Common Stock certificates, (II) new Common Stock certificates issued after November 6, 1989 will contain a notation incorporating the Rights Agreement by reference and (III) the surrender for transfer of any certificates for Common Stock outstanding will also constitute the transfer of the Rights associated with the Common Stock represented by such certificate.

The Rights are not exercisable until the Distribution Date and will expire at the close of business on November 6, 1999, unless earlier redeemed by the Company as described below. Shares of Common Stock issuable upon exercise of the Rights shall represent a proportional beneficial interest in the shares of common stock of Pamcor, Inc. held in trust pursuant to an Agreement among AMP Incorporated, Pamcor, Inc. and Bankers Trust Company dated as of November 1, 1956 and amended as of April 23, 1970 and as of April 23, 1981.

As soon as practicable after the Distribution Date, Rights Certificates will be mailed to holders of record of the Common Stock as of the close of business on the Distribution Date and, thereafter, the separate Rights Certificates alone will represent the Rights. Except as otherwise determined by the Board of Directors, only shares of Common Stock issued prior to the Distribution Date will be issued with Rights.

In the event that a person becomes an Acquiring Person except pursuant to an offer for all outstanding Common Stock which the independent directors (excluding officers of the Company) determine, after receiving advice from one or more investment banking firms, to be fair to and otherwise in the best interests of the Company and its shareholders (a 'Qualifying Offer'), each holder of a Right will thereafter have the right to receive, upon exercise, Common Stock (or in certain circumstances, cash, property or other securities of the Company) having a value equal to two times the exercise price of the Right. However, the Rights will not be exercisable following the occurrence of any such event until such time as the Rights are no longer redeemable by the Company as set forth below. Notwithstanding any of the foregoing, following the occurrence of any such event, all Rights that are, or (under certain circumstances specified in the Rights Agreement) were, beneficially owned by any Acquiring Person (or certain related parties) will be null and void.

For example, at an exercise price of \$175.00 per Right, each Right not owned by an Acquiring Person (or by certain related parties) following an event set forth in the preceding paragraph would entitle its holder to purchase \$350.00 worth of Common Stock (or other consideration, as noted above) for \$175.00. Assuming that the Common Stock had a per share value of \$45.00 at such time, the holder of each valid Right would be entitled to purchase 7.78 shares of Common Stock for \$175.00.

In the event that, at any time following the Stock Acquisition Date, (i) the Company is acquired in a merger or other business combination transaction in which the Company is not the surviving corporation (other than a merger which follows a Qualifying Offer and satisfies certain other requirements), (ii) the company is acquired in a merger or other business combination transaction in which the Company is the surviving corporation but all or part of the Common Stock is changed into or exchanged for securities of the other person or other property, or (iii) 50% or more of the Company's assets, cashflow or earning power is sold or transferred, each holder of a Right (except Rights which previously have been voided as set forth above) shall thereafter have the right to receive, upon exercise, common stock of the acquiring company having a value equal to two times the exercise price of the Right. The events set forth in this paragraph and in the second preceding paragraph are referred to as the 'Triggering Events.'



The Purchase Price payable, and the number of shares of Common Stock or other securities or property issuable, upon exercise of the Rights are subject to adjustment from time to time to prevent dilution (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of, the Common Stock, (ii) if holders of the Common Stock are granted certain rights or warrants to subscribe for Common Stock or convertible securities at less than the current market price of the Common Stock, or (iii) upon the distribution to holders of the Common Stock of evidences of indebtedness or assets (excluding regular quarterly cash dividends) or of subscription rights or warrants (other than those referred to above).

With certain exceptions, no adjustments in the Purchase Price will be required until cumulative adjustments amount to at least 1% of the Purchase Price. No fractional shares will be issued and, in lieu thereof, an adjustment in cash will be made based on the market price of the Common Stock on the last trading date prior to the date of exercise.

At any time until ten business days following the Stock Acquisition Date, the Company may redeem the Rights in whole, but not in part, at a price of \$.01 per Right (payable in cash, Common Stock or other consideration deemed appropriate by the Board of Directors). Under certain circumstances set forth in the Rights Agreement, the decision to redeem shall require the concurrence of a majority of the Continuing Directors. Immediately upon the action of the Board of Directors ordering redemption of the Rights, the Rights will terminate and the only right of the holders of Rights will be to receive the \$.01 redemption price.

The term 'Continuing Directors' means any member of the Board of Directors of the Company who was a member of the Board prior to [October 25, 1989], and any person who is subsequently elected to the Board if such person is recommended or approved by a majority of the Continuing Directors, but shall not include an Acquiring Person, or an affiliate or an associate of an Acquiring Person, or any representative of the foregoing entities.

Until a Right is exercised, the holder thereof, as such, will have no rights as a shareholder of the Company, including, without limitation, the right to vote or to receive dividends. While the distribution of the Rights will not be taxable to shareholders or to the Company, shareholders may, depending upon the circumstances, recognize taxable income in the event that the Rights become exercisable for Common Stock (or other consideration) of the Company or for common stock of the acquiring company as set forth above.

Any of the provisions of the Rights Agreement may be amended in any respect by the Board of Directors of the Company prior to the Distribution Date. After the Distribution Date, the provisions of the Rights Agreement may be amended by the Board (in certain circumstances, with the occurrence of the Continuing Directors) in order to cure any ambiguity, to make changes which do not adversely affect the interests of holders of Rights (excluding the interests of any Acquiring Person), or to shorten or lengthen any time period under the Rights Agreement; provided, however, that no amendment to adjust the time period governing redemption shall be made at such time as the Rights are not redeemable.'

Offeror has commenced litigation against the Company in the United States District Court for the Eastern District of Pennsylvania seeking an order compelling the Company Board to redeem the Rights or to amend the Rights Agreement to make the Rights inapplicable to the Offer and Proposed Merger and a declaratory judgment rendering the Dead Hand Provision of the Rights Agreement invalid. There can be no assurance that this order or judgment will be obtained. See Section 15. If the Dead Hand Provision is enforceable, the Nominees, subject to fulfillment of their fiduciary duties as directors of the Company, intend to seek the required approval of a majority of the Continuing Directors to redeem the Rights (or to amend the Rights Agreement to make the Rights otherwise inapplicable to the Offer and Proposed Merger). Redemption of the Rights (or an amendment of the Rights Agreement to make the Rights otherwise inapplicable to the Offer and Proposed Merger) would satisfy the Rights Condition.

THE OFFER IS CONDITIONED UPON THE RIGHTS HAVING BEEN REDEEMED BY THE COMPANY BOARD OR OFFEROR BEING SATISFIED, IN ITS SOLE DISCRETION, THAT THE RIGHTS HAVE BEEN INVALIDATED OR ARE OTHERWISE INAPPLICABLE TO THE OFFER.



UNLESS THE RIGHTS CONDITION IS SATISFIED, SHAREHOLDERS WILL BE REQUIRED TO TENDER ONE RIGHT FOR EACH SHARE TENDERED IN ORDER TO EFFECT A VALID TENDER OF SHARES IN ACCORDANCE WITH THE PROCEDURES SET FORTH IN SECTION 3. UNLESS THE DISTRIBUTION DATE OCCURS, A TENDER OF SHARES WILL ALSO CONSTITUTE A TENDER OF THE RIGHTS.

#### AVAILABLE INFORMATION

The Company is subject to the information and reporting requirements of the Exchange Act and is required to file reports and other information with the Commission relating to its business, financial condition and other matters. Information, as of particular dates, concerning the Company's directors and officers, their remuneration, stock options granted to them, the principal holders of the Company's securities, any material interests of these persons in transactions with the Company and other matters is required to be disclosed in proxy statements distributed to the Company's shareholders and filed with the Commission. These reports, proxy statements and other information should be available for inspection at the public reference facilities of the Commission located in Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and also should be available for inspection and copying at prescribed rates at the following regional offices of the Commission: Seven World Trade Center, New York, New York 10048; and 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of this material may also be obtained by mail, upon payment of the Commission's customary fees, from the Commission's principal office at 450 Fifth Street, N.W., Washington, D.C. 20549. The Commission also maintains an Internet web site at <http://www.sec.gov> that contains reports, proxy statements and other information. Reports, proxy statements and other information concerning the Company should also be available for inspection at the offices of the NYSE, 20 Broad Street, New York, New York 10005.

#### 9. CERTAIN INFORMATION CONCERNING OFFEROR AND PARENT.

##### OFFEROR

Offeror is a newly incorporated Delaware corporation organized in connection with the Offer and has not carried on any activities other than in connection with the Offer. The principal offices of Offeror are located at 101 Columbia Road, Morristown, NJ 07962. Offeror is a wholly owned subsidiary of Parent. Until immediately prior to the time that Offeror will purchase Shares pursuant to the Offer, it is not expected that Offeror will have any significant assets or liabilities or engage in activities other than those incident to its formation and capitalization and the transactions contemplated by the Offer. Because Offeror is newly formed and has minimal assets and capitalization, no meaningful financial information regarding Offeror is available.

##### PARENT

Parent is a Delaware corporation with its principal executive offices located at 101 Columbia Road, Morristown, NJ 07962. Parent is an advanced technology and manufacturing company serving customers worldwide with aerospace and automotive products, chemicals, fibers, plastics and advanced materials. Parent is organized into eleven strategic business units and reports its results of operations in the following five business segments: Aerospace Systems, Specialty Chemicals & Electronic Solutions, Turbine Technologies, Performance Polymers and Transportation Products. The Company's products are used by major industries including textiles, construction, plastics, electronics, automotive, chemicals, housing, telecommunications, utilities, packaging, agriculture, military and commercial aviation and aerospace and in the space program.

Parent is subject to the information and reporting requirements of the Exchange Act and is required to file reports and other information with the Commission relating to its business, financial condition and other matters. Information, as of particular dates, concerning Parent's directors and officers, their remuneration, stock options granted to them, the principal holders of Parent's securities, any material interests of these persons in transactions with Parent and other matters is required to be disclosed in proxy statements distributed to Parent's shareholders and filed with the Commission. These reports, proxy statements and other information should be available for inspection and copies may be obtained in the same manner as set forth for the Company under 'Available Information' in Section 8.





Parent's common stock is listed on the NYSE, and reports, proxy statements and other information concerning Parent should also be available for inspection at the offices of the NYSE, 20 Broad Street, New York, New York 10005.

Set forth below is certain selected historical consolidated financial information relating to Parent and its subsidiaries which has been excerpted or derived from audited financial statements presented in Parent's 1997 Annual Report to Shareholders and from Parent's unaudited consolidated financial statements contained in Parent's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 1998. More comprehensive financial information is included in these reports and other documents filed by Parent with the Commission. The financial information summary set forth below is qualified in its entirety by reference to reports and other documents which have been filed with the Commission, including the financial information and related notes contained therein, which are incorporated herein by reference. These reports and other documents may be inspected at and copies may be obtained from the offices of the Commission or the NYSE in the manner set forth above.



ALLIEDSIGNAL INC.  
SELECTED CONSOLIDATED FINANCIAL INFORMATION  
(IN MILLIONS, EXCEPT PER SHARE DATA)

	SIX MONTHS ENDED JUNE 30,		YEAR ENDED DECEMBER 31,		
	1998	1997	1997	1996	1995
	(UNAUDITED)				
<b>INCOME STATEMENT DATA:</b>					
Net sales.....	\$ 7,515	\$ 6,905	\$14,472	\$13,971	\$14,346
Income from operations(1).....	953	785	1,636	1,059	1,260
Net income(1).....	650	564	1,170	1,020	875
<b>EARNINGS PER SHARE INFORMATION:</b>					
Earnings per share of common stock					
Basic(1).....	\$ 1.15	\$ 1.00	\$ 2.07	\$ 1.80	\$ 1.54
Assuming dilution(1).....	\$ 1.13	\$ .97	\$ 2.02	\$ 1.76	\$ 1.52
<b>BALANCE SHEET DATA:</b>					
Current assets.....	\$ 5,312	\$ 5,638	\$ 5,573	\$ 5,839	\$ 4,890
Property, plant and equipment -- net.....	4,197	4,200	4,251	4,219	4,742
Total assets.....	13,897	12,912	13,707	12,829	12,465
Current liabilities.....	3,918	3,594	4,436	3,696	3,804
Long-term debt, excluding current portion.....	1,638	1,263	1,215	1,317	1,366
Total shareowners' equity.....	4,823	4,352	4,386	4,180	3,592

(1) In 1997 includes a fourth quarter pre-tax provision of \$237 million (after-tax \$159 million, or \$.28 per share) for repositioning and other charges. Also includes in 1997 a fourth quarter pre-tax gain of \$277 million (after-tax \$196 million, or \$.35 per share) on the sale of the safety restraints business and a fourth quarter pre-tax charge of \$51 million (after-tax \$33 million, or \$.06 per share) for the settlement of the 1996 braking business sale. In 1996 includes a second quarter pre-tax provision of \$637 million (after-tax \$359 million, or \$.63 per share) for repositioning and other charges. Also includes in 1996 a second quarter pre-tax gain of \$655 million (after-tax \$368 million, or \$.65 per share) on the sale of the braking business. In 1995 includes a pre-tax provision of \$115 million (after-tax \$71 million or \$.13 per share) for repositioning charges. Also includes in 1995 a pre-tax gain of \$71 million (after-tax \$71 million, or \$.13 per share) on the transfer of the HDPE business.

The name, citizenship, business address, principal occupation or employment and five-year employment history for each of the directors and executive officers of Offeror and Parent are set forth on Schedule I.

Except as set forth in this Offer to Purchase, neither Parent nor Offeror or, to the best knowledge of Parent or Offeror, any of the persons listed in Schedule I has, during the past 60 days from the date hereof, effected any transaction in the Shares. Parent owns 100 Shares.

Except as set forth in this Offer to Purchase, neither Parent nor Offeror or, to the best knowledge of Parent or Offeror, any of the persons listed in Schedule I has any contract, arrangement, understanding or relationship with any other person with respect to any securities of the Company, including, without limitation, any contract, arrangement, understanding or relationship concerning the transfer or the voting of any securities of the Company, joint ventures, loan or option arrangements, puts or calls, guaranties of loans, guaranties against loss or the giving or withholding of proxies.

Except as set forth in this Offer to Purchase, neither Parent nor Offeror or, to the best knowledge of Parent or Offeror, any of the persons listed in Schedule I has had any transactions with the Company, or any of its executive officers, directors or affiliates that would require reporting under the rules of the Commission.

Except as set forth in this Offer to Purchase, there have been no contracts, negotiations or transactions between Parent or Offeror, or their respective subsidiaries, or, to the best knowledge of Parent or Offeror, any of the persons listed in Schedule I, on the one hand, and the Company or its



executive officers, directors or affiliates, on the other hand, concerning a merger, consolidation or acquisition, tender offer or other acquisition of securities, election of directors, or a sale or other transfer of a material amount of assets.

10. SOURCE AND AMOUNT OF FUNDS. Offeror estimates that the total amount of funds required to acquire the outstanding Shares pursuant to the Offer and to pay related fees and expenses will be approximately \$10,050,000,000. See Section 16. Offeror expects to obtain the funds required to consummate the Offer through capital contributions or advances made by Parent. Parent plans to obtain the funds for these capital contributions or advances by issuing commercial paper and/or engaging in other short-term borrowing programs in the bank, private or public debt markets.

It is anticipated that approximately \$1,500,000,000 of the short-term indebtedness initially incurred by Parent in connection with the Offer will be repaid from the issuance of equity securities of Parent, approximately \$2,000,000,000 from the disposition of assets and the remainder from a combination of short, medium and possibly long-term borrowings in the bank, private or public debt markets. Such borrowings are expected to be repaid from funds internally generated by Parent and its subsidiaries (including, after the Proposed Merger is consummated, cash flow of the surviving corporation), and the curtailment of Parent's stock buy-back program. No final decisions have been made concerning the method Parent will employ to repay its initial short-term borrowings incurred to consummate the Offer. These decisions, when made, will be based on Parent's review from time to time of the advisability of particular actions, as well as on prevailing interest rates, stock market and financial and other economic conditions. Furthermore, of course, there can be no assurance that Parent will be able to utilize any one or more of the repayment options or of the amount that will be available under any of them.

THE OFFER IS NOT CONDITIONED ON OFFEROR OBTAINING FINANCING.

11. BACKGROUND OF THE OFFER; PAST CONTACTS WITH THE COMPANY. Approximately one year ago, Mr. Lawrence A. Bossidy, Chairman and Chief Executive Officer of Parent, contacted Mr. Ralph D. DeNunzio, a director of the Company, to discuss the possible combination of Parent and the Company. Mr. Bossidy was subsequently informed that the Company Board had no interest in entertaining discussions concerning the possible combination of Parent and the Company.

On July 29, 1998, Mr. Bossidy telephoned Mr. William J. Hudson, Chief Executive Officer and President of the Company, to discuss with him the possible combination of Parent and the Company. Mr. Bossidy was informed by an assistant to Mr. Hudson that Mr. Hudson was unavailable.

On July 30, 1998, Mr. Bossidy delivered the following letter to Mr. Hudson:

'July 30, 1998

Mr. William J. Hudson  
Chief Executive Officer and President  
AMP Incorporated  
470 Friendship Road  
Harrisburg, PA 17111

Dear Bill:

I tried to reach you by telephone yesterday for purposes of setting up a meeting to discuss a combination of our two companies. In my view, a combination makes compelling business sense and would produce a unique opportunity for your shareowners to realize maximum value for their shares and would be in the long-term interest of your employees. I would like to meet with you as soon as possible, but I thought it would be useful to make a proposal for you to consider in advance of our meeting.

AlliedSignal is prepared to offer \$43.50 per share in cash for all of AMP's outstanding shares, a premium of about 50% over the current market value. We would consider a higher price if all or a significant portion of the consideration were AlliedSignal shares rather than cash. Cash, of course, would provide your shareowners the opportunity to realize today the future value of AMP, while equity on a tax free basis would give your shareowners the option



to participate in the future growth of a new AlliedSignal/AMP enterprise. Our Board of Directors has approved the transaction, and adequate financing is available.

AlliedSignal has annual revenues of \$15 billion, with operations in the aerospace, automotive and engineered materials industries and with the demonstrated ability to achieve sales and earnings growth on a consistent basis. Our vision is to 'become a premier company, distinctive and successful in everything we do.' Since we began our Total Quality journey more than six years ago, our earnings per share have grown at a compound average annual rate of 21% and our market value has grown more than six-fold, from less than \$4 billion to more than \$25 billion.

Recently, we have focused our resources on developing a diversified portfolio of high-growth, high-margin businesses as a means of being both competitive and successful in the new century. A particular area of interest is electronic materials, where we already have several offerings. Our strategic interest in this area would assure that AMP has the continued management and financial support necessary to maintain its leadership position in its own businesses.

AlliedSignal offers the following:

Size and scale. We are a global company operating in some 40 countries, with the size and scale to realize economies in areas such as purchasing, marketing and shared business services.

Technology. Both our electronic materials businesses and our aerospace businesses can be both technology partners and customers. I am confident that there would be synergistic benefits to both our companies.

Management Team. Over the last six years we have developed an outstanding management team that has demonstrated the ability to lead in the 1990's and to cope with the issues that all of us will face as we move into the next century. Our management team is respected around the world -- by suppliers, by customers and by the investment community.

Operational Strength; Processes. We have a proven track record of operational success, increasing productivity by 5% or more for the past five years. Most recently, we have launched new initiatives across the company (which we refer to as 'six sigma') to ensure that we achieve world-class design and production capabilities.

Financial Strength; Credibility. We also have an excellent track record and a strong balance sheet.

In addition, our size and diversity offer other benefits to AMP in a combination:

Consistent Performance. Our different businesses and geographical markets provide a buffer for a cyclical downturn in any one area. AMP cannot achieve that kind of consistent performance on its own.

Business Processes. AMP can take advantage of the business processes and best practices we have developed across a wide array of businesses in different industries.

Employees. Our businesses also would offer many more career opportunities for your employees. In addition, we have a state-of-the-art education program. For example, we have been able to drive our 'six sigma' initiatives throughout the company largely by using internal resources.

If we are to be successful, both confidentiality and speed are of the essence. Hence, this proposal is conditioned on your keeping the existence of this letter and the proposal confidential, and I ask that you respond to me promptly. I am available to meet with you at your convenience next week and to begin discussions immediately. We are willing to discuss any and all concerns you may have.

Bill, as you may know, I have thought about this possible combination for a long time, and I am convinced that together we will become a powerful force in the ever more competitive





marketplace of tomorrow. If permitted, I will do all within my power to convince you of the merits of this combination.

You can reach me at [telephone number omitted].

Sincerely,  
/s/ Larry'

On the morning of August 4, 1998, Mr. Bossidy attempted to contact Mr. Hudson and was informed that Mr. Hudson was unavailable. Mr. Hudson's assistant called later that day to inform Mr. Bossidy that Mr. Hudson would contact him no later than August 5, 1998. Also on the morning of August 4, 1998, Mr. Peter M. Kreindler, Senior Vice President, General Counsel and Secretary of Parent, attempted, unsuccessfully, to contact Mr. Charles W. Goonrey, Vice President and General Legal Counsel of the Company. Subsequent to these telephone calls, Mr. Bossidy sent the following letter to the Company:

'August 4, 1998

Board of Directors  
AMP Incorporated  
470 Friendship Road  
Harrisburg, PA 17111

I am writing to you after my unsuccessful attempts to make contact with Bill Hudson to discuss a proposal for the strategic combination of our two companies in a manner that truly serves the vital best interests of the employees, customers, shareowners and communities of which we are a part. Specifically, in our letter of July 30 I proposed that AlliedSignal acquire all the outstanding shares of AMP for \$43.50 per share in cash, or for a higher price if all or a significant portion of the consideration were AlliedSignal shares rather than cash.

It is our desire to enter into direct discussions about this transaction with you. However, because Mr. Hudson has not responded to my calls and letter, we have decided to commence a tender offer for all outstanding shares of AMP for an enhanced price of \$44.50 per share in cash. A combination is clearly in the best interests of both companies and all of their constituencies, and we are committed to completing it. The AlliedSignal Board of Directors has unanimously authorized this offer, and adequate financing is available. Accordingly, if AMP is unwilling to enter negotiations, AlliedSignal is prepared to initiate a consent solicitation to increase the size of the AMP Board of Directors and to add a majority of directors who will be responsive to our proposal.

As I said in my letter to Mr. Hudson last week, and as I will tell you in person if you permit me to present our proposal in person, a combination of our companies makes compelling business sense and is consistent with both the letter and spirit of the laws governing businesses in Pennsylvania. I hope that we can work together in a professional and constructive manner so that your constituencies can enjoy the benefits of our combination as soon as possible. In particular:

For AMP shareowners, an acquisition of AMP shares for \$44.50 in cash provides the opportunity to realize an immediate premium of about 55% over the market price of AMP's shares. If we exchange AlliedSignal shares for AMP shares on a tax-free basis, your shareowners would be able to participate in the future growth of a new AlliedSignal/AMP enterprise. We are confident that our business approach, which over the past six years has enabled us to grow earnings per share at a compound average annual rate of 21% and increase our market value six-fold, would create significant value if applied to AMP's business. AlliedSignal can also bring to bear on AMP's business the important advantages we have in size and scale, technology, management depth, operational excellence and financial strength. Finally, AMP shareowners would benefit from owning a stock with a demonstrated record of consistent performance.



For AMP employees, the size of AlliedSignal and scope of our businesses would offer many more career opportunities than they have currently. AlliedSignal has been named by Fortune as one of the best 100 companies in America for which to work.

For AMP customers, our business approach and Six Sigma operational initiatives ensure that we achieve world-class design and production capabilities in all our businesses, everywhere we operate.

I look forward to speaking with you soon.

Sincerely,  
Larry Bossidy  
Chairman and Chief Executive Officer'

12. PURPOSE OF THE OFFER AND THE PROPOSED MERGER; PLANS FOR THE COMPANY;  
CERTAIN CONSIDERATIONS.

PURPOSE

The purpose of the Offer is to enable Parent to acquire control of, and the entire equity interest in, the Company. Parent currently intends, as soon as practicable following consummation of the Offer, to propose and seek to have the Company consummate a Proposed Merger. The purpose of the Proposed Merger under these circumstances would be to acquire all Shares not tendered and purchased pursuant to the Offer or otherwise. Pursuant to the Proposed Merger, each then outstanding Share (other than Shares owned by the Offeror, Parent, or any of their subsidiaries, Shares held in the treasury of the Company and Shares owned by shareholders who perfect available appraisal rights under the PBCL) would be converted into the right to receive an amount in cash equal to the price per Share paid pursuant to the Offer.

Although Parent commenced the Offer to acquire all of the Shares for cash, Parent is seeking to negotiate with the Company, in conjunction with or in substitution for, the Offer, a Proposed Merger in which holders of the Shares would receive consideration consisting of cash or equity securities of Parent or a combination of both. In the event Parent is successful in negotiating the Proposed Merger, Offeror reserves the right to amend the Offer (including the number of Shares to be purchased and the proposed Offer Price) or, if the Proposed Merger does not contemplate a tender offer, to terminate the Offer without purchasing any Shares thereunder.

Except in the case of a 'short-form' merger under Section 1924(b)(1)(ii) of the PBCL as described below, under the PBCL and the Company's articles of incorporation, the approval of the Company Board (including for purposes of the Business Combination Statute) and the affirmative vote of holders of 66 2/3% of the outstanding Shares (including any Shares owned by Offeror) would be required to approve the Proposed Merger (assuming that Offeror complies with Subchapter D of Chapter 25 of the PBCL by providing consideration in the Proposed Merger to holders of Shares not less than the highest amount paid by Offeror to acquire Shares). See Section 15. Accordingly, if, under these circumstances Offeror acquires, through the Offer or otherwise, voting power with respect to at least 66 2/3% of the outstanding Shares and such Shares are accorded voting rights under the Control Share Acquisition Statute (see Section 15), it would have sufficient voting power to effect the Proposed Merger without the vote of any other shareholder of the Company.

Section 1924(b)(1)(ii) of the PBCL provides that if a parent company owns at least 80% of each class of stock of a subsidiary, the parent company can effect a 'short-form' merger with that subsidiary without a shareholder vote. The provisions of Subchapter D of Chapter 25 are not applicable to a 'short-form' merger under Section 1924(b)(1)(ii) of the PBCL and, since a vote of shareholders is not required for this type of transaction, Offeror may, under these circumstances, elect not to seek a vote of shareholders under the Control Share Acquisition Statute. Accordingly, if, as a result of the Offer or otherwise, Offeror acquires at least 80% of the outstanding Shares, Offeror could, and intends to, effect the Proposed Merger without prior notice to, or any action by, any other shareholder of the Company.



If a Proposed Merger Agreement has not been executed, Offeror or an affiliate of Offeror may, either following the consummation or termination of the Offer (whether or not the Purchaser purchases Shares pursuant to the Offer), or from time to time thereafter, seek to acquire additional Shares through open market purchases, privately negotiated transactions, a tender offer or exchange offer or otherwise, upon such terms and at such prices as it may determine, which may be more or less than the price to be paid pursuant to the Offer. Alternatively, Offeror and its affiliates reserve the right to sell or otherwise dispose of any or all of the Shares acquired by them pursuant to the Offer or otherwise, upon such terms and at such prices as they shall determine.

Under the PBCL and the Company's articles of incorporation, holders of a majority of the outstanding Shares may act by written consent to amend the Company's By-laws and elect directors. If the Company is not receptive to the Offer and Proposed Merger, the Parent intends to file a Consent Solicitation for the following purposes: (i) to amend Section 2.2 of Article II of the Company By-laws to fix the number of directors of the Company at twenty-eight; (ii) to amend Section 2.4 of Article II of the Company By-laws to permit the Company's shareholders to fill vacancies on the Company Board; (iii) to amend Section 1.5.3 of Article II of the Company By-laws to clarify that nominations of directors for election by written consent of shareholders are not subject to the advance notification provisions of the Company By-laws; (iv) to elect the Nominees to serve as directors of the Company; and (v) to repeal each provision of the Company By-laws or amendment(s) thereto adopted subsequent to July 22, 1998 and prior to the effectiveness of the foregoing amendments and the seating of a sufficient number of Nominees to constitute a majority of the Company Board.

If elected as directors of the Company, the Nominees intend to cause the Company, subject to the fulfillment of their fiduciary duties as directors of the Company, to enter into a Proposed Merger Agreement, which would provide for cash consideration per Share equal to the Offer Price. The Nominees also intend to take whatever other actions are appropriate, subject to fulfillment of their fiduciary duties as directors of the Company, to facilitate the Offer and the Proposed Merger, including approving the Offer and the Proposed Merger under the Business Combination Statute, which would satisfy the Business Combination Condition.

Offeror believes that the Dead Hand Provision is unenforceable. Offeror has commenced litigation against the Company in the United States District Court for the Eastern District of Pennsylvania seeking declaratory judgment rendering the Dead Hand Provision of the Rights Agreement invalid. There can be no assurance that the judgment will be obtained. See Section 15. If the Dead Hand Provision is enforceable, the Nominees, subject to fulfillment of their fiduciary duties as directors of the Company, intend to seek the required approval of a majority of the Continuing Directors to redeem the Rights (or amend the Rights Agreement), but there can be no assurance that they will succeed in doing so.

The precise timing and other details of the Proposed Merger or any merger or business combination transaction will depend on a variety of factors such as general economic conditions and prospects, the prices of the common stock of the Parent and of the Shares, interest rates, the level of the stock markets, the future prospects, asset value and earnings of the Company, the number of shares acquired by Offeror pursuant to the Offer or otherwise and the applicable statutory requirements under Pennsylvania law. Offeror can give no assurance that a merger or other business combination will be proposed or that, if it is proposed, it will not be delayed or abandoned. Offeror expressly reserves the right not to propose any merger or similar business combination involving the Company, or to propose a merger or other business combination on terms other than those set forth herein, and its ultimate decision could be affected by information hereafter obtained by Offeror, changes in general economic or market conditions or in the business of the Company or other factors.

THE OFFER DOES NOT CONSTITUTE A SOLICITATION OF PROXIES OR WRITTEN CONSENTS FROM THE COMPANY'S SHAREHOLDERS. ANY SOLICITATION OF PROXIES OR WRITTEN CONSENTS WHICH PARENT OR OFFEROR UNDERTAKES WOULD BE MADE ONLY PURSUANT TO SEPARATE PROXY OR CONSENT SOLICITATION MATERIALS IN COMPLIANCE WITH THE REQUIREMENTS OF SECTION 14(a) OF THE EXCHANGE ACT.



## PLANS FOR THE COMPANY

In connection with the Offer and Proposed Merger, Parent has reviewed, and will continue to review, on the basis of publicly available information, various possible business strategies that it might consider in the event that Offeror acquires control of the Company, whether pursuant to the Offer and Proposed Merger or otherwise. In particular, based on publicly available information relating to the Company and its leading competitors, Parent has estimated that, through cost initiatives and synergies, the Proposed Merger could result in annual cost savings of approximately \$250,000,000 in 1999 and approximately \$500,000,000 in 2000, which would result in the Company achieving better margins than its historical levels and those of its leading competitors. If Offeror acquires control of the Company, Parent intends to conduct a detailed review of the Company and its assets, corporate structure, dividend policy, capitalization, operations, properties, policies, management and personnel and to consider and determine what, if any, changes would be desirable in light of the circumstances which then exist. In this regard, if Offeror acquires control of the Company, Parent intends to examine measures already taken or proposed by the Company as part of its strategy to become more competitive in the global marketplace, including various cost cutting measures, plant closures, manufacturing rationalization and workplace reductions. See Section 8. Upon completion of its review, Parent may continue, extend and accelerate the cost cutting and restructuring measures commenced by the Company, including further reductions in the global workforce and the shutting down and further rationalization of plants and facilities. The nature and extent of any measures will be determined only after Parent has had an opportunity to examine the operations of the Company.

Except as indicated in this Offer to Purchase, neither Parent nor Offeror has any present plans or proposals which relate to or would result in an extraordinary corporate transaction, such as a merger, reorganization or liquidation involving the Company or any of its subsidiaries, a sale or transfer of a material amount of assets of the Company or any of its subsidiaries or any material change in the Company's capitalization or dividend policy or any other material changes in the Company's corporate structure or business, or the composition of the Company Board or management.

## DISSENTERS' RIGHTS

No appraisal rights are available in connection with the Offer.

If a Proposed Merger is consummated involving all or part cash consideration, dissenters' rights would be provided in accordance with Section 1930(a) of the PBCL. In that event, any issued and outstanding Shares held by persons who object to the Proposed Merger and comply with all the provisions of the PBCL concerning the right of holders of Shares to dissent from the Proposed Merger and require valuation of their Shares (each a 'Dissenting Shareholder') will not be converted into the right to receive the consideration to be paid pursuant to the Proposed Merger but will become the right to receive payment of the 'fair value' of their Shares (exclusive of any element of appreciation or depreciation in anticipation of the Proposed Merger). However, any Shares outstanding immediately prior to the effective time of the Proposed Merger and held by a Dissenting Shareholder who, after that time, withdraws his demand for payment or loses his right to dissent, in either case pursuant to the PBCL, will be deemed to be converted as of the effective time of the Proposed Merger into the right to receive the consideration to be paid pursuant to the Proposed Merger, without interest.

Dissenters' rights cannot be exercised at this time. Shareholders who will be entitled to dissenters' rights, if any, in connection with the Proposed Merger (or similar business combination) will receive additional information concerning any available dissenters' rights and the procedures to be followed in connection therewith before the shareholders have to take any action relating thereto.

Shareholders who sell shares in the Offer will not be entitled to exercise any dissenters' rights with respect to Shares purchased, but rather, will receive the Offer Price.

13. DIVIDENDS AND DISTRIBUTIONS. If, on or after the date of this Offer to Purchase, the Company should (i) split, combine or otherwise change the Shares or its capitalization, (ii) issue or sell any additional securities of the Company or otherwise cause an increase in the number of outstanding securities of the Company or (iii) acquire currently outstanding Shares or otherwise cause a reduction in the number of outstanding Shares, then, subject to the provisions of Section 14, Offeror, in its sole





discretion, may make those adjustments as it deems appropriate in the Offer Price and other terms of the Offer, including, without limitation, the amount and type of securities offered to be purchased.

If, on or after the date of this Offer to Purchase, the Company should declare or pay any dividend on the Shares, other than the regular quarterly dividend of not more than \$0.27 per share, or make any distribution (including, without limitation, the issuance of additional Shares pursuant to a stock dividend or stock split, the issuance of other securities or the issuance of rights for the purchase of any securities) with respect to the Shares that is payable or distributable to shareholders of record on a date prior to the transfer to the name of Offeror or its nominee or transferee on the Company's share register of the Shares purchased pursuant to the Offer, then, subject to the provisions of Section 14, (i) the Offer Price payable by Offeror pursuant to the Offer will be reduced by the amount of any cash dividend or cash distribution and (ii) any non-cash dividend, distribution or right to be received by the tendering shareholders will be received and held by the tendering shareholders for the account of Offeror and will be required to be promptly remitted and transferred by each tendering shareholder to the Depository for the account of Offeror, accompanied by appropriate documentation of transfer. Pending this remittance and subject to applicable law, Offeror will be entitled to all rights and privileges as owner of this non-cash dividend, distribution or right and may withhold the entire purchase price or deduct from the purchase price the amount of value thereof, as determined by Offeror in its sole discretion.

14. CERTAIN CONDITIONS OF THE OFFER. Notwithstanding any other terms of the Offer, and in addition to (and not in limitation of) Offeror's rights to extend and amend the Offer at any time in its sole discretion, Offeror will not be required to accept for payment or, subject to any applicable rules and regulations of the Commission, including Rule 14e-1(c) under the Exchange Act (relating to Offeror's obligation to pay for or return tendered Shares promptly after termination or withdrawal of the Offer), pay for, and may delay the acceptance for payment of or, subject to the restriction above, the payment for, any tendered Shares, and may terminate the Offer as to any Shares not then paid for, if, Offeror, in its sole discretion determines (1) at or prior to the expiration of the Offer any one or more of the Minimum Condition, the Rights Condition, the Business Combination Condition, the Control Share Condition or the HSR Condition has not been satisfied or (2) at any time after July 30, 1998 and prior to acceptance for payment of Shares, any of the following events shall occur:

(a) there shall have been threatened, instituted or pending any action, proceeding, application or counterclaim before any court or governmental regulatory or administrative agency, authority, tribunal or commission, domestic or foreign, by any government or governmental authority or agency or commission, domestic or foreign, or by any other person, domestic or foreign (whether brought by the Company, an affiliate of the Company or any other person), which (i) challenges or seeks to challenge or make illegal the acquisition by Parent or Offeror (or any affiliate thereof) of the Shares, restrains, delays or prohibits or seeks to restrain, delay or prohibit the making of the Offer and Proposed Merger, consummation of the transactions contemplated by the Offer and Proposed Merger or any other subsequent business combination, restrains, prohibits or seeks to restrain or prohibit the performance of any of the contracts or other arrangements entered into by Offeror or any of its affiliates in connection with the acquisition of the Company or obtains or seeks to obtain any material damages or otherwise directly or indirectly relating to the transactions contemplated by the Offer or the Proposed Merger (ii) prohibits or limits or seeks to prohibit or limit Parent's or Offeror's ownership or operation of all or any portion of their or the Company's business or assets (including without limitation the business or assets of their respective affiliates and subsidiaries) or compels or seeks to compel Parent or Offeror to dispose of or hold separate all or any portion of their own or the Company's business or assets (including without limitation the business or assets of their respective affiliates and subsidiaries or imposes or seeks to impose any limitation on the ability of Parent, Offeror or any affiliate of either of them to conduct its own business or own the assets as a result of the transactions contemplated by the Offer and Proposed Merger or any other subsequent business combination, (iii) makes or seeks to make the acceptance for payment, purchase of, or payment for, some or all of the Shares pursuant to the Offer or the Proposed Merger illegal or results in a delay in, or restricts, the ability of Parent or Offeror, or renders Parent or Offeror unable, to accept for payment, purchase or pay for some or all of the Shares or to consummate the Offer and Proposed Merger, (iv) imposes or seeks to impose limitations on the ability of Parent or Offeror or any affiliate of either of them effectively to acquire



or hold or to exercise full rights of ownership of the Shares, including, without limitation, the right to vote the Shares purchased by them on an equal basis with all other Shares on all matters properly presented to the shareholders of the Company, (v) in the sole judgment of Parent or Offeror, might adversely affect the Company or any of its subsidiaries or affiliates, or Parent, Offeror, or any of their respective affiliates or subsidiaries, (vi) in the sole judgment of Parent or Offeror, might result in a diminution in the value of the Shares or the benefits expected to be derived by Parent or Offeror as a result of the transactions contemplated by the Offer and Proposed Merger (vii) in the sole judgment of Parent or Offeror, imposes or seeks to impose any material condition to the Offer unacceptable to Parent or Offeror or (viii) otherwise directly or indirectly relates to the Offer, the Proposed Merger or any other business combination with the Company;

(b) there shall be any action taken, or any statute, rule, regulation or order or injunction shall be sought, proposed, enacted, promulgated, entered, enforced or deemed or become applicable to (i) Parent, Offeror or any other affiliate of Parent or (ii) the Offer, the Proposed Merger or other subsequent business combination between Parent or Offeror (or any affiliate thereof) and the Company or any affiliate of the Company or any other action shall have been taken, proposed or threatened, by any government, governmental authority or other regulatory or administrative agency or commission or court, domestic, foreign or supranational, that, in the sole judgment of Parent or Offeror, might, in each case, directly or indirectly, result in any of the consequences referred to in clauses (i) through (viii) of paragraph (a) above;

(c) any change (or any condition, event or development involving a prospective change) shall have occurred or been threatened in the business, properties, assets, liabilities, capitalization, shareholders' equity, condition (financial or otherwise), operations, licenses, franchises, permits, permit applications, results of operations or prospects of the Company or any of its subsidiaries or affiliates which, in the sole judgment of Parent or Offeror, is or may be materially adverse to the Company or any of its subsidiaries or affiliates, or Parent or Offeror shall have become aware of any fact which, in the sole judgment of Parent or Offeror, has or may have material adverse significance with respect to either the value of the Company or any of its subsidiaries or the value of the Shares to Parent, Offeror or any other affiliate thereof;

(d) there shall have occurred or been threatened (i) any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or in the over-the-counter market in the United States (ii) any extraordinary or material adverse change in the financial markets or major stock exchange indices in the United States or abroad or in the market price of Shares (iii) any change in the general political, market, economic or financial conditions in the United States or abroad that could, in the sole judgment of Offeror, have a material adverse effect upon the business, properties, assets, liabilities, capitalization, stockholders' equity, condition (financial or otherwise), operations, licenses or franchises, results or operations or prospects of the Company or material change in United States currency exchange rates or a suspension of, or limitation on, the markets therefor (iv) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, (v) any limitation (whether or not mandatory) by any government, domestic, foreign or supranational, or governmental entity on, or other event that, in the sole judgment of Offeror, might affect, the extension of credit by banks or other lending institutions (vi) a commencement of a war or armed or hostilities or other national or international calamity directly or indirectly involving the United States or (vii) in the case of any of the foregoing existing at the time of the commencement of the Offer, a material acceleration or worsening thereof;

(e) other than the redemption of the Rights at the Redemption Price (as defined in Section 8), the Company shall have (i) issued, distributed, pledged, sold or authorized, proposed or announced the issuance of or sale, distribution or pledge to any person of (A) any shares of its capital stock (other than sales or issuances pursuant to options outstanding on July 30, 1998 in accordance with their terms as disclosed on that date of the Shares or securities convertible into shares or any rights, warrants or options to acquire shares or convertible securities or any other securities of the Company) or (B) any other securities in respect of, in lieu of or in substitution for Shares



outstanding on July 30, 1998, (ii) purchased, acquired or otherwise caused a reduction in the number of, or proposed or offered to purchase, acquire or otherwise reduce the number of, any outstanding Shares or other securities, (iii) declared, paid or proposed to declare or pay any dividend or distribution on Shares (other than regular quarterly dividends on the Shares not in excess of \$0.27 per share, and with record and payment dates, in accordance with recent practice) or on any other security or issued, authorized, recommended or proposed the issuance or payment of any other distribution in respect of the Shares whether payable in cash, securities or other property, (iv) altered or proposed to alter any material term of any outstanding security, (v) incurred any debt other than in the ordinary course of business and consistent with past practice or any debt containing burdensome covenants, (vi) issued, sold or authorized or announced or proposed the issuance of or sale to any person of any debt securities or any securities convertible into or exchangeable for debt securities or any rights, warrants or options entitling the holder thereof to purchase or otherwise acquire any debt securities or incurred or announced its intention, to incur any debt other than in the ordinary course of business and consistent with past practice, (vii) split, combined or otherwise changed, or authorized or proposed the split, combination or other change of the Shares or its capitalization, (viii) authorized, recommended, proposed or entered into or publicly announced its intent to enter into any consolidation, liquidation, dissolution, acquisition or disposition of a material amount of assets or securities, any material change in its capitalization, any waiver, release or relinquishment of any material contract rights or comparable right of the Company or any of its subsidiaries or any agreement contemplating any of the foregoing of any comparable event not in the ordinary course of business, or taken any action to implement any transaction previously authorized, recommended, proposed or publicly announced, (ix) transferred into escrow any amounts required to fund any existing benefit, employment or severance agreements with any of its employees or entered into any employment, severance or similar agreement, arrangement or plan with any of its employees other than in the ordinary course of business and consistent with past practice or entered into or amended any agreements, arrangements or plans so as to provide for increased benefits to the employees as a result of or in connection with the transactions contemplated by the Offer or any other change in control of the Company, (x) except as may be required by law, taken any action to terminate or amend any employee benefit plan (as defined in Section 3(2) of ERISA) of the Company or Parent or Offeror shall have become aware of any action which was not previously disclosed in publicly available filings, (xi) except as contemplated by the Offer, amended or proposed or authorized any amendment to its articles of incorporation or bylaws or similar organizational documents, (xii) authorized, recommended, proposed or entered into any other transaction that in the sole judgment of Parent or Offeror could, individually or in the aggregate, adversely affect the value of the Shares to Parent or Offeror or (xiii) agreed in writing or otherwise to take any of the foregoing actions or Parent or Offeror shall have learned about any action which has not previously been publicly disclosed by the Company and also set forth in filings with the Commission;

(f) a tender or exchange offer for any Shares shall be made or publicly proposed to be made by any other person (including the Company or any of its subsidiaries or affiliates) or it shall be publicly disclosed or Offeror shall otherwise learn that (i) any person, entity (including the Company or any of its subsidiaries) or 'group' (within the meaning of Section 13(d)(3) of the Exchange Act) shall have acquired or proposed to acquire beneficial ownership of more than 5% of any class or series of capital stock of the Company (including the Shares), through the acquisition of stock, the formation of a group or otherwise, or shall have been granted any right, option or warrant, conditional or otherwise, to acquire beneficial ownership of more than 5% of any class or series of capital stock of the Company (including the Shares) other than acquisitions for bona fide arbitrage purposes only and except as disclosed in a Schedule 13D or Schedule 13G on file with the Commission on the date of this Offer to Purchase, (ii) any such person, entity or group which, before the date of this Offer to Purchase, had filed such a Schedule with the Commission, has acquired or proposes to acquire, through the acquisition of stock, the formation of a group or otherwise, beneficial ownership of an additional 1% or more of any class or series of capital stock of the Company (including the Shares), or shall have been granted any right, option or warrant, conditional or otherwise, to acquire beneficial ownership of an additional 1% or more of



any class or series of capital stock of the Company (including the Shares), (iii) any person or group shall enter into a definitive agreement or an agreement in principle or make a proposal with respect to a tender offer or exchange offer or a merger, consolidation or other business combination with or involving the Company or (iv) any person shall file a Notification and Report Form under the Hart-Scott-Rodino Act or make a public announcement reflecting an intent to acquire the Company or any assets or securities of the Company;

(g) the Company and Parent or Offeror shall have reached an agreement or understanding that the Offer be terminated or amended or Parent or Offeror (or one of their respect affiliates) shall have entered into a definitive agreement or an agreement in principle to acquire the Company by merger or similar business combination;

(h) Parent or Offeror shall become aware (i) that any material contractual right of the Company or any of its subsidiaries or affiliates shall be impaired or otherwise adversely affected or that any material amount of indebtedness of the Company or any of its subsidiaries shall become accelerated or otherwise become due prior to its stated due date, in either case with or without notice of the lapse of time or both, as a result of the transactions contemplated by the Offer or the Proposed Merger or (ii) of any covenant, term or condition in any of the Company's or any of its subsidiaries' instruments or agreements that are or may be materially adverse to the value of the Shares in the hands of Offeror or any other affiliate of Parent (including, but not limited to, any event of default that may ensue as a result of the consummation of the Offer, the Proposed Merger or any other business combination or the acquisition of control of the Company); or

(i) Parent or Offeror shall not have obtained any waiver, consent, extension, approval, action or non-action from any governmental authority or agency which in its judgment is necessary to consummate the Offer or the Proposed Merger;

which, in the sole judgment of Parent or Offeror in any case, and regardless of the circumstances (including any action or inaction by Parent or Offeror or any of their affiliates), giving rise to any condition, makes it inadvisable to proceed with the Offer and/or with acceptance for payment or payment.

The foregoing conditions are for the sole benefit of Parent and Offeror and may be asserted by Parent and Offeror in their sole discretion regardless of the circumstances giving rise to any conditions or may be waived by Parent or Offeror in their sole discretion in whole or in part at any time and from time to time. The failure by Parent or Offeror at any time to exercise any of the foregoing rights will not be deemed a waiver of any right and each right shall be deemed an ongoing right which may be asserted at any time and from time to time. Any determination by Parent or Offeror concerning any condition or event described in this Section 14 shall be final and binding upon all parties.

15. CERTAIN LEGAL MATTERS; REQUIRED REGULATORY APPROVALS. Except as set forth in this Offer to Purchase, including under the caption 'State Approvals' below, based on its review of publicly available filings by the Company with the Commission, neither Offeror nor Parent is aware of (i) any license or regulatory permit that appears to be material to the business of the Company and its subsidiaries, taken as a whole, and that might be adversely affected by Offeror's acquisition of Shares as contemplated in this Offer, or (ii) any filing, approval or other action by or with any governmental authority, administrative or regulatory agency or authorized, domestic or foreign, that would be required for the acquisition or ownership of the Shares by Offeror pursuant to this Offer as contemplated herein. Should any approval or other action be required, Parent and Offeror contemplate that this approval or action would be sought. While Offeror does not currently intend to delay acceptance for payment of Shares tendered pursuant to the Offer, there can be no assurance that any approval or action, if needed, would be obtained without substantial conditions or that adverse consequences might not result to the Company or businesses of the Company, Parent or Offeror, or that certain parts of the businesses of the Company, Parent or Offeror might not have to be disposed of or held separate or other substantial conditions complied with in order to obtain approval or action or in the event that approvals were not obtained or actions were not taken. Offeror's obligation to purchase and pay for Shares is subject to certain conditions, including conditions with respect to litigation and governmental actions. See the Introduction.





## ANTITRUST COMPLIANCE

### DOMESTIC ANTITRUST COMPLIANCE

Under the Hart-Scott-Rodino Act and the rules that have been promulgated thereunder by the FTC, certain acquisition transactions, including the Offer and Proposed Merger, may not be consummated unless certain information has been furnished to the Antitrust Division and the FTC and certain waiting period requirements have been satisfied.

A Notification and Report Form with respect to the Offer is expected to be filed under the Hart-Scott-Rodino Act shortly, and the waiting period with respect to the Offer under the Hart-Scott-Rodino Act will expire at 11:59 p.m., New York City time, on the fifteenth calendar day after this filing, unless previously terminated. Before this time, however, either the FTC or the Antitrust Division may extend the waiting period by requesting additional information or materials from Offeror. If this request is made, the waiting period will expire at 11:59 p.m., New York City time, on the tenth calendar day after Offeror has substantially complied with the request. After an initial extension, the waiting period may only be extended by court order or with Offeror's consent. After an extension by court order, the waiting period will not be affected either by the failure of the Company (as opposed to Parent or Offeror) to file a Notification and Report Form or to comply with any request for additional information or materials issued by the FTC or the Antitrust Division.

The FTC and the Antitrust Division frequently scrutinize the legality under the antitrust laws of transactions such as the proposed acquisition of Shares by Offeror pursuant to the Offer. At any time before or after the purchase of Shares pursuant to the Offer by Offeror, the FTC or the Antitrust Division could take action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the purchase of the Shares pursuant to the Offer or seeking divestiture of Shares purchased by Offeror or the divestiture of substantial assets of Offeror, the Company or their respective subsidiaries. Private parties and state attorneys general may also bring legal action under federal or state antitrust laws under certain circumstances. Based upon an examination of information available to Offeror relating to the businesses in which Parent, Offeror and their respective subsidiaries are engaged, Offeror believes that the acquisition of the Company pursuant to the Offer and Proposed Merger will not violate the antitrust laws. Nevertheless, there can be no assurance that a challenge to the Offer and Proposed Merger on antitrust grounds will not be made or, if this challenge is made, what the result would be. See Introduction and Section 14 for certain conditions to the Offer.

### FOREIGN ANTITRUST COMPLIANCE

#### CANADIAN NATIONAL MERGER REQUIREMENTS

**INVESTMENT CANADA ACT.** According to the Company Annual Report, the Company conducts certain operations in Canada. The Investment Canada Act (the 'ICA') requires that notice of the acquisition of 'control' (as defined in the ICA) by 'non-Canadians' (as defined in the ICA) of any 'Canadian business' (as defined in the ICA) be furnished to Industry Canada, a Canadian Governmental Entity.

The acquisition of Shares by Offeror pursuant to the Offer may constitute an indirect acquisition of a 'Canadian business' within the meaning of the ICA. Offeror intends to file any notice required under the ICA.

**CANADIAN PRE-MERGER NOTIFICATION REQUIREMENTS.** Certain provisions of Canada's Competition Act require pre-notification to the Director of Investigation and Research appointed under the Competition Act (the 'Canadian Director') of significant transactions, such as the acquisition of a large percentage of the stock of a public company that has Canadian operations. Pre-notification is generally required with respect to a transaction in which the parties to the transactions and their affiliates have assets in Canada, or annual gross revenues from sales in, from or into Canada, in excess of Cdn. \$400 million and which involve the direct or indirect acquisition of an operating business, the value of the assets of which, or the annual gross revenues from sales in or from Canada generated from these assets, exceed Cdn. \$35 million. For a transaction subject to the notification requirements, notice must be given seven or 21 days



prior to the completion of the transaction depending on the information provided to the Canadian Director. After the applicable waiting period expires, the transaction may be completed. If the Canadian Director determines that the proposed transaction prevents or lessens, or is likely to prevent or lessen, competition substantially in a definable market, the Canadian Director may apply to the Competition Tribunal, a special purpose Canadian tribunal, to, among other things, require the disposition of all or part of the Canadian assets acquired in the transaction. Offeror intends to file any required notice and information with respect to its proposed acquisition with the Canadian Director and, to the extent necessary, observe the applicable waiting period and/or apply to the Canadian Director for an advance ruling certificate to the effect that the Offer or Proposed Merger would not prevent or lessen, or be likely to prevent or lessen, competition substantially.

#### EEA AND NATIONAL MERGER REGULATION

According to the Company Annual Report, the Company conducts substantial operations in the European Economic Area (the 'EEA'). EEC Regulation 4064/89 as amended (the 'Merger Regulation') and Article 57 of the European Economic Area Agreement require that concentrations with a 'Community dimension' be notified in prescribed form to the Commission of the European Communities (the 'European Commission') for review and approval prior to being put into effect. In these cases, the European Commission will, with certain exceptions, have exclusive jurisdiction to review the concentration as opposed to the individual countries within the EEA.

The Offer and the Proposed Merger will be deemed to have a 'Community dimension' if the combined aggregate worldwide annual revenues of both Parent and the Company exceeds (a) ECU 5 billion, or (b)(1) the Community-wide annual revenues of each of Parent and the Company exceed ECU 250 million and both Parent and the Company do not receive more than two-thirds of their respective Community-wide revenues from one and the same country or (2) the combined aggregate worldwide annual revenues of both Parent and the Company exceed ECU 2.5 billion; the Community-wide annual revenues of each Parent and the Company exceed ECU 100 million; the combined aggregate revenue of the Parent and the Company exceeds ECU 100 million in at least three member states of the EU (with each Parent and the Company having at least ECU 25 million in each of those member states) and both Parent and the Company do not receive more than two-thirds of their respective Community-wide revenues from one and the same country. Concentrations that are found not to be subject to the Merger Regulation may be subject to the various national merger control regimes of the countries of the EEA, resulting in the possibility that it may be necessary or desirable to obtain approvals from the various national authorities.

Based upon information contained in the Company Annual Report, Offeror currently believes that the Offer should be considered to have a 'Community dimension,' as the Community-wide revenues of the Company for 1997 appear to exceed ECU 250 million. Therefore, Offeror intends to file a notification in the proscribed form with the European Commission in accordance with the Merger Regulation.

The European Commission has one month from the date of Offeror's filing to complete its preliminary investigation of the Offer and the Proposed Merger subject to certain extensions for holidays or if an individual country has requested a referral of the transaction (or part of it). If, following this initial one-month period, the European Commission considers that its needs to examine the Offer and the Proposed Merger more closely, it may initiate a Phase II investigation. If the European Commission initiates a Phase II investigation, it must make a final determination with respect to the Offer and the Proposed Merger no later than four months after the initial investigation. If the European Commission does not make a decision within this four month period, the Offer and the Proposed Merger will automatically be deemed compatible with the European market and Offeror will be allowed to proceed.

Transactions subject to the filing requirements of the Merger Regulation are suspended automatically until such time as they have either been cleared during the one-month review or approved pursuant to the Phase II review. However, in the case of a public bid the bidder may acquire shares of the target company during the suspension period (provided that the transaction has been duly notified to the European Commission), but may not vote the shares until after the end of the suspension period.



unless the European Commission grants permission to do so in order to maintain the full value of the bidder's investment.

If the European Commission declares the Offer and Proposed Merger to be incompatible with the European market, it may prevent the consummation of the Offer and Proposed Merger, order a divestiture if the transactions have already been consummated or impose conditions or other obligations.

There can be no assurance that a challenge to the Offer will not be made pursuant to the Merger Regulation or by legal action brought by private parties or, if a challenge is made, what the outcome will be. See Section 14.

#### OTHER FOREIGN LAWS

The Company Annual Report indicates that the Company and certain of its subsidiaries conduct business in other foreign countries where regulatory filings or approvals may be required or desirable in connection with the consummation of the Offer. Certain of these filings or approvals, if required or desirable, may not be made or obtained prior to the expiration of the Offer. After commencement of the Offer, Offeror will seek further information regarding the applicability of any laws and currently intends to take action as may be required or desirable. If any government or governmental authority or agency takes any action prior to the completion of the Offer that, in the sole judgment of Offeror, might have certain adverse effects, Offeror will not be obligated to accept for payment or pay for any Shares tendered. See Section 14.

#### STATE TAKEOVER LAWS

Various states throughout the United States have enacted takeover statutes that purport, in varying degrees, to be applicable to attempts to acquire securities of corporations that are incorporated or have substantial assets, shareholders, principal executive offices or principal places of business therein. In 1982, in *Edgar v. Mite Corp.*, the Supreme Court of the United States held that the Illinois Business Takeover Act, which involved state securities laws that made the takeover of certain corporations more difficult, imposed a substantial burden on interstate commerce and therefore was unconstitutional. In 1987, in *CTS Corp. v. Dynamics Corp. of America*, however, the Supreme Court of the United States upheld the Indiana Control Share Acquisition Statute, holding that a state may, as a matter of corporate law and, in particular, those laws concerning corporate governance, constitutionally disqualify a potential acquiror from voting on the affairs of a target corporation without prior approval of the remaining shareholders, provided that these laws were applicable only under certain conditions. The Pennsylvania Control Share Acquisition Statute is similar, in general, to the Indiana anti-takeover statute upheld in *CTS Corp. v. Dynamics Corp. of America*.

The Pennsylvania Takeover Disclosure Law (the 'PTDL') purports to regulate certain attempts to acquire a corporation which (i) is organized under the laws of Pennsylvania or (ii) has its principal place of business and substantial assets located in Pennsylvania. The PTDL requires, among other things, that an offeror, 20 days prior to any takeover offer, file a registration statement for the takeover offer with the Pennsylvania Securities Commission (the 'PSC') and publicly disclose the offering price of the disclosed offer. However, in *Crane Co. v. Lam*, 509 F. Supp. 782 (E.D. Pa. 1981), the United States District Court for the Eastern District of Pennsylvania preliminarily enjoined, on grounds arising under the United States Constitution, enforcement of at least that portion of the PTDL involving the pre-offer waiting period thereunder.

Offeror has initiated discussions with the PSC regarding a proposed consent order that would enjoin enforcement of the PTDL as it relates to the Offer. The PSC has entered into such agreements with respect to previous takeover offers made in Pennsylvania, and it is anticipated that an agreement will be reached as to the Offer and submitted for court approval shortly.

Chapter 25 of the PBCL contains other provisions relating generally to takeovers and acquisitions of certain publicly owned Pennsylvania corporations such as the Company that have a class or series of shares entitled to vote generally in the election of directors registered under the Exchange Act (a 'registered corporation'). The following discussion is a general and highly abbreviated summary of



certain features of Chapter 25, is not intended to be complete or to address further potentially applicable exceptions or exemptions, and is qualified in its entirety by reference to the full text of Chapter 25 of the PBCL. The Company is a registered corporation.

Subchapter D of Chapter 25 of the PBCL includes provisions requiring approval of a merger of a registered corporation with an 'interested shareholder' by the affirmative vote of the shareholders entitled to cast at least a majority of the votes that all shareholders other than the interested shareholder are entitled to cast with respect to the transaction without counting the votes of the interested shareholder. This disinterested shareholder approval requirement is not applicable to a transaction: (i) approved by a vote of the board of directors, without counting the votes of directors who are directors or officers of, or who have a material equity interest in, the interested shareholder; (ii) in which the consideration to be received by shareholders is not less than the highest amount paid by the interested shareholder in acquiring his shares; or (iii) effected without submitting the transaction to a vote of shareholders as permitted by Section 1924(b)(1)(ii) of the PBCL (see Section 12).

Offeror believes that the approval requirements under Subchapter D would not apply to the Proposed Merger because Offeror expects that the value of the consideration offered to the Company's shareholders pursuant to the Proposed Merger would not be less than the highest amount paid by Offeror acquiring shares pursuant to the Offer. If the approval requirements under Subchapter D were applicable to the Proposed Merger, the Proposed Merger would have to be approved by the affirmative vote of the holders of a majority of the votes which all shareholders other than Offeror are entitled to cast. Offeror reserves the rights to challenge the applicability and validity of Subchapter D.

Subchapter E of Chapter 25 governs 'control transactions' (defined generally as a transaction in which a person acquires at least 20% of the voting power of a corporation) and provides that following a control transaction the shareholders are entitled to demand that they be paid the fair value of their shares. Pursuant to Subchapter E, the minimum value the shareholders can receive may not be less than the highest price paid per share by the control person within the 90-day period ending on and including the date of the control transaction.

Subchapter F of Chapter 25, the Business Combination Statute, purports to prohibit under certain circumstances a 'registered corporation' from engaging in a 'business combination' with an 'interested shareholder' for a period of five years following the date this person became an 'interested shareholder' unless: (i) before this person became an interested shareholder, the board of directors of the corporation approved either the business combination or the transaction in which the interested shareholder became an interested shareholder; (ii) the business combination is approved by a majority vote of the corporation's voting shares, other than shares held by the interested shareholder, no earlier than three months after the interested shareholder became, and provided that at the time of the vote the interested shareholder is, the beneficial owner of shares entitled to cast at least 80% of votes of the corporation, and the business combination satisfies the 'fair price' criteria (generally, the higher of (a) the highest price per share paid by the interested shareholder at a time when the interested shareholder was the beneficial owner of at least five percent of the voting power of the corporation and (b) the market value per share on the announcement date with respect to the business combination or on the interested shareholder acquisition date, whichever is higher, plus, in any case, interest and less the value of any distributions in respect of the shares); (iii) the business combination is approved by all of the holders of the corporation's outstanding shares; (iv) the business combination is approved by a majority vote of the corporation's voting shares, other than shares held by the interested shareholder, no earlier than five years after the interested shareholder became an interested shareholder; or (v) the business combination is approved by a majority vote of the corporation's voting shares no earlier than five years after the interested shareholder became an interested shareholder and the business combination satisfies the 'fair price' criteria described above.

The Business Combination Statute provides that during a five-year period the corporation may not engage in certain business transactions with the interested shareholder or any affiliate or associate, including (i) any merger, consolidation, share exchange or division of the corporation or any subsidiary of the corporation (a) with the interested shareholder or (b) with, involving or resulting in any other corporation which is, or after the merger, consolidation, share exchange or division would be, an affiliate or associate of the interested shareholder, (ii) any sale, lease, exchange, mortgage, pledge, transfer or





other disposition to or with an interested shareholder or any affiliate or associate of assets having an aggregate market value equal to at least 10% of the aggregate market value of all assets on a consolidated basis or all outstanding shares, or representing at least 10% of the net income on a consolidated basis, in each case of the business corporation, and (iii) other specified self-dealing transactions between the corporation and an interested shareholder or any affiliate or associate thereof.

Offeror believes that under applicable law and under the circumstances of the Offer, the Company Board is obligated by its fiduciary responsibilities to approve the Offer and the Proposed Merger for purposes of the Business Combination Statute and that its failure to do so would be a violation of law. Offeror is hereby requesting that the Company Board adopt a resolution approving the Offer and the Proposed Merger for purposes of the Business Combination Statute. However, there can be no assurance that the Company Board will do so. Offeror has commenced litigation against the Company in the United States District Court for the Eastern District of Pennsylvania seeking an order compelling the Company Board to approve the Offer and the Proposed Merger for purposes of the Business Combination Statute. See Section 15. Pursuant to the Consent Solicitation, Offeror expects to seek to increase the number of seats on the Company Board from eleven to twenty-eight and fill the newly created vacancies with its Nominees, who intend to approve the Proposed Merger pursuant to the Business Combination Statute, subject to the fulfillment of their fiduciary duties as directors of the Company. Approval of the Proposed Merger pursuant to the Business Combination Statute would satisfy the Business Combination Condition.

Subchapter G of Chapter 25 the Control Share Acquisition Statute, relating to 'control-share acquisitions,' prevents under certain circumstances the owner of a control-share block of shares (a number of shares in excess of 20%, 33 1/3% or 50% of the outstanding shares) of a registered corporation from voting these shares unless a majority of (i) all shares outstanding and (ii) 'disinterested' shares approve the voting rights. 'Disinterested' shares are shares held (i) by persons other than a potential acquiror or the executive officers of a target corporation and (ii) by the same person from 5 days prior to a potential acquiror's announcement to engage in a 'control share acquisition' through the record date of the shareholder meeting at which the control-share acquisition is to be considered. Failure to obtain this approval may result in a forced sale by the control-share owner of the control-share block to the corporation at a possible loss.

In order for the shareholders to consider the control-share acquisition, the target company must hold a special shareholders' meeting within 50 days, but no sooner than 30 days, after a potential acquiror simultaneously (i) files an information statement with the target company, (ii) requests a shareholders' meeting, (iii) has made a bona fide written offer to engage in a control-share acquisition, (iv) delivered definitive financing agreements for any financing necessary to consummate the control-share acquisition and (v) agrees to reimburse the target company for expenses incurred in connection with the shareholders' meeting.

Unless Offeror is otherwise satisfied that the Control Share Acquisition Statute is invalid or that it can consummate the Proposed Merger without submitting the transaction to a vote of shareholders as permitted by Section 1924(b)(1)(ii) of the PBCL (see Section 12), Offeror will comply with the procedures set forth in the Control Share Acquisition Statute to compel the Company's Board to call a special shareholders meeting for the purpose of according voting rights for Shares it acquired pursuant to the Offer. If Offeror does not comply with the procedures of the Control Share Acquisition Statute described above, the Shares acquired pursuant to the Offer will not have voting rights.

Subchapter H of Chapter 25 of the PBCL, relating to disgorgement of profits by certain controlling shareholders of a registered corporation, provides that under certain circumstances any profit realized by a controlling person from the disposition of shares of the corporation to any person (including to the corporation under Subchapter G or otherwise) will be recoverable by the corporation.

Subchapter I of Chapter 25 of the PBCL entitles 'eligible employees' of a registered corporation to a lump sum payment of severance compensation under certain circumstances if the employee is terminated, other than for willful misconduct, within two years after control share approval (a 'Control Share Approval'), which occurs when the shareholders of a registered corporation accord voting rights to shares acquired under a control-share acquisition pursuant to the Control Share Acquisition Statute. Subchapter J of Chapter 25 of the PBCL provides protection against termination or impairment under



certain circumstances of 'covered labor contracts' of a registered corporation as a result of a 'business combination' transaction if the business operation to which the covered labor contract relates was owned by the registered corporation at the time voting rights are accorded voting rights by a Control Share Approval. The Company intends to comply with Subchapters I and J in the event that either or both Subchapters are applicable to the Offer or Proposed Merger.

Section 2504 of the PBCL provides that the applicability of Chapter 25 of the PBCL to a registered corporation having a class or series of shares entitled to vote generally in the election of directors registered under the Exchange Act or otherwise satisfying the definition of a registered corporation under Section 2502(1) of the PBCL will terminate immediately upon the termination of the status of the corporation as a registered corporation.

Offeror has not complied with any state takeover statute or regulation, except Offeror is making a filing under the PTDL. Offeror reserves the right to challenge the applicability or validity of any state law purportedly applicable to the Offer and the Proposed Merger and nothing in this Offer to Purchase or any action taken in connection with the Offer is intended as a waiver of this right. If it is asserted that any state takeover statute is applicable to the Offer and the Proposed Merger and an appropriate court does not determine that it is inapplicable or invalid as applied to the Offer and the Proposed Merger, Offeror might be required to file certain information with, or to receive approvals from, the relevant state authorities, and Offeror might be unable to accept for payment or pay for Shares tendered pursuant to the Offer, or be delayed in consummating the Offer. In this case, Offeror may not be obliged to accept for payment or pay for any Shares tendered pursuant to the Offer. See Section 14.

#### CERTAIN LITIGATION

On August 4, 1998, Parent filed a complaint against the Company in the United States District Court for the Eastern District of Pennsylvania (the 'Complaint'). The Complaint seeks: (i) declaratory relief declaring the Dead Hand Provision of the Rights Agreement invalid; (ii) injunctive relief requiring the Company Board to redeem the Rights and exempt the Offer from the provisions of the Pennsylvania Business Combination Statute; (iii) declaratory and injunctive relief prohibiting any effort by the Company to manipulate or otherwise subvert the process of corporate democracy by (a) amending the Company By-laws, (b) increasing the size of the Company Board, (c) fixing a record date for determining shareholders entitled to execute consents in response to the Consent Solicitation more than ten (10) days after the date that Parent gives notice demanding that such a record date be fixed, or (d) taking any other action to frustrate the Offer or the proxy contest and Consent Solicitation that Parent plans to conduct to facilitate the Offer and Proposed Merger; and (iv) declaratory relief declaring that, to the extent that the Dead Hand Provision and other anti-takeover devices that preclude tender offers and consent solicitations are permitted under Pennsylvania law, such law is unconstitutional under the Supremacy and Commerce Clauses of the United States Constitution.

16. FEES AND EXPENSES. Neither Offeror, nor any officer, director, shareholder, agent or other representative of Offeror, will pay any fees or commissions to any broker, dealer or other person (other than the Dealer Managers, the Information Agent and the Depositary) for soliciting tenders of Shares or Rights, if applicable, pursuant to the Offer. Brokers, dealers, commercial banks and trust companies and other nominees will, upon request, be reimbursed by Offeror for customary mailing and handling expenses incurred by them in forwarding materials to their customers.

Lazard and Goldman Sachs are acting as Dealer Managers in connection with the Offer and are providing certain financial advisory services to Parent in connection with the Offer and related transactions. Each of Lazard and Goldman Sachs will be paid \$12,000,000 in connection therewith. In addition, Offeror has agreed to reimburse each of Lazard and Goldman Sachs for all its expenses incurred in connection with the Offer, including the reasonable fees of its counsel, and to indemnify Lazard and Goldman Sachs against certain liabilities and expenses, including certain liabilities under the federal securities laws.

Offeror has retained Morrow & Co., Inc., as Information Agent, and the Bank of New York, as Depositary, in connection with the Offer. The Information Agent and the Depositary will receive reasonable and customary compensation for their services hereunder and reimbursement for their reasonable out-of-pocket expenses. The Information Agent and the Depositary will also be indemnified by Offeror against certain liabilities in connection with the Offer.



17. MISCELLANEOUS. The Offer is not being made to, nor will tenders be accepted from or on behalf of, holders of Shares or Rights, if applicable, residing in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities, blue sky or other laws of the jurisdiction. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer will be deemed to be made on behalf of Offeror by one or more registered brokers or dealers licensed under the laws of the jurisdiction.

No person has been authorized to give any information or make any representation on behalf of Offeror other than as contained in this Offer to Purchase or in the Letter of Transmittal, and, if any information or representation is given or made, it should not be relied upon as having been authorized by Offeror.

Offeror has filed with the Commission the Schedule 14D-1 pursuant to Section 14(d)(1) of the Exchange Act and Rule 14d-1 promulgated thereunder, furnishing certain information with respect to the Offer. The Schedule 14D-1 and any amendments, including exhibits, may be examined and copies may be obtained at the same places and in the same manner as set forth with respect to the Company in Section 8 (except that they will not be available at the regional offices of the Commission).

August 10, 1998

PMA ACQUISITION CORPORATION



SCHEDULE I

CERTAIN INFORMATION CONCERNING THE DIRECTORS  
AND EXECUTIVE OFFICERS OF PARENT AND OFFEROR

1. DIRECTORS AND EXECUTIVE OFFICERS OF PARENT. Set forth below is the name, age, present principal occupation or employment and five-year employment history of each director and executive officer of Parent. All persons listed below are citizens of the United States of America, except that Mr. Wild is a citizen of the United Kingdom.

NAME, AGE AND BUSINESS ADDRESS	OFFICE HELD IN PARENT	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; FIVE-YEAR EMPLOYMENT HISTORY
William J. Amelio, 40	President-Turbocharging Systems	Mr. Amelio has been President- Turbocharging Systems since April 1997. He was with International Business Machines Corporation (IBM) from 1979 to 1997, and most recently held positions with IBM's Personal Computer Company, including Vice President, Re-Engineering and Information Systems, from 1996 to 1997, and Vice President, Operations, from 1994 to 1995.
Hans W. Becherer, 63 Deere & Company One John Deere Place Moline, IL 61265-8098	Director	Mr. Becherer is Chairman and Chief Executive Officer of Deere & Company, a manufacturer of mobile power machinery and a supplier of financial services. After serving in a variety of managerial and executive positions, he became a director of Deere in 1986 and was elected President and Chief Operating Officer in 1987, President and Chief Executive Officer in 1989 and Chairman and Chief Executive Officer in 1990. He is a director of The Chase Manhattan Corporation and Schering-Plough Corporation.
David E. Berges, 48	President-Automotive Products Group	Mr. Berges has been President-Automotive Products Group since January 1998. He was President, Bendix/Jurid, of the Automotive Products Group in 1997, and held positions with the Engine Systems and Accessories unit of Aerospace Equipment Systems from 1994 to 1997, first as Director of Engine Controls and then as Vice President and General Manager. He served as President and Chief Operating Officer of Barnes Aerospace, Barnes Group Inc., from 1986 to 1994.

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NAME, AGE AND BUSINESS ADDRESS	OFFICE HELD IN PARENT	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; FIVE-YEAR EMPLOYMENT HISTORY
Lawrence A. Bossidy, 63	Chairman of the Board and Chief Executive Officer and Director	Mr. Bossidy became Chief Executive Officer in July 1991 and Chairman of the Board in January 1992. He previously served in a number of executive and financial positions with General Electric Company. Mr. Bossidy was Chief Operating Officer of General Electric Credit Corporation (now General Electric Capital Corporation) from 1979 to 1981, Executive Vice President and Sector Executive of GE's Services and Materials Sector from 1981 to 1984, and Vice Chairman and Executive Officer of GE from 1984 until he joined Parent. He is a director of Champion International Corporation, J.P. Morgan & Co. Incorporated and Merck & Co., Inc.
Karen K. Clegg, 49	President-Federal Manufacturing & Technologies	Ms. Clegg has been President-Federal Manufacturing & Technologies (FM&T) since May 1995. She was Vice President of FM&T from 1990 to 1995, except for one year served as Vice President, Field Services, with AlliedSignal Technical Services Corporation.
Ann M. Fudge, 47 Maxwell House and Post Division Kraft Foods, Inc. 555 South Broadway-Mail Code TA1-2 Tarrytown, NY 10591	Director	Ms. Fudge is Executive Vice President of Kraft Foods, Inc. She joined General Foods USA in 1986 and held several planning and marketing positions before being appointed Executive Vice President and General Manager of the Dinners and Enhancers Division in 1991. In 1994, she was named President of Kraft General Foods' Maxwell House Coffee Company. In 1995, Ms. Fudge assumed her current position, while continuing to head the Maxwell House Coffee Division as General Manager. She became President of Kraft's Maxwell House and Post Division in 1997. Kraft is the multinational food business of Philip Morris Companies Inc. Ms. Fudge is a director of Liz Claiborne, Inc.
Robert D. Johnson, 50	President-Electronic & Avionics Systems	Mr. Johnson has been President-Electronic & Avionics Systems since October 1997. He was Vice President and General Manager, Aerospace Marketing, Sales and Service, Repair and Overhaul, from 1994 to 1997. He served as Group Vice President, Manufacturing and Services, of AAR Corp. from 1993 to 1994.

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NAME, AGE AND BUSINESS ADDRESS	OFFICE HELD IN PARENT	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; FIVE-YEAR EMPLOYMENT HISTORY
Paul X. Kelley, 69 700 13th Street, N.W. Suite 400 Washington, DC 20005-5917	Director	General Kelley is a Partner of J. F. Lehman & Company, an investment firm. He previously was Vice Chairman of Cassidy & Associates, Inc., a Washington-based government relations firm, from 1989 until early 1998, and served as Commandant of the Marine Corps and as a Member of the Joint Chiefs of Staff from 1983 until his retirement in 1987. General Kelley is a director of GenCorp Inc., Saul Centers, Inc., Sturm, Ruger & Company, Inc., UST Inc. and The Wackenhut Corporation.
Larry B. Kittelberger, 49	Vice President and Chief Information Officer	Mr. Kittelberger has been Vice President and Chief Information Officer since August 1995. He was Corporate Chairman-Information Officer Leadership Committee of Tenneco Inc. from June 1989 to July 1995.
Peter M. Kreindler, 53	Senior Vice President, General Counsel and Secretary	Mr. Kreindler has been Senior Vice President, General Counsel and Secretary since December 1994. He was Senior Vice President and General Counsel from March 1992 to November 1994.
Tig H. Krekel, 45	President-Aerospace Equipment Systems	Mr. Krekel has been President-Aerospace Equipment Systems since October 1997. He held other positions in Aerospace Equipment Systems from 1993 to 1997, including Vice President and General Manager, Environmental Control Systems, from August to October 1997, and Vice President, Military Product Support, from April 1994 to September 1995. He also served as Vice President and General Manager, Military Customer Support, Aerospace Marketing, Sales and Service, from September 1995 to August 1997.
Joseph B. Leonard, 55	Senior Vice President and President-Aerospace Marketing, Sales & Service	Mr. Leonard has been Senior Vice President since December 1997 and President-Aerospace Marketing, Sales & Service since October 1997. He was Senior Vice President of Aerospace Marketing, Sales & Service from September 1993 to October 1997. He served as Executive Vice President, Customer Support, at Northwest Airlines from 1991 to 1993.
Steven R. Loranger, 46	President-Engines	Mr. Loranger has been President-Engines since July 1997. He was President-Truck Brake Systems from 1995 to 1997, and Vice President, Air Transport, Engines, from 1993 to 1995.

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NAME, AGE AND BUSINESS ADDRESS	OFFICE HELD IN PARENT	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; FIVE-YEAR EMPLOYMENT HISTORY
Robert P. Luciano, 64 Schering-Plough Corporation One Giralda Farms Madison, NJ 07940	Director	Mr. Luciano is Chairman of the Board of Schering-Plough Corporation, a manufacturer and marketer of pharmaceuticals and consumer products, which he joined in 1978. He served as President from 1980 to 1986 and Chief Executive Officer from 1982 through 1995. He has been Chairman of the Board since 1984. He is a director of C.R. Bard, Inc. and Merrill Lynch & Co.
Paul J. Norris, 51	Senior Vice President and President-Specialty Chemicals	Mr. Norris has been Senior Vice President since December 1997 and President- Specialty Chemicals since January 1997. He was President-Polymers from 1995 to 1997, President-Fibers, from 1994 to 1995, and President-Chemicals and Catalysts, from 1989 to 1994.
Robert B. Palmer, 57 124 Mount Auburn Street Suite 200 North Cambridge, MA 02138	Director	Mr. Palmer is the former Chairman, President and Chief Executive Officer of Digital Equipment Corporation, a provider of networked computer systems, software and services. He had advanced through a series of executive positions after joining Digital in 1985, becoming President and Chief Executive Officer in 1992 and Chairman of the Board in 1995.
Russell E. Palmer, 63 The Palmer Group 3600 Market Street, Suite 530 Philadelphia, PA 19104	Director	Mr. Palmer is Chairman and Chief Executive Officer of The Palmer Group, a private investment firm he established in 1990 after serving seven years as Dean of The Wharton School of the University of Pennsylvania. He previously served as Managing Director and Chief Executive Officer of Touche Ross International and Managing Partner and Chief Executive Officer of Touche Ross & Co. (USA) (now Deloitte and Touche). He is a director of Bankers Trust Company, Bankers Trust New York Corporation, Federal Home Loan Mortgage Corporation, GTE Corporation, The May Department Stores Company and Safeguard Scientifics, Inc.
Frederic M. Poses, 55	President and Chief Operating Officer and Director	Mr. Poses began his career with Parent in 1969 and advanced through a number of managerial and executive positions until he was named President of the Plastics and Engineered Materials Division in 1983, President of the Fibers Division in 1986, and President of AlliedSignal Engineered Materials in 1988, when he was also elected Executive Vice President of Parent. In 1997, he was named Vice Chairman and a member of the Board of Directors and in mid-1998 he assumed his current position.

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NAME, AGE AND BUSINESS ADDRESS	OFFICE HELD IN PARENT	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; FIVE-YEAR EMPLOYMENT HISTORY
Donald J. Redlinger, 53	Senior Vice President- Human Resources and Communications	Mr. Redlinger has been Senior Vice President-Human Resources and Communications since February 1995. He was Senior Vice President-Human Resources from January 1991 to January 1995.
Ivan G. Seidenberg, 51 Bell Atlantic Corporation 1095 Avenue of the Americas, 39th Fl. New York, NY 10036	Director	Mr. Seidenberg is Vice Chairman, President and Chief Executive Officer of Bell Atlantic Corporation, a telecommunications and information services provider. He had previously held several senior management positions with NYNEX Corporation, which he joined in 1983, before becoming a director and Vice Chairman of the Board in 1991, President and Chief Operating Officer in 1994, and Chairman and Chief Executive Officer in 1995. He became Vice Chairman, President and Chief Operating Officer of Bell Atlantic in 1997, and assumed his current position in 1998. He is a director of American Home Products Corporation, Boston Properties, Inc., CVS Corporation and Viacom Inc.
Andrew C. Sigler, 66 Champion International Corporation One Champion Plaza Stamford, CT 06921	Director	Mr. Sigler retired as Chairman and Chief Executive Officer of Champion International Corporation, a paper and forest products company, in 1996. He was elected President and Chief Executive Officer of Champion in 1974 and Chairman and Chief Executive Officer in 1979. He is a director of The Chase Manhattan Corporation and General Electric Company.
Jeffrey I. Sinclair, 48	President-Truck Brake Systems	Mr. Sinclair has been President-Truck Brake Systems since October 1997. He was President, Global Sales and Marketing, Friction Materials, from 1996 to 1997. He served as Principal of A.T. Kearney from 1995 to 1996 and President of St. James Group from 1991 to 1995.
John R. Stafford, 60 American Home Products Corporation Five Giralda Farms Madison, NJ 07940-0874	Director	Mr. Stafford is Chairman, President and Chief Executive Officer of American Home Products Corporation, a manufacturer of pharmaceutical, health care, animal health and agricultural products. After joining that company in 1970, he held a number of executive positions before becoming President in 1981, an office he held until 1990 and which he resumed in early 1994. He was elected Chairman of the Board and Chief Executive Officer in 1986. He is a director of Bell Atlantic Corporation, The Chase Manhattan Corporation and Deere & Company.

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NAME, AGE AND BUSINESS ADDRESS	OFFICE HELD IN PARENT	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; FIVE-YEAR EMPLOYMENT HISTORY
Thomas P. Stafford, 67 Stafford, Burke and Hecker, Inc. 1006 Cameron Street Alexandria, VA 22314	Director	Lt. Gen. Stafford joined the consulting firm of General Technical Services, Inc. in 1984. He is also Vice Chairman and co-founder of Stafford, Burke & Hecker, Inc., a Washington-based consulting firm. After serving as an astronaut for a number of years, he retired in 1979 from the Air Force as Deputy Chief of Staff for Research, Development and Acquisition and served as Vice Chairman of Gibraltar Exploration Limited until 1984. Lt. Gen. Stafford is also Chairman of the Board of Omega Watch Corporation of America and is a director of CMI Corporation, Cycomm International Inc., Seagate Technology Inc., Timet Inc., Tracor, Inc. and Tremont Corporation.
Richard F. Wallman, 47	Senior Vice President and Chief Financial Officer	Mr. Wallman has been Senior Vice President and Chief Financial Officer since March 1995. He was Vice President and Controller of International Business Machines Corp. (IBM), a manufacturer of information-handling systems, from April 1994 to February 1995 and General Assistant Controller of IBM from October 1993 to March 1994. He was Assistant Controller-Sales & Marketing of Chrysler Corporation from April 1989 to September 1993.
David N. Weidman, 43	President-Polymers	Mr. Weidman has been President-Polymers since March 1998. He was President-Fluorine Products from 1995 to 1998, and Vice President and General Manager, Performance Additives, from 1994 to 1995. He served as General Manager of American Cyanamid's Fibers business from 1990 to 1994.
Geoffrey Wild, 42	President-Electronic Materials	Mr. Wild has been President-Electronic Materials since February 1997. He had previously held a number of positions with Johnson Matthey plc, including President of Electronic Materials from 1992 to 1997.
Robert C. Winters, 66 The Prudential Insurance Company 751 Broad Street, 11th Floor Newark, NJ 07102-3777	Director	Mr. Winters retired as Chairman and Chief Executive Officer and became Chairman Emeritus of The Prudential Insurance Company of America, a provider of insurance and financial services, in December 1994. During his career with Prudential, which he joined in 1953, he held various managerial positions prior to his election as Executive Vice President in 1978, Vice Chairman in 1984 and Chairman and Chief Executive Officer in 1987.

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NAME, AGE AND BUSINESS ADDRESS	OFFICE HELD IN PARENT	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; FIVE-YEAR EMPLOYMENT HISTORY
Henry T. Yang, 57 University of California, Santa Barbara 5221 Cheadle Hall Santa Barbara, CA 93106-2030	Director	Dr. Yang became Chancellor of the University of California, Santa Barbara in 1994. Prior to his current position, he served in a number of faculty and administrative positions at Purdue University starting in 1969. He became Head of Purdue's School of Aeronautics and Astronautics in 1979 and served as Dean of the Schools of Engineering and Director of the Computer Integrated Design, Manufacturing and Automation Center from 1984 until he joined the University of California.

2. DIRECTORS AND EXECUTIVE OFFICERS OF OFFEROR. Set forth below is the name, age, present principal occupation or employment and five-year employment history of each director and executive officer of Offeror. All persons listed below are citizens of the United States of America.

NAME, AGE AND BUSINESS ADDRESS	OFFICE HELD IN OFFEROR	PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT; FIVE-YEAR EMPLOYMENT HISTORY
Lawrence A. Bossidy, 63	Director	Mr. Bossidy became Chief Executive Officer of Parent in July 1991 and Chairman of the Board in January 1992. He previously served in a number of executive and financial positions with General Electric Company. Mr. Bossidy was Chief Operating Officer of General Electric Credit Corporation (now General Electric Capital Corporation) from 1979 to 1981, Executive Vice President and Sector Executive of GE's Services and Materials Sector from 1981 to 1984, and Vice Chairman and Executive Officer of GE from 1984 until he joined Parent. He is a director of Champion International Corporation, J.P. Morgan & Co. Incorporated and Merck & Co., Inc.
Peter M. Kreindler, 53	Vice President and Secretary and Director	Mr. Kreindler has been Senior Vice President, General Counsel and Secretary of Parent since December 1994. He was Senior Vice President and General Counsel from March 1992 to November 1994.
Frederic M. Poses, 55	President and Director	Mr. Poses began his career with Parent in 1969 and advanced through a number of managerial and executive positions until he was named President of the Plastics and Engineered Materials Division in 1983, President of the Fibers Division in 1986, and President of AlliedSignal Engineered Materials in 1988, when he was also elected Executive Vice President of Parent. In 1997, he was named Vice Chairman and a member of the Board of Directors and in mid-1998 he assumed his current position.



Facsimile copies of the Letters of Transmittal, properly completed and duly executed, will be accepted. The Letters of Transmittal, certificates for Shares and any other required documents should be sent or delivered by each shareholder of the Company or his broker, dealer, commercial bank, trust company or other nominee to the Depository at one of its addresses set forth below:

The Depository for the Offer is:

THE BANK OF NEW YORK

By Mail:  
Tender & Exchange Department  
P.O. Box 11248  
Church Street Station  
New York, N.Y. 10286-1248

By Facsimile:  
(For Eligible Institutions Only)  
(212) 815-6213

Confirm by telephone:  
1-800-507-9357

By Hand/Overnight Courier:  
Tender & Exchange Department  
101 Barclay Street  
Receive and Deliver Window  
New York, N.Y. 10286

Questions and requests for assistance may be directed to the Information Agent or the Dealer Manager at their respective addresses and telephone numbers set forth below. Additional copies of this Offer to Purchase, the Letters of Transmittal and other tender offer materials may be obtained from the Information Agent as set forth below, and will be furnished promptly at Offeror's expense. You may also contact your broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offer.

The Information Agent for the Offer is:

MORROW & CO., INC.

909 Third Avenue  
20th Floor  
New York, New York 10022  
Toll Free (800) 566-9061  
Banks and Brokerage Firms, please call:  
(800) 662-5200

The Dealer Managers for the Offer are:

LAZARD FRERES & CO. LLC  
30 Rockefeller Plaza  
New York, New York 10020  
(212) 632-6717 (call collect)

GOLDMAN, SACHS & CO.  
85 Broad Street  
New York, New York 10004  
(800) 323-5678







LETTER OF TRANSMITTAL  
TO TENDER SHARES OF COMMON STOCK  
(INCLUDING THE ASSOCIATED COMMON STOCK PURCHASE RIGHTS)  
OF  
AMP INCORPORATED  
PURSUANT TO THE OFFER TO PURCHASE  
DATED AUGUST 10, 1998  
BY  
PMA ACQUISITION CORPORATION  
A WHOLLY OWNED SUBSIDIARY OF  
ALLIEDSIGNAL INC.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, SEPTEMBER 11, 1998, UNLESS THE OFFER IS EXTENDED.

The Depository:

THE BANK OF NEW YORK

By Mail:  
Tender & Exchange Department  
P.O. Box 11248  
Church Street Station  
New York, N.Y. 10286-1248

By Facsimile:  
(For Eligible Institutions Only)  
(212) 815-6213  
Confirm by telephone:  
1-800-507-9357

By Hand/Overnight Courier:  
Tender & Exchange Department  
101 Barclay Street  
Receive and Deliver Window  
New York, N.Y. 10286

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS, OR TRANSMISSION OF INSTRUCTIONS BY FACSIMILE, OTHER THAN AS SET FORTH ABOVE, DOES NOT CONSTITUTE A VALID DELIVERY. YOU MUST SIGN THIS LETTER OF TRANSMITTAL IN THE APPROPRIATE SPACE THEREFOR PROVIDED BELOW AND COMPLETE THE SUBSTITUTE FORM W-9 SET FORTH BELOW.

THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

This Letter of Transmittal is to be used either if certificates for Shares and, if applicable, Rights (as such terms are defined below) are to be forwarded herewith or, unless an Agent's Message (as defined in Section 2 of the Offer to Purchase) is utilized, if delivery of Shares and, if applicable, Rights is to be made by book-entry transfer (in the case of Rights, if available) to an account maintained by the Depository at a Book-Entry Transfer Facility as defined in Section 2 and pursuant to the procedures set forth in Section 3 of the Offer to Purchase or delivery of Shares is to be made using DRS (as defined below). UNLESS THE RIGHTS CONDITION (AS DEFINED IN THE OFFER TO PURCHASE) IS SATISFIED, SHAREHOLDERS WILL BE REQUIRED TO TENDER ONE RIGHT FOR EACH SHARE TENDERED IN ORDER TO EFFECT A VALID TENDER OF SHARES. UNLESS THE DISTRIBUTION DATE (AS DEFINED IN THE OFFER TO PURCHASE) OCCURS, A TENDER OF SHARES WILL ALSO CONSTITUTE A TENDER OF THE ASSOCIATED RIGHTS. Shareholders whose certificates for Shares and, if applicable, Rights are not immediately available or who cannot deliver either the certificates for, or a Book-Entry Confirmation (as defined in Section 2 of the Offer to Purchase) with respect to, their Shares and, if applicable, Rights and all other documents required hereby to the Depository prior to the Expiration Date (as defined in Section 1 of the Offer to Purchase) must tender their Shares and, if applicable, Rights in accordance with the guaranteed delivery procedures set forth in Section 3 of the Offer to Purchase. See Instruction 2. DELIVERY OF DOCUMENTS TO A BOOK-ENTRY TRANSFER FACILITY DOES NOT CONSTITUTE DELIVERY TO THE DEPOSITARY.



-----  
 DESCRIPTION OF SHARES TENDERED  
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NAME(S) AND ADDRESS(ES) OF REGISTERED HOLDER(S)  
 (PLEASE FILL IN, IF BLANK)

SHARES TENDERED  
 (ATTACH ADDITIONAL LIST IF NECESSARY)

SHARE CERTIFICATE NUMBER(S)*	NUMBER OF SHARES REPRESENTED BY CERTIFICATE(S)*	NUMBER OF SHARES TENDERED**
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 TOTAL SHARES

If you hold your Shares through direct registration, check this box and write your DRS number and the number of Shares tendered by DRS in space provided. [ ]

DRS Number .....  
 Number of Shares held through DRS .....

\*Need not be completed by stockholders tendering by book-entry transfer.

\*\*Unless otherwise indicated, it will be assumed that all Shares represented by any certificates delivered to the Depositary are being tendered. See Instruction 4.







NOTE: SIGNATURES MUST BE PROVIDED BELOW  
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER TO THE DEPOSITARY'S ACCOUNT AT ONE OF THE BOOK-ENTRY TRANSFER FACILITIES AND COMPLETE THE FOLLOWING:

Name of Tendering Institution .....  
Account No. .... at  
 The Depository Trust Company  
Transaction Code No. ....

CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITARY AND COMPLETE THE FOLLOWING:

Name(s) of Tendering Stockholder(s) .....  
Date of Execution of Notice of Guaranteed Delivery .....  
Window Ticket Number (if any) .....  
Name of Institution which Guaranteed Delivery .....  
If delivery is by book-entry transfer .....  
    Name of Tendering Institution .....  
    Account No. .... at  
     The Depository Trust Company .....  
Transaction Code No. ....





Ladies and Gentlemen:

The undersigned hereby tenders to PMA Acquisition Corporation, a Delaware corporation (the 'Offeror'), a wholly owned subsidiary of AlliedSignal Inc., a Delaware corporation (the 'Parent'), the above-described shares of Common Stock, without par value (the 'Shares'), of AMP Incorporated, a Pennsylvania corporation (the 'Company'), together with an equal number of any associated Common Stock Purchase Rights (the 'Rights') issued pursuant to the Shareholder Rights Plan, dated October 25, 1989, between the Company and Chemical Bank (successor to Manufacturers Hanover Trust) as Rights Agent, as amended (the 'Rights Agreement'), upon the terms and subject to the conditions set forth in the Offer to Purchase, dated August 10, 1998, and the related Letter of Transmittal (which, together with any amendments or supplements thereto, collectively constitute the 'Offer'), receipt of which is hereby acknowledged.

Upon the terms of the Offer, subject to, and effective upon, acceptance for payment of, and payment for, the Shares and, if applicable, Rights tendered herewith in accordance with the terms of the Offer, the undersigned hereby sells, assigns and transfers to, or upon the order of, the Offeror all right, title and interest in and to all the Shares and, if applicable, Rights that are being tendered hereby (and any and all other Shares, Rights or other securities or rights issued or issuable in respect thereof on or after August 10, 1998), and irrevocably constitutes and appoints The Bank of New York (the 'Depositary'), the true and lawful agent and attorney-in-fact of the undersigned, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to the full extent of the undersigned's rights with respect to such Shares and, if applicable, Rights (and any such other Shares, Rights or securities or rights), to (a) deliver certificates for such Shares and Rights (and any such other Shares, Rights or securities or rights) or transfer ownership of such Shares and Rights (and any such other Shares, Rights or securities or rights) on the account books maintained by a Book-Entry Transfer Facility together, in any such case, with all accompanying evidences of transfer and authenticity to, or upon the order of, the Offeror, (b) in the case of participants in the Direct Registration System ('DRS'), to place a stop against the Shares held under DRS and, following expiration of the Offer, to instruct the transfer agent to transfer such Shares, (c) present such Shares and Rights (and any such other Shares, Rights or securities or rights) for transfer on the Company's books and (d) receive all benefits and otherwise exercise all rights of beneficial ownership of such Shares and Rights (and any such other Shares, Rights or securities or rights), all in accordance with the terms of the Offer.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the tendered Shares and, if applicable, Rights (and any and all other Shares, Rights or other securities or rights issued or issuable in respect of such Shares or Rights on or after August 10, 1998) and, when the same are accepted for payment by the Offeror, the Offeror will acquire good title thereto, free and clear of all liens, restrictions, claims and encumbrances, and the same will not be subject to any adverse claim. The undersigned will, upon request, execute any additional documents deemed by the Depositary or the Offeror to be necessary or desirable to complete the sale, assignment and transfer of the tendered Shares and Rights (and any and all other Shares, Rights or other securities or rights issued or issuable in respect thereof on or after August 10, 1998).

THE UNDERSIGNED UNDERSTANDS THAT, UNLESS THE RIGHTS CONDITION IS SATISFIED, SHAREHOLDERS WILL BE REQUIRED TO TENDER ONE RIGHT FOR EACH SHARE TENDERED IN ORDER TO EFFECT A VALID TENDER OF SHARES IN ACCORDANCE WITH THE PROCEDURES SET FORTH IN SECTION 3 OF THE OFFER TO PURCHASE. If the Distribution Date occurs and separate certificates representing the Rights are distributed to holders of Shares prior to the time Shares are tendered herewith, certificates representing a number of Rights equal to the number of Shares being tendered herewith must be delivered to the Depositary or, if available, a Book-Entry Confirmation must be received by the Depositary with respect thereto, in order for such Shares tendered herewith to be validly tendered. If the Distribution Date occurs and separate certificates representing the Rights are not distributed prior to the time Shares are tendered herewith, Rights may be tendered prior to a shareholder receiving separate certificates for Rights by use of the guaranteed delivery procedures described in Section 3 of the Offer to Purchase. A tender of Shares constitutes an agreement by the tendering shareholder to deliver certificates



representing a number of Rights equal to the number of Shares tendered pursuant to the Offer to the Depositary prior to expiration of the period permitted by such guaranteed delivery procedures for delivery of certificates for, or a Book-Entry Confirmation with respect to, Rights (the 'Rights Delivery Period'). However, after expiration of the Rights Delivery Period, the Offeror may elect to reject as invalid a tender of Shares with respect to which certificates for, or a Book-Entry Confirmation with respect to, an equal number of Rights has not been received by the Depositary. Nevertheless, the Purchaser will be entitled to accept for payment Shares tendered by the undersigned prior to the receipt of the certificates for the Rights required to be tendered with such Shares, or a Book-Entry Confirmation with respect to such Rights, and either (a), subject to complying with the applicable rules and regulations of the Securities and Exchange Commission, withhold payment for such Shares pending receipt of the certificates for, or a Book-Entry Confirmation with respect to, such Rights or (b) make payment for Shares accepted for payment pending receipt of the certificates for, or a Book-Entry Confirmation with respect to, such Rights in reliance upon the agreement of a tendering shareholder to deliver Rights and such guaranteed delivery procedures. Any determination by the Offeror to make payment for Shares in reliance upon such agreement and such guaranteed delivery procedures or, after the expiration of the Rights Delivery Period, to reject a tender as invalid will be made in the sole and absolute discretion of the Offeror.

All authority conferred or agreed to be conferred pursuant to this Letter of Transmittal shall be binding upon the successors, assigns, heirs, executors, administrators and legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of the undersigned. Except as stated in the Offer to Purchase, this tender is irrevocable.

The undersigned hereby irrevocably appoints representatives of the Offeror the attorneys-in-fact and proxies of the undersigned, each with full power of substitution, to vote at any annual, special or adjourned meeting of the Company's shareholders or otherwise in such manner as each such attorney-in-fact and proxy or his substitute shall in his sole discretion deem proper with respect to, to execute any written consent concerning any matter as each such attorney-in-fact and proxy or his substitute shall in his sole discretion deem proper with respect to, and to otherwise act as each such attorney-in-fact and proxy or his substitute shall in his sole discretion deem proper with respect to, the Shares and Rights tendered hereby that have been accepted for payment by the Purchaser prior to the time any such action is taken and with respect to which the undersigned is entitled to vote (and any and all other Shares, Rights or other securities or rights issued or issuable in respect of such Shares and Rights on or after August 10, 1998). This appointment is effective when, and only to the extent that, the Offeror accepts for payment such Shares as provided in the Offer to Purchase. This power of attorney and proxy are irrevocable and are granted in consideration of the acceptance for payment of such Shares and Rights in accordance with the terms of the Offer. Upon such acceptance for payment, all prior powers of attorney, proxies and consents given by the undersigned with respect to such Shares (other than any consents in favor of proposals set forth in any consent solicitation commenced by the Offeror or the Parent). Rights or other securities or rights will, without further action, be revoked and no subsequent powers of attorney, proxies, consents or revocations may be given (and, if given, will not be deemed effective) by the undersigned.

The undersigned understands that the valid tender of Shares and, if applicable, Rights pursuant to any of the procedures described in Section 3 of the Offer to Purchase, and in the Instructions hereto will constitute a binding agreement between the undersigned and the Offeror upon the terms and subject to the conditions of the Offer. Without limiting the foregoing, if the price to be paid in the Offer is amended in accordance with the Offer, the price to be paid to the undersigned will be the amended price notwithstanding the fact that a different price is stated in this Letter of Transmittal.

Unless otherwise indicated herein under 'Special Payment Instructions', please issue the check for the purchase price and/or return any certificates for Shares or Rights not tendered or accepted for payment in the name(s) of the registered holder(s) appearing under 'Description of Shares Tendered' and 'Description of Rights Tendered', respectively. Similarly, unless otherwise indicated under 'Special Delivery Instructions', please mail the check for the purchase price and/or return any certificates for Shares or Rights not tendered or accepted for payment (and accompanying documents, as appropriate) to the address(es) of the registered holder(s) appearing under 'Description of Shares Tendered' and



'Description of Rights Tendered', respectively. In the event that both the Special Delivery Instructions and the Special Payment Instructions are completed, please issue the check for the purchase price and/or return any certificates for Shares or Rights not tendered or accepted for payment (and any accompanying documents, as appropriate) in the name of, and deliver such check and/or return such certificates (and any accompanying documents, as appropriate) to, the person or persons so indicated. Unless otherwise indicated herein under 'Special Payment Instructions', please credit any Shares and Rights tendered herewith by book-entry transfer that are not accepted for payment by crediting the account at the Book-Entry Transfer Facility (as defined herein) designated above. The undersigned recognizes that the Offeror has no obligation pursuant to the Special Payment Instructions to transfer any Shares or Rights from the name of the registered holder thereof if the Offeror does not accept for payment any of the Shares or Rights, respectively, so tendered.

SPECIAL PAYMENT INSTRUCTIONS  
(SEE INSTRUCTIONS 1, 5, 6 AND 7)

To be completed ONLY if the check for the purchase price of Shares or Rights purchased or certificates for Shares or Rights not tendered or not purchased are to be issued in the name of someone other than the undersigned, or if Shares or Rights tendered by book-entry transfer that are not purchased are to be returned by credit to an account at one of the Book-Entry Transfer Facilities other than that designated above.

Issue check and/or certificates to:

Name .....  
(PLEASE PRINT)

Address .....  
(ZIP CODE)

.....  
(TAXPAYER IDENTIFICATION NO.)  
(SEE SUBSTITUTE FORM W-9)

[ ] Credit unpurchased Shares or Rights tendered by book-entry transfer to the account set forth below:

.....  
NAME OF ACCOUNT PARTY

.....  
ACCOUNT NO.

[ ] The Depository Trust Company

SPECIAL DELIVERY INSTRUCTIONS  
(SEE INSTRUCTIONS 1, 5, 6 AND 7)

To be completed ONLY if the check for the purchase price of Shares or Rights purchased or certificates for Shares or Rights not tendered or not purchased are to be mailed to someone other than the undersigned or to the undersigned at an address other than that shown below the undersigned's signature(s).

Mail check and/or certificates to:

Name .....  
(PLEASE PRINT)

Address .....  
(ZIP CODE)

.....  
(TAXPAYER IDENTIFICATION NO.)



SIGN HERE

(COMPLETE SUBSTITUTE FORM W-9 BELOW)

.....  
.....  
SIGNATURE(S) OF OWNER(S)  
.....

Name(s) .....

Capacity (full title) .....

Address .....

.....  
(INCLUDING ZIP CODE)  
.....

Area Code and Telephone Number .....

Taxpayer Identification Number .....

Dated: ....., 1998

(Must be signed by registered holder(s) exactly as name(s) appear(s) on stock certificate(s) or on a security position listing or by the person(s) authorized to become registered holder(s) by certificates and documents transmitted herewith. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, agent, officer of a corporation or other person acting in a fiduciary or representative capacity, please set forth full title and see Instruction 5).

If a participant in the Direct Registration System ('DRS'), the person(s) signing above hereby directs the Transfer Agent to place a stop against the aforementioned number of Shares held through DRS pending the expiration of the Offer. Upon expiration of the Offer, the Transfer Agent is further directed to follow the directions for delivery to the Depository.

GUARANTEE OF SIGNATURE(S)  
(SEE INSTRUCTIONS 1 AND 5)

FOR USE BY FINANCIAL INSTITUTIONS ONLY. PLACE MEDALLION GUARANTEE IN SPACE BELOW.

Authorized signature(s) .....

Name .....

Name of Firm .....

Address .....

.....  
(INCLUDING ZIP CODE)

Area Code and Telephone Number .....

Dated: ....., 1998





-----  
PAYOR'S NAME: THE BANK OF NEW YORK  
-----

SUBSTITUTE

PART 1 -- PLEASE PROVIDE YOUR TIN IN THE BOX AT  
RIGHT AND CERTIFY BY SIGNING AND DATING BELOW

PART III -- Social Security Number or  
Employer Identification  
Number \_\_\_\_\_  
(If awaiting TIN write 'Applied For')

FORM W-9  
DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE

-----  
PART II -- For Payees exempt from backup withholding, see the enclosed Guidelines for  
Certification of Taxpayer Identification Number on Substitute Form W-9 and complete as  
instructed therein.

PAYOR'S REQUEST  
FOR TAXPAYER  
IDENTIFICATION  
NUMBER ('TIN')

Certification -- Under penalties of perjury, I certify that:

(1) The number shown on this form is my correct TIN (or I am waiting for a number to  
be issued to me); and

(2) I am not subject to backup withholding either because I have not been notified by  
the Internal Revenue Service (IRS) that I am subject to backup withholding as a result  
of a failure to report all interest or dividends, or the IRS has notified me that  
I am no longer subject to backup withholding.

CERTIFICATION INSTRUCTIONS -- You must cross out Item (2) above if you have been  
notified by the IRS that you are subject to backup withholding because of  
underreporting interest or dividends on your tax return. However, if after being  
notified by the IRS that you were subject to backup withholding, you received another  
notification from the IRS that you were no longer subject to backup withholding, do  
not cross out item (2). (Also see instructions in the enclosed Guidelines).

-----  
SIGNATURE ..... DATE .....

-----  
NOTE: FAILURE TO COMPLETE AND RETURN THIS SUBSTITUTE FORM W-9 MAY RESULT IN  
BACKUP WITHHOLDING OF 31% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE  
OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER  
IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL DETAILS.

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU ARE AWAITING YOUR TIN.

-----  
CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a TIN has not been issued to me,  
and either (1) I have mailed or delivered an application to receive a TIN to the  
appropriate IRS Center or Social Security Administration Office or (2) I intend  
to mail or deliver an application in the near future. I understand that if I do  
not provide a TIN by the time of payment, 31% of all payments pursuant to the  
Offer made to me thereafter will be withheld until I provide a number.

Signature ..... Date .....



INSTRUCTIONS  
FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER

1. GUARANTEE OF SIGNATURES.

No signature guarantee is required on this Letter of Transmittal (a) if this Letter of Transmittal is signed by the registered holder(s) (which term, for purposes of this Section, includes any participant in any of the Book-Entry Transfer Facilities' systems whose name appears on a security position listing as the owner of the Shares) of Shares and Rights tendered herewith, unless such registered holder(s) has completed either the box entitled 'Special Payment Instructions' or the box entitled 'Special Delivery Instructions' on the Letter of Transmittal or (b) if such Shares and Rights are tendered for the account of a financial institution (including most commercial banks, savings and loan associations and brokerage houses) that is a participant in the Security Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Guarantee Program or the Stock Exchange Medallion Program (an 'Eligible Institution'). In all other cases, all signatures on this Letter of Transmittal must be guaranteed by an Eligible Institution. See Instruction 5.

2. DELIVERY OF LETTER OF TRANSMITTAL AND SHARES.

This Letter of Transmittal is to be completed by shareholders either if certificates are to be forwarded herewith or, unless an Agent's Message (as defined below) is utilized, if delivery of Shares and, if applicable, Rights is to be made pursuant to the procedures for book-entry transfer set forth in Section 3 of the Offer to Purchase or if delivery of Shares is to be made pursuant to DRS. For a shareholder validly to tender Shares and Rights pursuant to the Offer, either (a) a properly completed and duly executed Letter of Transmittal (or facsimile thereof), together with any required signature guarantees, or, in the case of a book-entry transfer, an Agent's Message, and any other required documents, must be received by the Depository at one of its addresses set forth herein prior to the Expiration Date and either certificates for tendered Shares and Rights must be received by the Depository at one of such addresses or Shares and Rights must be delivered pursuant to the procedures for book-entry transfer set forth herein (and a Book-Entry Confirmation received by the Depository), in each case prior to the Expiration Date, or (b) the tendering shareholder must comply with the guaranteed delivery procedures set forth below and in Section 3 of the Offer to Purchase.

UNLESS THE RIGHTS CONDITION IS SATISFIED, SHAREHOLDERS WILL BE REQUIRED TO TENDER ONE RIGHT FOR EACH SHARE TENDERED IN ORDER TO EFFECT A VALID TENDER OF SHARES. Unless the Distribution Date occurs, a tender of Shares will also constitute a tender of the associated Rights. If the Distribution Date occurs and separate certificates representing the Rights are distributed prior to the time Shares are tendered herewith, certificates representing a number of Rights equal to the number of Shares being tendered herewith must be delivered to the Depository or, if available, a Book-Entry Confirmation must be received by the Depository with respect thereto, in order for such Shares tendered herewith to be validly tendered. If the Distribution Date occurs and separate certificates representing the Rights are not distributed prior to the time Shares are tendered herewith, Rights may be tendered prior to a shareholder receiving separate certificates for Rights by use of the guaranteed delivery procedures described below.

Shareholders whose certificates for Shares or Rights are not immediately available (including because certificates for Rights have not yet been distributed following the occurrence of a Distribution Date) or who cannot deliver their certificates and all other required documents to the Depository or complete the procedures for book-entry transfer prior to the Expiration Date may tender their Shares and Rights by properly completing and duly executing the Notice of Guaranteed Delivery pursuant to the guaranteed delivery procedures set forth in Section 3 of the Offer to Purchase. Pursuant to such procedures, (a) such tender must be made by or through an Eligible Institution, (b) a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form provided by the Offeror, must be received by the Depository prior to the Expiration Date and (c) the certificates for all tendered Shares and/or Rights, in proper form for transfer (or a Book-Entry Confirmation with respect to all such Shares and/or Rights), together with a properly completed and duly executed Letter of Transmittal (or facsimile thereof), with any required signature guarantees, or, in the case of a book-entry transfer, an Agent's Message, and any other required documents are received by the Depository within (a), in the case of Shares, three trading days after the date of execution of such Notice of Guaranteed Delivery or (b), in the case of Rights, a period ending on the later of (1) three trading days after the date of execution of such Notice of Guaranteed Delivery or (2) three business days (as defined in the Offer to Purchase) after the date certificates for



Rights are distributed to shareholders, all as provided in Section 2 of the Offer to Purchase. A 'trading day' is any day on which the New York Stock Exchange is open for business. Shareholders may not extend the foregoing time period for delivery of Rights to the Depository by providing a second Notice of Guaranteed Delivery with respect to such Rights.

The term 'Agent's Message' means a message, transmitted by a Book-Entry Transfer Facility to, and received by, the Depository and forming a part of a Book-Entry Confirmation, which states that such Book-Entry Transfer Facility has received an express acknowledgement from the participant in such Book-Entry Transfer Facility tendering the Shares that such participant has received and agrees to be bound by the terms of the Letter of Transmittal and that the Purchaser may enforce such agreement against the participant.

The signatures on this Letter of Transmittal cover the Shares and the Rights tendered hereby whether or not such Rights are delivered simultaneously with such Shares.

THE METHOD OF DELIVERY OF SHARES, RIGHTS, THE LETTER OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH ANY BOOK-ENTRY TRANSFER FACILITY, IS AT THE ELECTION AND RISK OF THE TENDERING SHAREHOLDER. SHARES WILL BE DEEMED DELIVERED ONLY WHEN ACTUALLY RECEIVED BY THE DEPOSITARY (INCLUDING, IN THE CASE OF A BOOK-ENTRY TRANSFER, BY BOOK-ENTRY CONFIRMATION). IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY.

No alternative, conditional or contingent tenders will be accepted and no fractional Shares or Rights will be purchased. All tendering shareholders, by execution of this Letter of Transmittal (or facsimile thereof), waive any right to receive any notice of the acceptance of their Shares or Rights for payment.

### 3. INADEQUATE SPACE.

If the space provided herein is inadequate, the certificate numbers and/or the number of Shares or Rights should be listed on a separate schedule attached hereto.

### 4. PARTIAL TENDERS (NOT APPLICABLE TO STOCKHOLDERS WHO TENDER BY BOOK-ENTRY TRANSFER).

If fewer than all the Shares or Rights evidenced by any certificate submitted are to be tendered, fill in the number of Shares or Rights that are to be tendered in the box entitled 'Number of Shares Tendered' or 'Number of Rights Tendered', as appropriate. In any such case, new certificate(s) for the remainder of the Shares or Rights that were evidenced by the old certificate(s) will be sent to the registered holder, unless otherwise provided in the appropriate box on this Letter of Transmittal, as soon as practicable after the acceptance for payment of, and payment for, the Shares and Rights tendered herewith. All Shares and Rights represented by certificates delivered to the Depository will be deemed to have been tendered unless otherwise indicated.

### 5. SIGNATURES ON LETTER OF TRANSMITTAL; STOCK POWERS AND ENDORSEMENTS.

If this Letter of Transmittal is signed by the registered holder of the Shares and Rights tendered hereby, the signature must correspond with the name as written on the face of the certificate(s) without any change whatsoever.

If any of the Shares or Rights tendered hereby are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal.

If any tendered Shares or Rights are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of certificates.

If this Letter of Transmittal or any certificates or stock powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and proper evidence satisfactory to the Offeror of their authority so to act must be submitted.

When this Letter of Transmittal is signed by the registered owner(s) of the Shares and Rights listed and transmitted hereby, no endorsements of certificates or separate stock powers are required unless payment or



certificates for Shares or Rights not tendered or accepted for payment are to be issued to a person other than the registered owner(s). Signatures on such certificates or stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered owner(s) of the certificates listed, the certificates must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name or names of the registered owner or owners appear on the certificates. Signatures on such certificates or stock powers must be guaranteed by an Eligible Institution.

#### 6. STOCK TRANSFER TAXES.

The Offeror will pay any stock transfer taxes with respect to the transfer and sale of Shares or Rights to it or its order pursuant to the Offer. If, however, payment of the purchase price is to be made to, or if certificates for Shares or Rights not tendered or accepted for payment are to be registered in the name of, any person(s) other than the registered holder(s), or if tendered certificates are registered in the name(s) of any person(s) other than the person(s) signing this Letter of Transmittal, the amount of any stock transfer taxes (whether imposed on the registered holder(s) or such person(s)) payable on account of the transfer to such person(s) will be deducted from the purchase price unless satisfactory evidence of the payment of such taxes or exemption therefrom is submitted.

EXCEPT AS PROVIDED IN THIS INSTRUCTION 6, IT WILL NOT BE NECESSARY FOR TRANSFER TAX STAMPS TO BE AFFIXED TO THE CERTIFICATES LISTED IN THIS LETTER OF TRANSMITTAL.

#### 7. SPECIAL PAYMENT AND DELIVERY INSTRUCTION.

If a check is to be issued in the name of, and/or certificates for Shares or Rights not accepted for payment are to be returned to, a person other than the signer of this Letter of Transmittal or if a check is to be sent and/or such certificates are to be returned to a person other than the signer of this Letter of Transmittal or to an address other than that shown above, the appropriate boxes on this Letter of Transmittal should be completed.

#### 8. WAIVER OF CONDITIONS.

The Offeror reserves the absolute right in its sole discretion to waive any of the specified conditions of the Offer, in whole or in part, in the case of any Shares or Rights tendered.

#### 9. 31% BACKUP WITHHOLDING.

In order to avoid 'backup withholding' of federal income tax on payments of cash pursuant to the Offer, a shareholder surrendering shares in the Offer must, unless an exemption applies, provide the Depository with such shareholder's correct taxpayer identification number ('TIN') on Substitute Form W-9 in this Letter of Transmittal and certify under penalty of perjury that such TIN is correct and that such shareholder is not subject to backup withholding. If a shareholder does not provide such shareholder's correct TIN or fails to provide the certifications described above, the Internal Revenue Service (the 'IRS') may impose a \$50 penalty on such shareholder and payment of cash to such shareholder pursuant to the Offer may be subject to backup withholding of 31%.

Backup withholding is not an additional income tax. Rather, the amount of the backup withholding can be credited against the Federal income tax liability of the person subject to the backup withholding, provided that the required information is given to the IRS. If backup withholding results in an overpayment of tax, a refund can be obtained by the shareholder upon filing an income tax return.

The shareholder is required to give the Depository the TIN (i.e., social security number or employer identification number) of the record owner of the Shares. If the Shares are held in more than one name or are not in the name of the actual owner, consult the enclosed 'Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9' for additional guidance on which number to report.

The box in Part III of the Substitute Form W-9 may be checked if the tendering shareholder has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If the box in Part III is checked, the shareholder or other payee must also complete the Certificate of Awaiting Taxpayer Identification Number below in order to avoid backup withholding. Notwithstanding that the box in Part III is checked and the Certificate of Awaiting Taxpayer Identification Number is completed, the Depository will withhold 31% on all





payments made prior to the time a properly certified TIN is provided to the Depository. However, such amounts will be refunded to such shareholder if a TIN is provided to the Depository within 60 days.

Certain shareholders (including, among others, all corporations and certain foreign individuals and entities) are not subject to backup withholding. Noncorporate foreign shareholders should complete and sign the main signature form and a Form W-8, Certificate of Foreign Status, a copy of which may be obtained from the Depository, in order to avoid backup withholding. See the enclosed 'Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9' for more instructions.

#### 10. REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES.

Questions and requests for assistance or additional copies of the Offer to Purchase, the Letter of Transmittal, the Notice of Guaranteed Delivery and the Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 may be directed to the Information Agent or the Dealer Managers at their respective addresses set forth below.

#### 11. LOST, DESTROYED OR STOLEN CERTIFICATES.

If any certificate representing Shares or Rights has been lost, destroyed or stolen, the shareholder should promptly notify the Depository by checking the box immediately preceding the special payment/special delivery instructions and indicating the number of Shares or Rights lost. The shareholder will then be instructed as to the steps that must be taken in order to replace the certificate. This Letter of Transmittal and related documents cannot be processed until the procedures for replacing lost or destroyed certificates have been followed.

IMPORTANT: THIS LETTER OF TRANSMITTAL OR A MANUALLY SIGNED FACSIMILE COPY HEREOF (TOGETHER WITH CERTIFICATES OR CONFIRMATION OF BOOK-ENTRY TRANSFER AND ALL OTHER REQUIRED DOCUMENTS) OR NOTICE OF GUARANTEED DELIVERY MUST BE RECEIVED BY THE DEPOSITARY ON OR PRIOR TO THE EXPIRATION DATE (AS DEFINED IN THE OFFER TO PURCHASE).

#### IMPORTANT TAX INFORMATION

Under federal income tax law, a shareholder whose tendered Shares or Rights are accepted for payment is required to provide the Depository with such stockholder's correct TIN on the Substitute Form W-9. If such shareholder is an individual, the TIN is such stockholder's social security number. If the Depository is not provided with the correct TIN, the shareholder may be subject to a \$50 penalty imposed by the Internal Revenue Service. In addition, payments that are made to such shareholder with respect to Shares purchased pursuant to the Offer may be subject to backup withholding.

Certain shareholders (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. In order for a foreign individual to qualify as an exempt recipient, that stockholder must submit a statement, signed under penalty of perjury, attesting to that individual's exempt status. Such statements may be obtained from the Depository. All exempt recipients (including foreign persons wishing to qualify as exempt recipients) should see the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional instructions.

If backup withholding applies, the Depository is required to withhold 31% of any payments made to the stockholder. Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If backup withholding results in an overpayment of taxes, a refund may be obtained.

#### PURPOSE OF SUBSTITUTE FORM W-9

To prevent backup federal income tax withholding on payments that are made to a stockholder with respect to Shares purchased pursuant to the Offer, the stockholder is required to notify the Depository of his or her correct TIN by completing the form certifying that the TIN provided on the Substitute Form W-9 is correct.

#### WHAT NUMBER TO GIVE THE DEPOSITARY

The stockholder is required to give the Depository the social security number or employer identification number of the record owner of the Shares. If the Shares are in more than one name or are not in the name of the actual owner, consult the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional guidelines on which number to report.



The Information Agent for the Offer is:

MORROW & CO., INC.

909 Third Avenue  
20th Floor  
New York, New York 10022  
Toll Free (800) 566-9061  
Call Collect (212) 754-8000

(or)

Banks and Brokerage Firms.  
Please Call:  
(800) 662-5200

The Dealer Managers for the Offer are:

LAZARD FRERES & CO. LLC  
30 Rockefeller Plaza  
New York, New York 10020

GOLDMAN, SACHS & CO.  
85 Broad Street  
New York, New York 10004

August 10, 1998



LAZARD FRERES & CO. LLC  
30 Rockefeller Plaza  
New York, New York 10020

GOLDMAN, SACHS & CO.  
85 Broad Street  
New York, New York 10004

OFFER TO PURCHASE FOR CASH  
ALL OUTSTANDING SHARES OF COMMON STOCK  
(AND THE ASSOCIATED COMMON STOCK PURCHASE RIGHTS)  
OF  
AMP INCORPORATED  
AT  
\$44.50 NET PER SHARE  
BY  
PMA ACQUISITION CORPORATION  
A WHOLLY OWNED SUBSIDIARY OF  
ALLIEDSIGNAL INC.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK  
CITY TIME, ON FRIDAY, SEPTEMBER 11, 1998, UNLESS THE OFFER IS EXTENDED.

August 10, 1998

To Brokers, Dealers, Commercial Banks,  
Trust Companies and Other Nominees:

We have been appointed by PMA Acquisition Corporation, a Delaware corporation (the 'Offeror'), a wholly owned subsidiary of AlliedSignal Inc., a Delaware corporation ('Parent'), to act as financial advisors and Dealer Managers in connection with Offeror's offer to purchase all of the outstanding shares of common stock, without par value (the 'Shares'), and the associated Common Stock Purchase Rights (the 'Rights'), of AMP Incorporated, a Pennsylvania corporation (the 'Company'), at a purchase price of \$44.50 per Share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated August 10, 1998 (the 'Offer to Purchase'), and in the related Letter of Transmittal (which together constitute the 'Offer') enclosed herewith. Holders of Shares and, if applicable, Rights whose certificates are not immediately available or who cannot deliver their certificates and all other required documents to the Depositary (as hereinafter defined) on or prior to the Expiration Date, or who cannot complete the procedures for book-entry transfer on a timely basis, must tender their Shares and, if applicable, Rights according to the guaranteed delivery procedures set forth in Section 3 of the Offer to Purchase.

Holders of Shares will be required to tender one Right for each Share tendered to effect a valid tender of a Share. Unless and until the Distribution Date (as defined in Section 8 of the Offer to Purchase) occurs, the Rights are represented by and transferred with the Shares. Accordingly, if the Distribution Date does not occur prior to the Expiration Date of the Offer, a tender of Shares will constitute a tender of the associated Rights. If a Distribution Date has occurred, certificates representing a number of Rights equal to the number of Shares being tendered must be delivered to the Depositary in order for the Shares to be validly tendered in accordance with the procedures described in Section 3 of the Offer to Purchase. If a Distribution Date has occurred, a tender of Shares without Rights constitutes an agreement by the tendering shareholder to deliver certificates representing a number of Rights equal to the number of Shares tendered pursuant to the Offer to the Depositary within a period ending on the later of (1) three New York Stock Exchange trading days after the date of execution of the Notice of Guaranteed Delivery enclosed herewith or (2) three business days after the date certificates for Rights are distributed to shareholders, all as provided in Section 2 of the Offer to Purchase. Offeror reserves the right to require that it receive these certificates prior to accepting Shares for payment. Payment for Shares tendered and purchased pursuant to the Offer will be made only after timely receipt by the Depositary of, among other things, these certificates, if the certificates have been distributed to holders of Shares. Offeror will not pay any additional consideration for the Rights tendered pursuant to the Offer.

Please furnish copies of the enclosed materials to those of your clients for whose accounts you hold Shares in your name or in the name of your nominee.



THE OFFER IS CONDITIONED UPON THERE BEING VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER THAT NUMBER OF SHARES REPRESENTING AT LEAST A MAJORITY OF ALL OF THE OUTSTANDING SHARES ON A FULLY DILUTED BASIS. THE OFFER IS ALSO CONDITIONED UPON CERTAIN OTHER TERMS AND CONDITIONS CONTAINED IN THE OFFER TO PURCHASE.

Enclosed herewith for your information and forwarding to your clients are copies of the following documents:

1. The Offer to Purchase, dated August 10, 1998.
2. The Letter of Transmittal to tender Shares and, if applicable, Rights for your use and for the information of your clients. Facsimile copies of the Letter of Transmittal (with manual signatures) may be used to tender Shares and, if applicable, Rights.
3. The Notice of Guaranteed Delivery for Shares and, if applicable, Rights to be used to accept the Offer if neither of the two procedures for tendering Shares and, if applicable, Rights set forth in the Offer to Purchase can be completed on a timely basis.
4. A printed form of letter which may be sent to your clients for whose accounts you hold Shares and/or Rights registered in your name or in the name of your nominee, with space provided for obtaining such clients' instructions with regard to the Offer.
5. Guidelines of the Internal Revenue Service for Certification of Taxpayer Identification Number on Substitute Form W-9.
6. Return envelope addressed to the Depository.

YOUR PROMPT ACTION IS REQUESTED. WE URGE YOU TO CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE. PLEASE NOTE THAT THE OFFER AND WITHDRAWAL RIGHTS EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, SEPTEMBER 11, 1998, UNLESS THE OFFER IS EXTENDED.

In order to accept the Offer, an appropriate duly executed and properly completed Letter of Transmittal and any required signature guarantees, or an Agent's Message (as defined in the Offer to Purchase) in connection with a book-entry delivery of Shares and/or Rights and any other documents required by the Letter of Transmittal should be sent to the Depository and either Share and, if applicable, Rights Certificates representing the tendered Shares and Rights should be delivered to the Depository, or, in the case of book-entry delivery of Shares or Rights, such Shares or Rights should be tendered by book-entry transfer into the Depository's account maintained at one of the Book Entry Transfer Facilities (as described in the Offer to Purchase), all in accordance with the instructions set forth in the Letter of Transmittal and the Offer to Purchase.

If holders of Shares and, if applicable, Rights wish to tender, but it is impracticable for them to forward their Share and, if applicable, Rights Certificates or other required documents on or prior to the Expiration Date or to comply with the book-entry transfer procedures on a timely basis, a tender may be effected by following the guaranteed delivery procedures specified in Section 3 of the Offer to Purchase.

Offeror will not pay any commissions or fees to any broker, dealer or other person (other than the Dealer Managers and the Information Agent, as described in Offer to Purchase) for soliciting tenders of Shares and/or Rights pursuant to the Offer. Offeror will, however, upon request, reimburse you for customary clerical and mailing expenses incurred by you in forwarding any of the enclosed materials to your clients. Offeror will pay or cause to be paid any stock transfer taxes payable on the transfer of Shares and/or Rights to it, except as otherwise provided in Instruction 6 of the Letter of Transmittal.

Any inquiries you may have with respect to the Offer should be addressed to, and additional copies of the enclosed material may be obtained from, the Dealer Managers or the Information Agent, at their respective addresses and telephone numbers set forth on the back cover of the Offer to Purchase.

Very truly yours,  
LAZARD FRERES & CO. LLC                      GOLDMAN, SACHS & CO.

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY OTHER PERSON THE AGENT OF THE PARENT, THE OFFEROR, THE DEPOSITARY, THE INFORMATION AGENT OR ANY AFFILIATE OF ANY OF THEM, OR AUTHORIZE YOU OR ANY OTHER PERSON TO MAKE ANY STATEMENT OR USE ANY DOCUMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE OFFER OTHER THAN THE ENCLOSED DOCUMENTS AND THE STATEMENTS CONTAINED THEREIN.





OFFER TO PURCHASE FOR CASH  
ALL OUTSTANDING SHARES OF COMMON STOCK  
(AND THE ASSOCIATED COMMON STOCK PURCHASE RIGHTS)  
OF  
AMP INCORPORATED  
AT  
\$44.50 PER SHARE  
BY  
PMA ACQUISITION CORPORATION  
A WHOLLY OWNED SUBSIDIARY OF  
ALLIEDSIGNAL INC.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, SEPTEMBER 11, 1998, UNLESS THE OFFER IS EXTENDED.

August 10, 1998

To Our Clients:

Enclosed for your consideration are the Offer to Purchase, dated August 10, 1998 (the 'Offer to Purchase'), and the related Letter of Transmittal (which as either may be amended or supplemented from time to time, collectively constitute the 'Offer') relating to an offer by PMA Acquisition Corporation, a Delaware corporation (the 'Offeror'), and a wholly owned subsidiary of AlliedSignal Inc., a Delaware corporation ('Parent'), to purchase all of the outstanding shares of common stock, without par value (the 'Shares'), and the associated Common Stock Purchase Rights (the 'Rights'), of AMP Incorporated, a Pennsylvania corporation (the 'Company'), at a purchase price of \$44.50 per Share, net to the seller in cash (the 'Offer Price'), without interest, upon the terms and subject to the conditions set forth in the Offer.

Holders of Shares will be required to tender one Right for each Share tendered to effect a valid tender of a Share. Unless and until the Distribution Date (as defined in Section 8 of the Offer to Purchase) occurs, the Rights are represented by and transferred with the Shares. Accordingly, if the Distribution Date does not occur prior to the Expiration Date of the Offer, a tender of Shares will constitute a tender of the associated Rights. If a Distribution Date has occurred, certificates representing a number of Rights equal to the number of Shares being tendered must be delivered to the Depository in order for the Shares to be validly tendered in accordance with the procedures described in Section 3 of the Offer to Purchase. If a Distribution Date has occurred, a tender of Shares without Rights constitutes an agreement by the tendering shareholder to deliver certificates representing a number of Rights equal to the number of Shares tendered pursuant to the Offer to the Depository within a period ending on the later of (1) three (3) New York Stock Exchange trading days after the date of execution of the Notice of Guaranteed Delivery enclosed herewith or (2) three business days after the date certificates for Rights are distributed to shareholders, all as provided in Section 2 of the Offer to Purchase. Offeror reserves the right to require that it receive these certificates prior to accepting Shares for payment. Payment for Shares tendered and purchased pursuant to the Offer will be made only after timely receipt by the Depository of, among other things, these certificates, if the certificates have been distributed to holders of Shares. Offeror will not pay any additional consideration for the Rights tendered pursuant to the Offer.

If a shareholder desires to tender Shares and, if applicable, Rights pursuant to the Offer and the shareholder's certificates for Shares and, if applicable, Rights are not immediately available or time will not permit all required documents to reach the Depository on or prior to the Expiration Date or the procedures for book-entry transfer cannot be completed on a timely basis, these Shares and, if



applicable, Rights may nevertheless be tendered if all of the following guaranteed delivery procedures set forth in Section 3 of the Offer to Purchase are followed.

This material is being forwarded to you as the beneficial owner of Shares and, if applicable, Rights carried by us in your account but not registered in your name.

A TENDER OF SUCH SHARES AND, IF APPLICABLE, RIGHTS CAN BE MADE ONLY BY US AS THE HOLDER OF RECORD AND PURSUANT TO YOUR INSTRUCTIONS. THE LETTER OF TRANSMITTAL IS FURNISHED TO YOU FOR YOUR INFORMATION ONLY AND CANNOT BE USED BY YOU TO TENDER SHARES AND, IF APPLICABLE, RIGHTS HELD BY US FOR YOUR ACCOUNT.

Accordingly, we request instructions as to whether you wish to tender any or all of the Shares and Rights held by us for your account, upon the terms and conditions set forth in the Offer.

Please note the following:

1. The Offer Price is \$44.50 per Share, net to the seller in cash, without interest.

2. The Offer is being made for all of the outstanding Shares and, if applicable, Rights.

3. The Offer and withdrawal rights will expire at 12:00 midnight, New York City time, on Friday, September 11, 1998, unless the Offer is extended.

4. The Offer is conditioned upon there being validly tendered and not withdrawn prior to the expiration of the Offer that number of Shares representing at least a majority of all of the outstanding Shares on a fully diluted basis. The Offer is also subject to the satisfaction of other terms and conditions (see the Introduction, Section 1 and Section 15 of the Offer to Purchase).

5. Tendering Shareholders will not be obligated to pay brokerage fees or commissions or, except as set forth in the Letter of Transmittal, stock transfer taxes on the transfer of Shares and, if applicable, Rights pursuant to the Offer.

6. Payment for Shares and, if applicable, accepted for payment pursuant to the Offer will be made only after timely receipt by The Bank of New York (the 'Depository') of (i) certificates for the Shares and, if applicable, or timely confirmation of a book-entry transfer of the Shares and/or Rights into the Depository's account at The Depository Trust Company (the 'Book-Entry Transfer Facility'), pursuant to the procedures set forth in Section 3 of the Offer to Purchase, (ii) a properly completed and duly executed Letter of Transmittal (or a manually signed facsimile) with all required signature guarantees or, in the case of book-entry transfer of Shares, if applicable, an Agent's Message (as defined in the Offer to Purchase) in connection with a book-entry transfer and (iii) any other documents required by the Letter of Transmittal.

If you wish to have us tender any or all of your Shares and, if applicable, please so instruct us by completing, executing, detaching and returning to us the instruction form contained in this letter. An envelope to return your instruction to us is enclosed. If you authorize tender of your Shares and, if applicable, Rights, all such Shares and, if applicable, Rights will be tendered unless otherwise indicated in such instruction form. PLEASE FORWARD YOUR INSTRUCTIONS TO US AS SOON AS POSSIBLE TO ALLOW US AMPLE TIME TO TENDER YOUR SHARES ON YOUR BEHALF PRIOR TO THE EXPIRATION OF THE OFFER.

Offeror is not aware of any jurisdiction where the making of the Offer is prohibited by administrative or judicial action pursuant to any valid state statute. If Offeror becomes aware of any valid state statute prohibiting the making of the Offer or the acceptance of the Shares or Rights pursuant thereto, Offeror will make a good faith effort to comply with such state statute. If, after such good faith effort, the Offeror cannot comply with any such state statute, the Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of Shares or Rights in such state. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of Offeror by the Dealer Managers (as defined in the Offer to Purchase) or one or more registered brokers or dealers which are licensed under the laws of such jurisdiction.



INSTRUCTIONS WITH RESPECT TO THE OFFER TO PURCHASE  
FOR CASH ALL OUTSTANDING SHARES OF COMMON STOCK  
(AND THE ASSOCIATED COMMON STOCK PURCHASE RIGHTS)  
OF  
AMP INCORPORATED

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase, dated August 10, 1998 (the 'Offer to Purchase'), and the related Letter of Transmittal (which, together with any amendments or Supplements thereto, collectively constitute the 'Offer') in connection with the offer by PMA Acquisition Corporation (the 'Offeror'), a Delaware corporation and a wholly owned subsidiary of AlliedSignal Inc., a Delaware Corporation ('Parent'), to purchase all outstanding shares of Common Stock, without par value (the 'Common Stock'), and the associated Common Stock Purchase Rights (the 'Rights'), of AMP Incorporated, a Pennsylvania corporation (the 'Company'), at a purchase price of \$44.50 per Share and, if applicable, Rights, in each case net to the seller in cash, without interest thereon, in each case upon the terms and subject to the conditions set forth in the Offer to Purchase.

This will instruct you to tender to the Offeror the number of shares of Common Stock and, if applicable, Rights, indicated below (or if no number is indicated below, all shares of Common Stock and, if applicable, Rights) which are held by you for the account of the undersigned, upon the terms and subject to the conditions set forth in the Offer.

Number of Shares and, if applicable, Rights to be Tendered:        Shares

Unless otherwise indicated, it will be assumed that you instruct us to tender all Shares and/or Rights held by us for your account.

-----  
SIGN HERE

Signature(s) .....  
(Print Name(s)) .....  
(Print Address(es)) .....  
(Area Code and Telephone Number(s)) .....  
(Taxpayer Identification or Social Security Number(s)) .....



NOTICE OF GUARANTEED DELIVERY  
FOR  
TENDER OF ALL OUTSTANDING SHARES OF COMMON STOCK  
(AND ASSOCIATED COMMON STOCK PURCHASE RIGHTS)  
OF  
AMP INCORPORATED INC.  
TO  
PMA ACQUISITION CORPORATION  
A WHOLLY OWNED SUBSIDIARY OF  
ALLIEDSIGNAL INC.

This Notice of Guaranteed Delivery, or one substantially equivalent hereto, must be used to accept the Offer (as defined below) if certificates for shares of common stock, without par value (the 'Shares'), and the associated Common Stock Purchase Rights (the 'Rights'), of AMP Incorporated, a Pennsylvania corporation (the 'Company'), are not immediately available or if the procedure for book-entry transfer cannot be completed on a timely basis or time will not permit all required documents to reach the Depository on or prior to the Expiration Date (as defined in the Offer to Purchase). Such form may be delivered by hand or facsimile transmission, or mailed to the Depository. See Section 3 of the Offer to Purchase, dated August 10, 1998 (the 'Offer to Purchase').

The Depository for the Offer is:  
THE BANK OF NEW YORK  
-----

By Mail:  
Tender & Exchange Department  
P.O. Box 11248  
Church Street Station  
New York, N.Y. 10286-1248

By Facsimile:  
(For Eligible Institutions Only)  
(212) 815-6213  
Confirm by telephone:  
1-800-507-9357

By Hand/Overnight Courier:  
Tender & Exchange Department  
101 Barclay Street  
Receive and Deliver Window  
New York, N.Y. 10286

-----  
DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS, OR TRANSMISSION OF INSTRUMENTS BY FACSIMILE, OTHER THAN AS SET FORTH ABOVE DOES NOT CONSTITUTE A VALID DELIVERY.

This Notice of Guaranteed Delivery is not to be used to guarantee signatures. If a signature on a Letter of Transmittal is required to be guaranteed by an 'Eligible Institution' under the instructions thereto, such signature guarantee must appear in the applicable space provided in the signature box on the Letter of Transmittal.

The Eligible Institution that completes this form must communicate the guarantee to the Depository and must deliver the Letter of Transmittal or an Agent's Message and certificates for Shares to the Depository within the time period shown herein. Failure to do so could result in a financial loss to such Eligible Institution.

THE GUARANTEE ON THE REVERSE SIDE MUST BE COMPLETED.





Ladies and Gentlemen:

The undersigned hereby tenders to PMA Acquisition Corporation, a Delaware corporation, upon the terms and subject to the conditions set forth in the Offer to Purchase, and the related Letter of Transmittal, if applicable (which together constitute the 'Offer'), receipt of which is hereby acknowledged, Shares and, if applicable, Rights of the Company, pursuant to the guaranteed delivery procedure set forth in Section 3 of the Offer to Purchase.

Number of Shares and, if applicable, Rights:.....

.....

Certificate No(s) (if available):

.....

.....

If Shares and, if applicable, Rights will be tendered by book-entry transfer:.....

Name of Tendering Institutions

.....

Account No.:..... at

[ ] The Depository Trust Company

SIGN HERE

Name(s) of Record Holders:

.....

.....

(PLEASE PRINT)

Address:.....

.....

(ZIP CODE)

Area Code and Telephone No.:

.....

Signature(s):.....

.....



THE GUARANTEE BELOW MUST BE COMPLETED

GUARANTEE  
(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a bank, broker, dealer, credit union, savings association or other entity which is a member in good standing of the Securities Transfer Agents Medallion Program or a bank, broker, dealer, credit union, savings association or other entity which is an 'eligible guarantor institution,' as such term is defined in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended, guarantees the delivery to the Depository of the Shares and, if applicable, Rights tendered hereby, together with a properly completed and duly executed Letter of Transmittal (or manually signed facsimile(s) thereof) and any other required documents, or an Agent's Message (as defined in the Offer to Purchase) in the case of a book-entry delivery of Shares and, if applicable, Rights, (a) in the case of Shares, three New York Stock Exchange trading days after the date hereof, or (b) in the case of Rights, a period ending on the later of (1) three trading days after the date of execution hereof or (2) three business days after the date certificates for Rights are distributed to shareholders, all as provided in Section 2 of the Offer to Purchase all within three (3) New York Stock Exchange trading days of the date hereof.

Name of Firm:..... Title:.....  
..... Name:.....  
(AUTHORIZED SIGNATURE) (PLEASE PRINT OR TYPE)  
Address..... Area Code and Telephone No.:.....

DO NOT SEND CERTIFICATES FOR SHARES AND, IF APPLICABLE, RIGHTS WITH THIS NOTICE OF GUARANTEED DELIVERY.

CERTIFICATES FOR SHARES AND, IF APPLICABLE, RIGHTS SHOULD BE SENT WITH YOUR LETTER OF TRANSMITTAL.

Dated: ..... 1998



GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION  
NUMBER ON SUBSTITUTE FORM W-9

GUIDELINES FOR DETERMINING THE PROPER IDENTIFICATION NUMBER TO GIVE THE PAYER. Social Security numbers have nine digits separated by two hyphens: i.e., 000-00-0000. Employer identification numbers have nine digits separated by only one hyphen: i.e., 00-0000000. The table below will help determine the number to give the payer.

FOR THIS TYPE OF ACCOUNT:	GIVE THE TAXPAYER IDENTIFICATION NUMBER OF --
-----	
1. An individual's account	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account(1)
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)
4. A. The usual revocable savings trust (grantor is also trustee)	The grantor- trustee(1)
B. So-called trust account that is not a legal or valid trust under state law	The actual owner(1)
5. Sole proprietorship	The owner(3)
6. A valid trust, estate, or pension trust	The legal entity (Do not furnish the identifying number of the personal representative or trustee unless the legal entity itself is not designated in the account title.)(4)

FOR THIS TYPE OF ACCOUNT:	GIVE THE TAXPAYER IDENTIFICATION NUMBER OF --
-----	
7. Corporate account	The corporation
8. Religious, charitable, or educational organization account	The organization
9. Partnership account	The partnership
10. Association, club, or other tax-exempt organization	The organization
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

- (1) List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.
- (2) Circle the minor's name and furnish the minor's social security number.
- (3) Show your individual name. You may also enter your business or 'doing business as' name. You may use either your social security number or your employer identification number.
- (4) List first and circle the name of the legal trust, estate, or pension trust.

NOTE: If no name is circled when there is more than one name listed, the number will be considered to be that of the first name listed.



GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION  
NUMBER ON SUBSTITUTE FORM W-9

NOTE: SECTION REFERENCES ARE TO THE INTERNAL REVENUE CODE  
UNLESS OTHERWISE NOTED.

PAGE 2

OBTAINING A NUMBER

If you do not have a taxpayer identification number or you don't know your number, obtain Form SS-5, Application for a Social Security Number Card (for individuals), or Form SS-4, Application for Employer Identification Number (for businesses and all other entities), at the local office of the Social Security Administration or the Internal Revenue Service (the 'IRS') and apply for a number.

PAYEES AND PAYMENTS EXEMPT FROM BACKUP WITHHOLDING

The following is a list of payees exempt from backup withholding and for which no information reporting is required. For interest and dividends, all listed payees are exempt except item (9). For broker transactions, payees listed in items (1) through (13) and a person registered under the Investment Advisors Act of 1940 who regularly acts as a broker are exempt. Payments subject to reporting under sections 6041 and 6041A are generally exempt from backup withholding only if made to payees described in items (1) through (7), except a corporation (other than certain hospitals described in Regulations section 1.6041-3(c)) that provides medical and health care services or bills and collects payments for such services is not exempt from backup withholding or information reporting. Only payees described in items (1) through (5) are exempt from backup withholding for barter exchange transactions and patronage dividends.

- (1) An organization exempt from tax under section 501(a), or an IRA, or a custodial account under section 403(b)(7), if the account satisfies the requirements of section 401(f)(2).
- (2) The United States or any of its agencies or instrumentalities.
- (3) A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities.
- (4) A foreign government or any of its political subdivisions, agencies or instrumentalities.
- (5) An international organization or any of its agencies or instrumentalities.
- (6) A corporation.
- (7) A foreign central bank of issue.
- (8) A dealer in securities or commodities required to register in the United States, the District of Columbia or a possession of the United States.
- (9) A futures commission merchant registered with the Commodity Futures Trading Commission.
- (10) A real estate investment trust.
- (11) An entity registered at all times during the tax year under the Investment Company Act of 1940.
- (12) A common trust fund operated by a bank under section 584(a).
- (13) A financial institution.
- (14) A middleman known in the investment community as a nominee or listed in the most recent publication of the American Society of Corporate Secretaries, Inc., Nominee List.
- (15) A trust exempt from tax under section 664 or described in section 4947.

Payments of dividends and patronage dividends that generally are exempt from backup withholding include the following:

Payments to nonresident aliens subject to withholding under section 1441.  
Payments to partnerships not engaged in a trade or business in the U.S. and which have at least one nonresident partner.

Payments of patronage dividends not paid in money.

Payments made by certain foreign organizations.

Section 404(k) payments made by an ESOP.

Payments of interest that generally are exempt from backup withholding include the following:

Payments of interest on obligations issued by individuals. Note: You may be subject to backup withholding if this interest is \$600 or more and is paid in the course of the payer's trade or business and you have not provided your correct taxpayer identification number to the payer.

Payments of tax-exempt interest (including exempt-interest dividends under section 852).

Payments described in section 6049(b)(5) to nonresident aliens.

Payments on tax-free covenant bonds under section 1451.

Payments made by certain foreign organizations.

Payments of mortgage interest to you.

Exempt payees described above should file substitute Form W-9 to avoid possible erroneous backup withholding. FILE THIS FORM WITH THE PAYER, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, WRITE 'EXEMPT' ON THE FACE OF THE FORM, SIGN AND DATE THE FORM AND RETURN IT TO THE PAYER. IF YOU ARE A NON-RESIDENT ALIEN OR A FOREIGN ENTITY NOT SUBJECT TO BACKUP WITHHOLDING, FILE WITH PAYER A COMPLETED INTERNAL REVENUE FORM W-8 (CERTIFICATE OF FOREIGN STATUS).

Payments that are not subject to information reporting are also not subject to backup withholding. For details, see sections 6041, 6041A, 6042, 6044, 6045, 6049, 6050A and 6050N and the regulations promulgated thereunder.

PRIVACY ACT NOTICE. Section 6109 requires most recipients of dividends, interest, or other payments to give taxpayer identification numbers to payers who must report the payments to the IRS. The IRS uses the numbers for identification purposes. Payers must generally withhold 31% of taxable interest, dividends and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

#### PENALTIES

(1) PENALTY FOR FAILURE TO FURNISH TAXPAYER IDENTIFICATION NUMBER. If you fail to furnish your correct taxpayer identification number to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) CIVIL PENALTY FOR FALSE INFORMATION WITH RESPECT TO WITHHOLDING. If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of \$500.

(3) CRIMINAL PENALTY FOR FALSIFYING INFORMATION. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE.

By checking this box, all Old Debentures held by you for our account will be tendered in the Exchange Offer. If fewer than all Old Debentures are to be tendered, we have checked the box below and indicated the principal amount of Old Debentures to be tendered by you.

\$ \_\_\_\_\_ Old Debentures\*

\* Unless otherwise indicated, it will be assumed that all such Old Debentures are to be tendered.





A NEW SEGMENT

Why? More Diversity -- Ability to Deliver  
Consistent Earnings Growth

Characteristics of Search:

Strong Fundamental Growth

Good Margins

Not Capital Intensive

Leadership Position

Manufacturing and Technology Base

Broadening Our Portfolio Makes Sense



AMP OVERVIEW

Businesses

[SEVEN PHOTOS OF ELECTRICAL  
CONNECTION DEVICES]

Electrical Connection Devices for  
the Following Industries:  
Consumer & Industrial  
Telecommunications  
Automotive  
Personal Computers

1998 Statistics

Sales	\$5.4B
Op. Margins	-9%
EPS	\$1.50
Market Cap	-6.5B

Strengths

Leading Market Position  
Global  
Diverse Markets  
Strong Technical Capabilities

World's Leading Manufacturer of Electrical & Electronic Connection Devices



TERMINALS & CONNECTORS ("T&C") MARKET  
Industry Growth Rate

\$25B Market

5 Year Average -- 9%

[BAR GRAPH SHOWING INDUSTRY GROWTH RATE]

1994 -- 13%  
1995 -- 17%  
1996 -- 5%  
1997 -- 8%  
1998 -- 4%

Source: Bishop & associates, inc.

Large Growing Industry



TERMINALS & CONNECTORS INDUSTRY

Sales by Industry

[PIE GRAPH SHOWING SALES  
BY INDUSTRY]

Industrial & Consumer -- 45%  
Computer/Peripherals -- 25%  
Telecom -- 15%  
Automotive -- 15%

Sales by Region

[PIE GRAPH SHOWING SALES BY  
REGION]

North America -- 38%  
Asia -- 30%  
Europe -- 26%  
ROW -- 6%

\$25B Market

Value Added Market an Additional \$25B -- \$30B

Diverse And Global





AMP'S SHARE OF T&C SALES

[BAR GRAPH SHOWING EACH COMPANY'S SHARE OF  
TERMINAL AND CONNECTOR SALES]

AMP	20%
Molex	6%
Framatome	4%
Berg	3%
Thomas & Betts	3%
Amphenol	3%
3M	3%

Leading Global Position In Fragmented Market



AMP'S REVENUE COMPOSITION

1998 = \$5.4B

Sales by Industry

[PIE GRAPH SHOWING SALES  
BY INDUSTRY]

Consumer & Industrial -- \$1.6B  
Automotive -- \$1.4B  
Telecom -- \$1.4B  
Personal Computer -- \$1.0B

Sales by Region

[PIE GRAPH SHOWING SALES  
BY REGION]

Americas -- 50%  
Europe -- 30%  
Asia/Pacific -- 20%

77% T&C; 14% Value Added; 9% M/A -- Com  
Over 15,000 Patents Issued or Pending  
90,000 Customers in 145 Countries

Wide Range Of Product Offerings To Diverse Industries



AMP OPPORTUNITIES

Peer Revenue Comparison

(1998 Projected Growth

[BAR GRAPH SHOWING A  
COMPARISON OF AMP'S  
PROJECTED 1998  
GROWTH WITH THOSE  
OF OTHER COMPANIES]

Peer Group Margins

-----  
1994      1998      Chg.  
-----

AMP	(5.8%)				
Amphenol	3%	AMP	16.1%	9.4%	(6.7 pts)
Berg	5%	Peer Avg.	12.1%	14.6%	+2.5 pts
Molex	6%	Amphenol	15.0%	17.0%	+2.0 pts
Thomas & Betts	8%	Molex	16.3%	16.3%	--
Peer Avg.	5.5%	Thomas & Betts	9.4%	12.5%	+3.1pts
		Berg	7.8%	12.6%	+4.8pts

Underperforming Its Peers



AMP OPPORTUNITIES  
Market Value (\$B)

[LINE GRAPH COMPARING THE MARKET CAPITALIZATION OF AMP TO THE SUM OF THE MARKET CAPITALIZATIONS OF ITS INDUSTRY PEERS AT THREE MONTH INTERVALS BEGINNING JUNE 1996 AND ENDING JUNE 1998 (ALL DOLLAR AMOUNTS ARE APPROXIMATE). THE GRAPH ALSO INCLUDES THE COMPOUND ANNUAL GROWTH RATES OF AMP (-13%) AND OF THE SUM OF ITS INDUSTRY PEERS OVER THE SAME PERIOD.]

Peer Group	6.5B	7.5B	8B	7.7B	9.3B	10.8B	10B	10.1B	8.5B
AMP	8.8B	8.5B	8.4B	7.7B	9.3B	12B	9.4B	9.6B	6.4B
	6/96	9/96	12/96	3/97	6/97	9/97	12/97	3/98	6/98

Market Recognizes Need For Change





ALD PERFORMANCE

Earnings Per Share  
-----

[LINE GRAPH SHOWING GROWTH IN ACTUAL EARNINGS PER SHARE FOR 1992 THROUGH 1997, INCLUDING AN ESTIMATE FOR 1998. EARNINGS PER SHARE IS EXPECTED TO INCREASE FROM \$0.96 IN 1992 TO APPROXIMATELY \$2.30 TO \$2.34 IN 1998]

Market Value  
-----

[LINE GRAPH COMPARING ALD'S MARKET VALUE GROWTH VS. THE S & P 500 MARKET VALUE GROWTH FOR 1990 TO 1998. OVER THIS PERIOD, ALD'S MARKET VALUE HAS INCREASED 6 FOLD FROM \$4 BILLION TO \$25 BILLION WHILE THE MARKET VALUE OF THE S & P 500 HAS INCREASED 3.4 FOLD]

26 Qtrs of 14%+ Growth

Consistency Drives Market Value



ALD PRODUCTIVITY PERFORMANCE

Total Productivity  
-----

[LINE GRAPH SHOWING TOTAL PRODUCTIVITY AND THE BREAKDOWN BETWEEN GROWTH PRODUCTIVITY AND COST PRODUCTIVITY FROM 1992 TO 1997]

Cost Productivity  
-----

[GRAPH SHOWING THE COMPONENTS OF COST PRODUCTIVITY FROM 1992 TO 1997. IN 1992, CENSUS, REPOSITIONING AND MATERIAL SAVINGS COMPRISED MOST OF COST PRODUCTIVITY. OVER TIME, COST PRODUCTIVITY HAS INCREASINGLY COME FROM SIX SIGMA SAVINGS COMPARED TO CENSUS, REPOSITIONING AND MATERIAL SAVINGS]

Total Productivity  
Average 5.9%  
Since '92

	1990 ----	1998 ----	
Sales/Employees	\$117K	\$200K	[UP ARROW] 71%
Suppliers	[MORE THAN] 10,000	[LESS THAN] 3,000	[DOWN ARROW] 70%

Proven Record Of Productivity



ALD SIX SIGMA JOURNEY

Manufacturing Quality vs. COPQ  
-----

[LINE GRAPH SHOWING  
IMPROVEMENT IN THE DEFECT  
RATE OF MANUFACTURING  
PROCESSES FROM 1992 (2 SIGMA)  
TO 1998 (4+ SIGMA), RESULTING  
IN COST SAVINGS OF \$2 BILLION  
OVER THAT PERIOD]

ALD Operating Margins  
-----

[LINE GRAPH SHOWING ALD  
OPERATING MARGINS INCREASING  
FROM 5% IN 1991 TO 13% IN 1998,  
AN INCREASE OF 800 BASIS POINTS]

Significant Progress, Trained Resources



ESTIMATED MARGIN IMPROVEMENT

[BAR GRAPH]

	AMP				
	\$4.2B	\$5.4B	+8% Sales Growth After 1999	\$6.5B	
Op. Income	15%	9%		18%	Cost
	\$630M	\$495M		\$1170M	Takeout
SG&A	18%	21%	Corporate Overhead	17%	\$185M
	\$760M	\$1130M	Shared Services	\$1105M	
Cost of	67%	70%	Six Sigma/Productivity	65%	\$280M
Goods Sold	\$2810M	\$3775M	Purchasing	\$4225M	
			Plant Rationalization		
	1993-1995	1998		2001	
	AVG				

Growth & Productivity Will Improve Margins  
Beyond Historic Level





AMP OPERATING MARGIN EXPANSION

[BAR GRAPH SHOWING AN ACTUAL AND  
PROJECTED OPERATING MARGIN EXPANSION]

Productivity &  
Synergies

15%	9%	+2%	+4%	+3%	18%
'93-'95 Average	1998	Volume/ Price	Manufacturing Productivity	Corporate Overhead & Shared Svcs.	2001

Growth & Productivity Will Improve Margins  
Beyond Historic Levels



ALD AND AMP

What AMP Brings to ALD

-----  
High Growth Industry  
Industry Leadership  
Global  
Product Differentiation  
Technological Leadership

What ALD Brings to AMP

-----  
Strong Management Team  
Productivity  
Six Sigma  
Size and Scale  
Financial Consistency

Ideal Combination



ALD and AMP -- \$21B  
1998 Pro-Forma

[PIE GRAPH]

Connectors	\$5.4
Spec Chem & Electronic Solutions	\$2.4
Performance Polymers	\$2.0
Aerospace Systems	\$4.9
Transportation Products	\$2.5
Turbine Technologies	\$3.9
Broad Product Offering	High Growth
Diverse Customer Base	High Margin Businesses
Globally Positioned	Consistency

Breadth Of Products And Geographical Diversity Drives Consistency



THE DEAL STRUCTURE

Cash Tender -- \$44.50 Per Share

Funded by:

- Debt
- Internally Generated Cash Flow
- Asset Sales
- Secondary Equity Offering

Anticipated Closing -- 12/31/98

Funding Available





EARNINGS PER SHARE

[BAR GRAPH SHOWING THE OVERALL POSITIVE PROJECTED EFFECTS OF EACH OF ALD'S BUSINESS GROWTH, THE ADDITION OF THE AMP BUSINESS, THE LOSS OF GOODWILL, THE LOSS DUE TO FINANCING AND THE GAINS ON DISPOSITIONS ON THE EARNINGS PER SHARE OF A COMBINED ALD/AMP]

\$2.30-\$2.34	+\$0.30-\$0.35	+\$0.83	-\$0.32	Equity Debt -\$0.78	+\$0.27	\$2.60-\$2.65
1998	ALD Business Growth	AMP Business	Goodwill	Financing	Gains on Dispositions	1999

[LINE GRAPH SHOWING A COMPARISON OF THE PROJECTED GROWTH RATE OF EARNINGS PER SHARE OF ALD AND THE COMBINED ALD/AMP FROM 1998 TO 2001]

		Combined Includes Disposition Gains		
ALD	\$2.30-\$2.34	13%	15%	15%
COMBINED	\$2.30-\$2.34	13%	15%	18%
	1998	1999	2000	2001

No Net Dilution



FREE CASH FLOW

[LINE GRAPH SHOWING A PROJECTED FREE CASH FLOW FOR  
ALD AND THE COMBINED ALD/AMP FROM 1998 TO 2001]

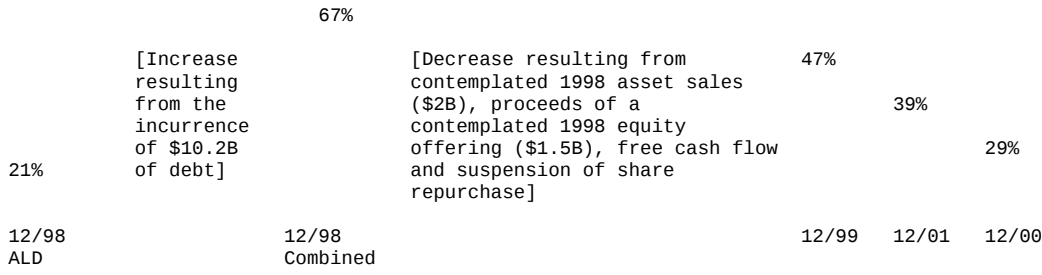
	Combined -----	ALD ---
1998	\$500	\$500
1999	\$500	\$625
2000	\$800	\$780
2001	\$1,300	\$980

Improves Cash Flow



ALD DEBT/CAPITAL

[BAR GRAPH SHOWING A PROJECTION OF ALD'S DEBT-TO-CAPITAL RATIO FROM DECEMBER 1998 TO DECEMBER 2001]



Manageable Transaction



PORTFOLIO IMPROVEMENT

1999  
(Without AMP)

1999  
(With AMP)

2001  
(Includes AMP)

[PIE GRAPH]

[PIE GRAPH]

[PIE GRAPH]

High Growth 67%  
High Margin

High Growth 75%  
High Margin

High Growth 85%  
High Margin

\$16.5B

\$22B

\$26B

Accelerates Transformation





CONTINUED EVOLUTION OF ALLIED SIGNAL

Market Leadership in High Margin Growth Businesses  
Broader, More Global, More Diverse  
Breadth of Markets  
Cost Take-out Opportunities  
High Margin, High Growth Segments  
Enhanced Ability For Financial Consistency

ALD And AMP Combine To Form A Premier Company



=====  
This announcement is neither an offer to purchase nor a solicitation of an offer to sell Shares or Rights. The Offer is made solely by the Offer to Purchase dated August 10, 1998 and the related Letter of Transmittal and is not being made to (nor will tenders be accepted from or on behalf of) holders of Shares or Rights in any jurisdiction in which the making of the Offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of the Purchaser by Lazard Freres & Co. LLC and Goldman, Sachs & Co. or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

NOTICE OF OFFER TO PURCHASE FOR CASH  
ALL OUTSTANDING SHARES OF COMMON STOCK  
(INCLUDING THE ASSOCIATED COMMON STOCK PURCHASE RIGHTS)

OF

AMP INCORPORATED

AT

\$44.50 NET PER SHARE

BY

PMA ACQUISITION CORPORATION

A WHOLLY OWNED SUBSIDIARY OF

ALLIEDSIGNAL INC.

PMA Acquisition Corporation, a Delaware corporation (the "Purchaser"), which is a wholly owned subsidiary of AlliedSignal Inc., a Delaware corporation (the "Parent"), is offering to purchase all outstanding shares of common stock, without par value (the "Shares"), of AMP Incorporated, a Pennsylvania corporation (the "Company"), including the associated Common Stock Purchase Rights (the "Rights") issued pursuant to the Shareholder Rights Plan, dated as of October 15, 1989, between the Company and Manufacturers Hanover Trust and the Amendment Rights Agreement, dated September 4, 1992, between the Company and Chemical Bank, at a price of \$44.50 per Share, net to the seller in cash without interest thereon, upon the terms and subject to the conditions set forth in the Offer to Purchase dated August 10, 1998 and in the related Letter of Transmittal (which, as either may be amended or supplemented from time to time, collectively constitute the "Offer"). Unless the content otherwise requires, all references herein to Shares shall include the Rights, and all references to the Rights include the benefits that may inure to holders of the Rights pursuant to the Rights Agreements referred to above, including the right to receive payment due upon redemption of the Rights.

The purpose of the Offer is to enable the Purchaser to acquire control of and the entire equity interest in the Company.

THE OFFER AND WITHDRAWAL RIGHTS EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON FRIDAY, SEPTEMBER 11, 1998, UNLESS THE OFFER IS EXTENDED.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS (1) THERE BEING VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER THAT NUMBER OF SHARES REPRESENTING AT LEAST A MAJORITY OF ALL OF THE OUTSTANDING SHARES ON A FULLY DILUTED BASIS; (2) THE RIGHTS HAVING BEEN REDEEMED BY THE COMPANY'S BOARD OF DIRECTORS OR THE PURCHASER BEING SATISFIED, IN ITS SOLE DISCRETION, THAT THE RIGHTS HAVE BEEN INVALIDATED OR ARE OTHERWISE INAPPLICABLE TO THE OFFER AND THE PROPOSED MERGER; (3) THE ACQUISITION OF SHARES PURSUANT TO THE OFFER HAVING BEEN APPROVED PURSUANT TO CHAPTER 25, SUBCHAPTER F OF THE PENNSYLVANIA BUSINESS CORPORATION LAW (THE "BUSINESS COMBINATION STATUTE") OR THE PURCHASER BEING SATISFIED, IN ITS SOLE DISCRETION, THAT THE BUSINESS COMBINATION STATUTE IS INVALID OR OTHERWISE INAPPLICABLE TO THE OFFER AND THE PROPOSED MERGER; (4) THE PURCHASER HAVING BEEN ACCORDED THE RIGHT TO VOTE THE SHARES ACQUIRED BY IT PURSUANT TO THE OFFER UNDER CHAPTER 25, SUBCHAPTER G OF THE PENNSYLVANIA BUSINESS CORPORATION LAW; AND (5) ANY APPLICABLE WAITING PERIOD UNDER THE HART-SCOTT-RODINO ANTITRUST IMPROVEMENTS ACT OF 1976 HAVING EXPIRED OR TERMINATED PRIOR TO THE EXPIRATION OF THE OFFER.

For purposes of the Offer, the Purchaser will be deemed to have accepted for payment, and thereby purchased, Shares validly tendered and not withdrawn, if and when the Purchaser gives oral or written notice to The Bank of New York (the "Depositary") of its acceptance of the Shares for payment pursuant to the Offer. In all cases, upon the terms and subject to the conditions of the Offer, payment for Shares purchased pursuant to the Offer will be made by deposit of the purchase price with the Depositary, which will act as agent for tendering shareholders for the purpose of receiving payments from the Purchaser and transmitting the payments to validly tendering shareholders. Payment for Shares accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of (i) certificates for the Shares or timely Book-Entry Confirmation (as defined in the Offer to Purchase) of a book-entry transfer of the Shares into the Depositary's account at a Book-Entry Transfer Facility (as defined in the Offer to Purchase) and, if the Distribution Date (as defined in the Offer to Purchase) occurs, certificates for the associated Rights or timely Book-Entry Confirmation of such Rights, (ii) a properly completed and duly executed Letter of Transmittal (or a manually signed facsimile) with all required signature guarantees or an Agent's Message (as defined in the Offer to Purchase) in connection with a book-entry transfer of Shares and (iii) any other documents required by the Letter of Transmittal. Under no circumstances will interest on the purchase price for Shares be paid by the Purchaser, regardless

of any extension of the Offer or any delay in making payment.

Except as otherwise provided below, tenders of Shares (and, if applicable Rights) made pursuant to the Offer are irrevocable. Shares tendered pursuant to the Offer may be withdrawn at any time prior to the Expiration Date and, unless theretofore accepted for payment pursuant to the Offer, may also be withdrawn at any time after September 11, 1998. Shares may not be withdrawn unless the associated Rights are also withdrawn. For a withdrawal to be effective, a written, telegraphic, telex or facsimile transmission notice of withdrawal must be timely received by the Depositary at one of its addresses set forth on the back page of the Offer to Purchase. Any notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name in which the certificates representing Shares are registered, if different from that of the person who tendered the Shares. If certificates for Shares to be withdrawn have been delivered or otherwise identified to the Depositary, then, prior to the physical release of these certificates, the serial numbers on these certificates must be submitted to the Depositary and, unless the Shares have been tendered by an Eligible Institution (as defined in the Offer to Purchase), the signatures on the notice of withdrawal must be guaranteed by an Eligible Institution. If Shares have been tendered pursuant to the procedure for book-entry transfer set forth in Section 3 of the Offer to Purchase, any notice of withdrawal must also specify the name and number of the account at the applicable Book-Entry Transfer Facility to be credited with the withdrawn Shares, in which case a notice of withdrawal will be effective if delivered to the Depositary by any method of delivery described in Section 4 of the Offer to Purchase. Withdrawals of Shares may not be rescinded. All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by the Purchaser, in its sole discretion, and its determination will be final and binding on all parties. None of the Purchaser, the Depositary, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give any notification.

A request is being made to the Company for the use of the Company's shareholder lists and security position listings for the purpose of disseminating the Offer to shareholders. Upon compliance by the Company with this request, the Offer to Purchase, the Letter of Transmittal and all other relevant materials will be mailed to record holders of Shares and will be furnished to brokers, dealers, banks, trust companies and similar persons whose names, or the names of whose nominees, appear on shareholders lists, or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of Shares by the Purchaser following receipt of these lists or listings from the Company or by the Company if it so elects.

The information required to be disclosed by paragraph (e)(1)(vii) of Rule 14d-6 under the Securities Exchange Act of 1934, as amended, is contained in the Offer to Purchase and is incorporated herein by reference.

THE OFFER TO PURCHASE AND THE RELATED LETTER OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION WHICH SHOULD BE READ CAREFULLY BEFORE ANY DECISION IS MADE WITH RESPECT TO THE OFFER.

Questions and requests for assistance or for copies of the Offer to Purchase, the related Letter of Transmittal and other tender offer documents may be directed to the Information Agent or the Dealer Managers, as set forth below, and copies will be furnished at the Purchaser's expense. Neither the Parent nor the Purchaser will pay any fees or commissions to any broker or dealer or other person (other than the Dealer Managers, the Depositary and the Information Agent) in connection with the solicitation of tenders of Shares and Rights pursuant to the Offer.

The Information Agent for the Offer is:

MORROW & CO., INC.

909 Third Avenue  
20th Floor  
New York, New York 10022  
Toll Free (800) 566-9061  
Call Collect (212) 754-8000

Banks and Brokerage Firms Please Call:  
(800) 662-5200

The Dealer Managers for the Offer are:

LAZARD FRERES & CO. LLC  
30 Rockefeller Plaza  
New York, NY 10020

GOLDMAN, SACHS & CO.  
85 Broad Street  
New York, New York 10004

August 10, 1998

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Contact: Mark Greenberg  
(973) 455-5445

#### AlliedSignal Offers \$9.8 Billion, Or \$44.50 Per Share, For AMP Incorporated

MORRIS TOWNSHIP, New Jersey, August 4, 1998 -- AlliedSignal Inc. (NYSE: ALD) said today that it intends to commence a tender offer for all of the approximately 220 million outstanding shares of AMP Incorporated (NYSE: AMP) at \$44.50 per share in cash, a premium of more than 55%.

The offer will commence within the next five business days. The AlliedSignal Board of Directors has unanimously approved the offer.

AlliedSignal Chairman and Chief Executive Officer Larry Bossidy said, "We are announcing this offer after our requests for discussions were ignored by AMP management."

"We are confident the combination of the two companies can achieve substantial benefits for all concerned, and we have made an effort to meet with AMP management in order to outline these benefits in friendly discussions. Their failure to respond thus far should not prevent us from working together to achieve these benefits as quickly as possible."

"Let me be clear. AlliedSignal prefers to conclude a negotiated transaction with AMP, and we are prepared to be flexible with respect to the nature and amount of consideration and the terms and conditions of an agreement."





"However, we are also determined that this process now go forward. If AMP is not responsive to our offer, we are prepared to initiate a consent solicitation to elect a majority of the directors of the Company who will be responsive to our proposal and the delivery of value to AMP shareowners. We are commencing litigation in Federal District Court for the Eastern District of Pennsylvania to assure that AMP shareowners will not be denied the opportunity to receive, consider and act upon our offer."

"AlliedSignal will bring a well managed, larger, financially stronger, more diverse company together with AMP at a crucial time. This combination will address positively all of the considerations that AMP's management and Board must evaluate under Pennsylvania law to ensure the combination will be advantageous to all their stakeholders."

"In particular, we can offer employees a wide range of career opportunities and the benefit of world class education programs. This is of great advantage when a company is going through the kind of adjustments that AMP is experiencing, including the recent Pennsylvania plant closings and layoffs announced by AMP."

"AlliedSignal has annual revenues of \$15 billion, with operations in the aerospace, engineered materials and automotive industries. With 26 consecutive quarters of earnings growth of 14% or more, AlliedSignal has demonstrated its ability to achieve growth on a consistent basis."

"Since we began our Six Sigma program more than six years ago, our earnings per share have grown at a compound average annual rate of 21% and our market value has



grown more than six-fold, from less than \$4 billion to more than \$25 billion. The combination of the two companies will assure that AMP has the management and financial support necessary to achieve long-term success in its business. For AlliedSignal shareowners, AMP will represent a significant new business that will better position us to achieve our objective of consistent earnings growth."

AlliedSignal stated that financing for its offer is available.

The tender offer will be subject to customary terms and conditions. This news release does not constitute an offer to purchase any securities, nor solicitation of a proxy, consent or authorization for or with respect to a meeting of the shareowners of AlliedSignal Inc. or AMP or any action in lieu of a meeting. Any solicitations will be made only pursuant to separate materials in compliance with the requirements of applicable federal and state securities laws.

AlliedSignal is an advanced technology and manufacturing company serving customers worldwide with aerospace and automotive products, chemicals, fibers, plastics and advanced materials. The company employs 70,500 people worldwide. AlliedSignal is a component of the Dow Jones Industrial Average and Standard and Poor's 500 Index, and it is included in Fortune magazine's lists of the "Most Admired Companies" and "Best Places to Work." Additional information on the company is available on the World Wide Web at <http://www.alliedsignal.com/>.

This release contains forward-looking statements as defined in Section 21E of the Securities Exchange Act of 1934, including statements about future business operations, financial performance and market conditions. Such forward-looking statements involve risks and uncertainties inherent in business forecasts.



July 30, 1998

Mr. William J. Hudson  
Chief Executive Officer and President  
AMP Incorporated  
P.O. Box 3608  
Harrisburg, PA 17105-3608

Dear Bill:

I tried to reach you by telephone yesterday to set up a meeting to discuss with you a possible combination of our two companies. A combination makes compelling business sense and would produce a unique opportunity for your shareowners to realize maximum value for their shares. I still want to meet with you as soon as possible, but I thought it would be useful to set forth my proposal in writing before we meet.

Specifically, AlliedSignal is prepared to offer \$43.50 per share in cash for all of AMP's outstanding shares, a premium of more than 50% over the current market value. Alternatively, we would consider a higher price if all or a significant portion of the consideration were AlliedSignal shares instead of cash. Cash would provide your shareowners the opportunity to realize today the future value of AMP, and equity the option to participate in the future growth of the new AlliedSignal/AMP enterprise. Our Board of Directors has approved a transaction on the terms set forth above, and we have confirmed that the necessary financing is available.

AlliedSignal has annual revenues of \$15 billion, with operations in the aerospace, automotive and engineered materials industries and with the demonstrated ability to achieve sales and earnings growth on a consistent basis. Our vision is to "become a premier company, distinctive and successful in everything we do." Since we began our Total Quality journey more than six years ago, our earnings per share have grown at a compound average annual rate of 21% and our market value has grown more than six-fold, from less than \$4 billion to more than \$25 billion.

Recently, we have focused our resources on developing a diversified portfolio of high-growth, high-margin businesses as a means of being both competitive and successful in the new century. We have targeted, in particular, electronic materials, where we have several offerings. A combination with AMP would be consistent with this thrust. Moreover, our strategic interest in this area would assure the management and financial support necessary to maintain AMP's continued leadership position in its sector.

AlliedSignal offers the following strengths that will allow APPLE to achieve its goals:



Size and scale. We are a \$15 billion company operating in some 40 countries with the size and scale to realize economies in areas such as purchasing marking and shared business services.

Technology. We have a strong research and development capability in the electronics area, both in our electronic materials business and our aerospace businesses. I am confident that there would be synergistic benefits to both our companies.

Management Team. Over the last six years we have developed an outstanding management team that has demonstrated the ability to lead in the 1990's and to cope with the issues that all of us will face as we move into the next century. Our management team is respected around the world--by suppliers, by customers and by the investment community.

Operational Strength; Processes. We have a proven track record of operational success, increasing productivity year-in and year-out. Most recently, we have launched new initiatives across the company to ensure that we achieve world-class design and production capabilities.

Financial Strength; Credibility. Financially, we have an excellent track record and a strong balance sheet.

In addition, there are other benefits available to AMP in a combination:

Consistent Performance. Our size and diversity both in terms of different businesses and geographical markets provides a buffer for a cyclical downturn in any one area of businesses. AMP cannot achieve that kind of consistent performance on its own.

Business Processes. Our size and diversity also make it possible for AMP to take advantage of the business processes and best practices we have developed across a wide array of businesses in different industries.

Employees. Our size and diversity also would offer many more career opportunities for your employees. In addition, we have a state-of-the-art education program which affords all of our employees at least 40 hours of training a year. For example, we have been able to drive out "six sigma" initiatives throughout the company largely by using internal resources.

A successful transaction, of course, is dependent on confidentiality and speed. Accordingly, our proposal is conditioned on your keeping the existence of this letter and the proposal confidential, and I ask that you respond to me promptly. I am available to





meet with you at your convenience any time next week, and we are prepared to begin negotiations immediately. We are willing to discuss any and all concerns you may have.

I look forward to meeting with you next week. You can reach me at 973-455-6551.

Sincerely,

/s/ Peter M. Kreindel

Peter M. Kreindel



August 4, 1998

Board of Directors  
AMP Incorporated  
470 Friendship Road  
Harrisburg, PA 17111

I am writing to you after my unsuccessful attempts to make contact with Bill Hudson to discuss a proposal for the strategic combination of our two companies in a manner that truly serves the vital best interests of the employees, customers, shareowners and communities of which we are a part. Specifically, in our letter of July 30 I proposed that AlliedSignal acquire all the outstanding shares of AMP for \$43.50 per share in cash, or for a higher price if all or a significant portion of the consideration were AlliedSignal shares rather than cash.

It is our desire to enter into direct discussions about this transaction with you. However, because Mr. Hudson has not responded to my calls and letter, we have decided to commence a tender offer for all outstanding shares of AMP for an enhanced price of \$44.50 per share in cash. A combination is clearly in the best interests of both companies and all of their constituencies, and we are committed to completing it. The AlliedSignal Board of Directors has unanimously authorized this offer, and adequate financing is available. Accordingly, if AMP is unwilling to enter negotiations, AlliedSignal is prepared to initiate a consent solicitation to increase the size of the AMP Board of Directors and to add a majority of directors who will be responsive to our proposal.

As I said in my letter to Mr. Hudson last week, and as I will tell you in person if you permit me to present our proposal in person, a combination of our companies makes compelling business sense and is consistent with both the letter and spirit of the laws governing businesses in Pennsylvania. I hope that we can work together in a professional and constructive manner so that your constituencies can enjoy the benefits of our combination as soon as possible. In particular:

- \* For AMP shareowners, an acquisition of AMP shares for \$44.50 in cash provides the opportunity to realize an immediate premium of about 55% over the market price of AMP's shares. If we exchange AlliedSignal shares for AMP shares on a tax-free basis, your shareowners would be able to participate in the future growth of a new AlliedSignal/AMP enterprise. We are confident that our business approach, which over the past six years has enabled us to grow earnings per share at a compound average annual rate of 21% and increase our market value six-fold, would create significant value if applied to AMP's business. AlliedSignal can also bring to bear on AMP's business the important advantages we have in size and scale, technology, management depth, operational excellence and financial strength. Finally, AMP



shareowners would benefit from owning a stock with a demonstrated record of consistent performance.

- \* For AMP employees, the size of AlliedSignal and scope of our businesses would offer many more career opportunities than they have currently. AlliedSignal has been named by Fortune as one of the best 100 companies in America for which to work.
- \* For AMP customers, our business approach and Six Sigma operational initiatives ensure that we achieve world-class design and production capabilities in all our businesses, everywhere we operate.

I look forward to speaking with you soon.

Sincerely,

Larry Bossidy  
Chairman and Chief Executive Officer

