

As filed with the Securities and Exchange Commission on June 6, 1997

Registration No. 333-26457

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT No. 2
To
FORM S-1
REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

inTEST Corporation
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	3825 (Primary Standard Industrial Classification Code No.)	22-2370659 (I.R.S. Employer Identification No.)
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2 Pin Oak Lane, Cherry Hill, New Jersey 08003, (609) 424-6886
(Address, including zip code, and telephone number, including area code, of
registrant's principal executive offices)

ALYN R. HOLT Chairman and Chief Executive Officer	ROBERT E. MATTHIESSEN President and Chief Operating Officer
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inTEST Corporation
2 Pin Oak Lane, Cherry Hill, New Jersey 08003, (609) 424-6886
(Name, address, including zip code, and telephone number, including area code,
of agent for service)

Copies to:

CHARLES C. ZALL, ESQ.
Saul, Ewing, Remick & Saul
3800 Centre Square West
Philadelphia, Pennsylvania 19102
(215) 972-7777

BARRY M. ABELSON, ESQ.
Pepper, Hamilton & Scheetz LLP
3000 Two Logan Square
18th and Arch Streets
Philadelphia, Pennsylvania 19103
(215) 981-4000

Approximate date of commencement of proposed sale to the public: As soon as
practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered
on a delayed or continuous basis pursuant to Rule 415 under the Securities Act
of 1933, check the following box. / /

If this Form is filed to register additional securities for an offering
pursuant to Rule 462(b) under the Securities Act, please check the following box
and list the Securities Act registration statement number of earlier effective
registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(c)
under the Securities Act, check the following box and list the Securities Act
registration statement number of the earlier effective registration statement
for the same offering. / /

If delivery of the prospectus is expected to be made pursuant to Rule 434,
please check the following box. / /

The Registrant hereby amends this Registration Statement on such date or
dates as may be necessary to delay its effective date until the Registrant
shall file a further amendment which specifically states that this Registration
Statement shall thereafter become effective in accordance with Section 8(a) of
the Securities Act of 1933 or until the Registration Statement shall become
effective on such date as the Commission, acting pursuant to Section 8(a), may
determine.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

SUBJECT TO COMPLETION, DATED JUNE 6, 1997

2,275,000 Shares

[GRAPHIC OMITTED]

inTEST

Common Stock

Of the 2,275,000 shares of Common Stock offered hereby, 1,820,000 are being sold by inTEST Corporation ("inTEST" or the "Company") and 455,000 shares are being sold by certain stockholders of the Company (the "Selling Stockholders"). The Company will not receive any of the proceeds from the sale of shares by the Selling Stockholders. See "Principal and Selling Stockholders."

Prior to the offering, there has been no public market for the Common Stock of the Company. It is currently estimated that the initial public offering price for the Common Stock will be between \$8.50 and \$10.50 per share. See "Underwriting" for information relating to the factors to be considered in determining the initial public offering price. The Company has applied to have the Common Stock approved for quotation on the Nasdaq National Market under the symbol "INTT."

Prospective investors should carefully consider "Risk Factors" beginning on page 5.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public	Underwriting Discounts and Commissions(1)	Proceeds to Company(2)	Proceeds to Selling Stockholders
Per Share	\$	\$	\$	\$
Total(3)	\$	\$	\$	\$

- (1) The Company and the Selling Stockholders have agreed to indemnify the Underwriters against certain liabilities, including certain liabilities under the Securities Act of 1933, as amended. See "Underwriting."
- (2) Before deducting estimated expenses of \$655,000 payable by the Company.
- (3) The Selling Stockholders have granted the Underwriters an option, exercisable within 30 days after the date of this Prospectus, to purchase up to 341,250 additional shares of Common Stock solely to cover over-allotments. If this option is exercised in full, the total Price to Public, Underwriting Discounts and Commissions and Proceeds to Selling Stockholders will be \$_____, \$_____ and \$_____, respectively. See "Underwriting."

The shares of Common Stock are offered by the several Underwriters named herein subject to prior sale, receipt and acceptance by them and subject to their right to reject orders in whole or in part. It is expected that the delivery of the certificates for such shares will be made on or about _____, 1997 at the office of Janney Montgomery Scott Inc., Philadelphia, Pennsylvania.

JANNEY MONTGOMERY SCOTT INC. NEEDHAM & COMPANY, INC.

The date of this Prospectus is _____, 1997

[Picture of a test head in position to dock to a device handler, each equipped with inTEXT docking hardware.]

[Picture of inTEXT docking hardware consisting of a docking plate with three cams and interconnecting cables.]

[Drawings depicting a test head being moved in each of the six degrees of motion freedom.]

[Picture of inTEXT in2 Test Head Positioner (manipulator) holding a test head equipped with inTEXT docking hardware.]

"inTEST," the Company's logo on the cover of this Prospectus and the "in2" logo are registered trademarks of inTEST Corporation. This Prospectus also contains trademarks of other companies.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK OF THE COMPANY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The following summary is qualified in its entirety by the more detailed information and Consolidated Financial Statements and Notes thereto appearing elsewhere in this Prospectus. Unless the context otherwise requires, all references herein to the "Company" or "inTEST" include inTEST Corporation ("inTEST CORP") and its subsidiaries. All information in this Prospectus assumes no exercise of the Underwriters' over-allotment option and gives effect to (i) a stock split in the form of a stock dividend in the amount of 0.5579 shares for every one share outstanding which was effected on June 4, 1997, (ii) the termination of the Company's status as an S corporation immediately prior to the offering and (iii) the issuance of an aggregate of 300,443 shares of Common Stock simultaneously with the closing of the offering in exchange for the minority interests in the Company's three foreign subsidiaries (the "Exchange"). See "The Company" and "S Corporation Distributions."

The Company

The Company is a leading independent designer, manufacturer and marketer of docking hardware and test head manipulators, which are used with automatic test equipment ("ATE") by semiconductor manufacturers during the testing of wafers and packaged devices. The Company also designs and markets related ATE interface products including high performance test sockets, interface boards and probing assemblies. The Company's products are designed to improve the utilization and cost-effectiveness of ATE (including testers, wafer probers and device handlers) during the testing of linear, digital and mixed signal integrated circuits. Since inception in 1981, the Company has developed and continues to support over 4,600 products and has been granted 13 U.S. patents for its technology.

Testing is an integral and necessary step during the design and manufacture of wafers and packaged devices. Each integrated circuit is tested at least twice during the manufacturing process to ensure the functional and electrical performance of each circuit. The increasing worldwide demand for semiconductors in recent years has led to an increase in the demand for ATE. According to VLSI Research Inc., in 1996 semiconductor manufacturers spent an estimated \$3.7 billion on testers and \$1.3 billion on wafer probers and device handlers. The increasing complexity of wafers and packaged devices, as manifested by larger wafers, higher speeds, growing pin counts, smaller packaged devices and greater levels of integration has changed the design, architecture and complexity of ATE used during the testing of such devices and has resulted in an increased demand for the Company's products.

The Company's docking hardware products mechanically control the intimate interface between the test head's interface board and the prober's probing assembly or handler's test socket. Such docking hardware facilitates the quick, easy and safe changeover of test heads to probers or handlers, thereby allowing semiconductor manufacturers to achieve cost savings by (i) improving ATE utilization, (ii) improving the accuracy and integrity of test results and (iii) reducing the need to repair or replace expensive ATE interface products. The Company's docking hardware can be designed to be used with substantially all makes and models of test heads, probers and handlers, and can usually be designed to allow all ATE on a test floor to be mechanically "plug-compatible."

The Company's in2 free-standing, floating-head universal manipulators are designed to be used in either a dedicated or a flexible test environment and have been engineered to hold test heads in an effectively weightless state, and can be moved up or down, right or left, forward or backward and rotated around each axis (six degrees of motion freedom). Consequently, an operator using no more than 22 pounds of force can reposition a test head weighing up to approximately 900 pounds by grasping it in his or her hands and gently moving the test head into position to dock with a prober or handler.

The Company's largest customers include Lucent Technologies, Motorola, SGS Thomson and Texas Instruments among semiconductor manufacturers, and Credence Systems, LTX and Teradyne among ATE manufacturers. The Company designs, markets and supports its products globally both through Company account managers based in New Jersey, Texas, California, the U.K., Singapore and Japan and through independent sales representatives in the U.S. and abroad. The Company's executive offices are located in Cherry Hill, New Jersey. Manufacturing facilities are located in New Jersey and the U.K.

The Offering

Common Stock offered by the Company	1,820,000 shares
Common Stock offered by the Selling Stockholders .	455,000 shares
Total offering	2,275,000 shares
Common Stock to be outstanding after the offering .	5,911,034 shares(1)
Use of Proceeds	For working capital, general corporate purposes (which may include S corporation distributions) and possible acquisitions. See "Use of Proceeds."
Proposed Nasdaq National Market symbol	INTT

Summary Consolidated Financial Information
(in thousands, except per share data)

	Years ended December 31,					Three months ended March 31,	
	1992	1993	1994	1995	1996	1996	1997
Consolidated Statement of Earnings Data:							
Revenues	\$ 6,512	\$ 8,875	\$ 9,287	\$14,442	\$18,582	\$ 6,089	\$ 3,887
Gross profit	3,254	5,415	5,510	9,251	11,827	4,233	2,285
Operating income	649	1,767	1,289	4,037	5,616	2,694	1,007
Earnings before income taxes and minority interest ...	\$ 605	\$ 1,782	\$ 1,326	\$ 4,070	\$ 5,717	\$ 2,706	\$ 1,022
Pro forma net earnings (2)					\$ 3,366		\$ 537
Pro forma net earnings per share (2)					\$ 0.82		\$ 0.13
Pro forma weighted average shares outstanding (1)(2) ...					4,091		4,091
Supplemental pro forma net earnings per share (3)					\$0.79		\$0.13
Supplemental pro forma weighted average shares outstanding (3)					4,265		4,265

March 31, 1997

	Actual	Pro forma (4)	Pro forma as adjusted (4)(5)
Consolidated Balance Sheet Data:			
Cash and cash equivalents	\$ 2,983	\$ 2,983	\$18,408
Working capital	3,924	560	15,985
Total assets	7,492	9,115	24,540
Long term debt	148	148	148
Total stockholders' equity	4,154	2,640	18,065

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- (1) Includes 300,443 shares of Common Stock to be issued in the Exchange, and excludes 150,000 shares of Common Stock issuable upon the exercise of stock options, the grant of which will become effective as of the effective date of the Registration Statement of which this Prospectus is a part (the "Registration Statement") and which will be exercisable at the initial public offering price. None of such options will be exercisable until one year after the effective date of grant. See "Management -- 1997 Stock Plan."
 - (2) Assumes the termination of the Company's S corporation status effective January 1, 1996 and the completion of the Exchange on January 1, 1996, and as a result reflects the amortization of goodwill associated therewith and the absence of a charge for the minority interest. See Note 3 of Notes to Consolidated Financial Statements.
 - (3) Supplemental pro forma net earnings per share reflects the assumed issuance of 174,000 shares of Common Stock, based on an assumed initial public offering price of \$9.50 per share, to fund distributions to the Company's current stockholders of previously taxed but undistributed S corporation earnings, net of available cash and cash equivalents (estimated to be \$1.7 million as of March 31, 1997). See "Use of Proceeds," "S Corporation Distributions" and Note 3 of Notes to Consolidated Financial Statements.
 - (4) Reflects the acquisition of the minority interests in the Company's foreign subsidiaries pursuant to the Exchange, including goodwill arising from the Exchange, and the effects of the termination of the Company's S corporation status, including the distribution described under "S Corporation Distributions." See Note 3 of Notes to Consolidated Financial Statements.
 - (5) Adjusted to reflect the sale by the Company of 1,820,000 shares of Common Stock offered hereby at an assumed initial public offering price of \$9.50 per share and the receipt of the estimated net proceeds therefrom (after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by the Company). See "Use of Proceeds" and "Capitalization."

RISK FACTORS

An investment in the shares of Common Stock offered hereby involves a high degree of risk. Prospective investors should carefully consider the following risk factors in addition to the other information set forth in this Prospectus. This Prospectus contains certain statements of a forward-looking nature relating to future events or the future financial performance of the Company. Prospective investors are cautioned that such statements are only predictions and that actual events or results may differ materially.

Dependence upon Semiconductor Industry. The Company's business is substantially dependent upon the level of activity and capital expenditures of semiconductor manufacturers. The semiconductor industry is highly cyclical and has from time to time experienced periods of excess capacity which often have had a severely detrimental effect on the industry's demand for ATE. There can be no assurance that the Company's business and results of operations will not be materially adversely affected by downturns in the semiconductor industry generally, or by downturns or changes in any one or more particular market segments of the semiconductor industry in which the Company participates. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Fluctuations in Revenues and Operating Results. The Company's revenues and operating results have fluctuated and could in the future fluctuate significantly from period to period, including from one quarterly period to another, due to a combination of factors, including the cyclical nature of the semiconductor industry, delays in the Company's shipments of products, the mix of products sold, the mix of customers and the regions of the world where sales are made in a particular period, the level of the Company's fixed costs, cancellation or rescheduling of orders by customers and competitive pricing pressures. In the fourth quarter of 1996, for example, the Company experienced an operating loss substantially as a result of reduced revenues. The Company believes such reduced revenues reflect the reduction by semiconductor manufacturers of commitments to purchase ATE products in the second and third quarters of 1996. The impact of these and other factors on the Company's revenues and operating results in any future period cannot be forecast with accuracy. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Importance of Patents and Proprietary Rights; Risk of Litigation. The Company's success depends in significant part on its ability to obtain patent protection for its proprietary technologies and to preserve its trade secrets. The Company's U.S. issued patents will expire at various times beginning in 2002 and extending through 2015. There can be no assurance that additional patents will be issued on the Company's pending or future applications, or that any patents now or hereafter owned by the Company will afford protection against competitors that develop similar technology or products. There is no certainty that any patents issued to the Company will be held valid if subsequently challenged or subjected to reexamination or reissue, that others will not claim rights in the patents and other proprietary technology owned by the Company or that the Company's efforts to protect its proprietary rights will be successful generally or in any specific circumstance. There are no pending lawsuits or claims against the Company regarding infringement of any existing patents or other intellectual property rights of others.

The Company has notified one of its competitors that the Company believes the competitor's products infringe on one of the Company's U.S. patents. The competitor responded by alleging that certain claims of the patent are invalid based on an earlier issued U.S. patent. The Company, in order to strengthen its patent position, requested reexamination of its patent by the U.S. Patent and Trademark Office (the "PTO") over that earlier issued U.S. patent. The competitor thereafter also requested a reexamination of the patent. A reexamination provides the PTO with an opportunity to reevaluate the validity of the claims of a patent previously issued by the PTO. On April 7, 1997, the PTO issued an Office Action in Reexamination confirming five of the nine claims of the Company's patent, and rejecting four claims. On April 29, 1997, the Company's patent attorney presented to the Examiner in charge of the Reexamination a minor amendment to the claims. In response, the Examiner agreed that the proposed amendment appears to overcome the rejection of the four claims. Based on advice of its patent counsel, the Company believes that upon formal submission of the proposed amendment, all claims will be deemed patentable and the Commissioner of the PTO will issue a Certificate of Reexamination to that effect. Although there can be no assurance, the Company believes that the failure of the PTO ultimately to deem patentable some or all of the four claims rejected in the Office Action will not have a material adverse effect on the Company's business or results of operations. See "Business--Patents and Other Proprietary Rights."

Competition. The ATE industry is highly competitive. Many of the Company's competitors have greater financial resources and some have more extensive engineering, manufacturing, marketing and customer support capabilities than the Company. The Company's competitors include independent manufacturers of docking hardware, manipulators and related ATE interface products, designers and manufacturers of ATE and, to a lesser extent, semiconductor manufacturers' in-house ATE interface groups. The independent manufacturers of docking hardware and manipulators which compete with the Company include Reid-Ashman Manufacturing of the U.S., Microhandling of Germany and Shang Sheng of Taiwan. The manufacturers of ATE which compete with the Company in the sale of docking hardware and manipulators include Credence Systems, LTX, Schlumberger and Teradyne. The Company competes with numerous independent manufacturers of related ATE interface products. The Company principally competes on the basis of product performance and functionality, product reliability, customer service, applications support, price and timely product delivery. There can be no assurance that the Company's competitors will not develop competing products that will offer performance features that are superior to the Company's products. The Company believes that in order to remain competitive, it must continue to commit a significant portion of its personnel, financial resources, research and development and customer support in developing new products and in maintaining customer satisfaction worldwide. See "Business -- Competition."

Importance of Product Development. The market for ATE is subject to rapid technological change and new product introductions, as well as advancing industry standards. The development of increasingly complex semiconductors and the utilization of semiconductors in a broader spectrum of products have driven the need for more advanced ATE systems to test such devices at an acceptable cost. The demand for these new ATE systems provides both the opportunity and the need for the Company to develop additional products. There can be no assurance that the Company will be successful in developing, manufacturing or selling new products, that the introduction of such products will coincide with the development of new generations of semiconductors or that such products will satisfy customer needs or achieve market acceptance. The failure to provide customers with new products could have a material adverse effect on the Company's business and results of operations, as well as its customer relationships. See "Business -- Strategy" and " -- Products."

Acquisitions. Although the Company has not made an acquisition since 1985, a key element of its growth strategy is to acquire businesses, technologies or products that are complementary to those of the Company. There can be no assurance that the Company will be able to acquire and integrate successfully such businesses, technologies or products or that any financing which may be necessary for such acquisitions can be obtained on favorable terms or at all. Furthermore, the integration of an acquisition may cause a diversion of management's time and resources. Acquisitions by the Company could result in dilutive issuances of equity securities and additional debt and amortization expenses related to goodwill and intangible assets. In addition, gross profit margins of acquired products, necessary product or technology development expenditures and other factors related to any such acquisition could result in dilution to the Company's stockholders or have other material adverse effects on the Company's business and results of operations. The Company is not currently a party to any agreement or understanding with respect to any acquisition. See "Business -- Strategy."

International Sales and Operations. Approximately 37% and 43% of the Company's revenues were generated by the Company's three foreign subsidiaries, and approximately 5% and 19% of the Company's revenues were derived from sales by inTEST CORP to customers located outside the U.S., in the first quarter of 1997 and in 1996, respectively. The Company intends to expand its international presence and expects that international revenues will continue to represent a significant portion of its revenues. See "Business -- Strategy." Sales to customers outside the U.S. and operations in foreign countries are subject to risks in addition to those incident to domestic sales and operations, including the imposition of financial and operational governmental controls and regulatory restrictions, the need to comply with a wide variety of U.S. and foreign import and export laws, political and economic instability, trade restrictions, changes in tariffs and taxes, longer payment cycles and the greater difficulty of administering business abroad. There can be no assurance that any of these factors will not have a material adverse effect on the Company's business or results of operations. A significant portion of the Company's revenues is denominated in foreign currencies, and accordingly, the Company's business and results of operations may be affected by fluctuations in interest and currency exchange rates. Also, the laws of certain foreign countries may not protect the Company's intellectual property to the same extent as do the laws of the U.S. See "Business -- Markets and Customers" and Note 4 of Notes to Consolidated Financial Statements.

Customer Concentration. Although the Company's largest customers generally change from year to year, sales to the Company's top ten customers accounted for 70%, 73% and 69% of the Company's revenues in 1996, 1995 and 1994, respectively, and sales to one customer, Lucent Technologies, accounted for 16%, 16% and 7% in 1996, 1995 and 1994, respectively. The Company sells to its customers on a purchase order or other limited basis and not pursuant to long term contracts. There can be no assurance that the Company will be able to retain its largest customers or that such customers will not cancel or reschedule orders. The loss of a major customer or a reduction in orders by major customers, including reductions due to market or competitive conditions in the semiconductor industry, could have a material adverse effect on the Company's business and results of operations. See "Business -- Markets and Customers."

Dependence on Key Suppliers. The Company relies on third party suppliers, fabricators, finishers and manufacturers (collectively, "Suppliers") in the production of its products. Although the Company believes that all raw materials and component parts are currently available in adequate amounts, there can be no assurance that shortages will not develop in the future. Certain of the raw materials and component parts for the Company's docking hardware and manipulator products are purchased from single Suppliers, and certain of the Company's docking hardware and manipulator products are fabricated by single fabricators and finished by single finishers. The related ATE interface products sold by the Company are manufactured to the Company's specifications by third party fabricators, finishers and manufacturers, and certain of those products are purchased from single Suppliers. The Company does not have written agreements with such Suppliers. Although the Company believes there are alternative Suppliers for all such products, a termination or significant disruption of any of its existing supplier arrangements could have a material adverse effect on the Company's business and results of operations. See "Business -- Manufacturing and Supply."

Dependence on Key Personnel. The loss of any one or more of the key technical staff or managers of the Company could have a material adverse effect on the Company's business and results of operations. Due to the importance of long term relationships generally in Japan, the loss of any key employee of the Company's Japanese subsidiary could have similar adverse consequences on the Company's Japanese operations. From time to time, there is intense competition for qualified employees among companies in the ATE industry, academic institutions and other businesses. The Company does not have written employment agreements with any of its executive officers or other key employees, nor does the Company maintain key-person life insurance on any of its employees. There can be no assurance that the Company will be successful in hiring or retaining qualified personnel, and the inability to attract and motivate highly skilled employees could have a material adverse effect on the Company's business and results of operations. See "Business -- Strategy," " -- Employees" and "Management."

Control by Principal Stockholders. Upon completion of the offering, the Company's Chairman and Chief Executive Officer, Alyn R. Holt, and all of the executive officers and directors of the Company, collectively, will beneficially own approximately 31% and 50%, respectively, of the Common Stock (28% and 45%, respectively, if the over-allotment option is exercised in full). Existing management will hold sufficient voting power to enable it to continue to exert significant influence over the business and affairs of the Company for the foreseeable future. Such concentration of control of the Company may also have the effect of discouraging bids for the Common Stock at a premium over the market price and may have a material adverse effect on the market price of the Common Stock. See "Principal and Selling Stockholders."

Broad Management Discretion as to Use of Proceeds. The net proceeds of the offering will be used for working capital, general corporate purposes and possible acquisitions of businesses, technologies or products complementary to the Company's business. If the Company were to make any such acquisition, it might use a significant portion of the net proceeds in connection with such acquisition. The Company currently has no specific agreements or plans with respect to such acquisitions, and there can be no assurance the Company will consummate any acquisition. Accordingly, the Company's management will retain broad discretion as to the allocation of a significant portion of the net proceeds from the offering. See "Use of Proceeds" and "Business -- Strategy."

Anti-Takeover Protection. Certain provisions of the Company's Certificate of Incorporation and of Delaware law could discourage potential acquisition proposals and could delay or prevent a change in control of the Company. Such provisions could diminish the opportunities for a stockholder to participate in tender offers, including those at a premium over the market price of the Common Stock. Such provisions may also inhibit

increases in the market price of the Common Stock that could result from takeover attempts. In addition, the Board of Directors is authorized, without further stockholder approval, to issue up to 5,000,000 shares of Preferred Stock. The issuance of some or all of such shares could have the effect of delaying, deterring or preventing a change in control of the Company. The issuance of Preferred Stock could also have a dilutive effect on stockholders' equity and a material adverse effect on the voting power of the holders of Common Stock, including the loss of voting control to others. The Company has no present plans to issue any Preferred Stock. See "Description of Capital Stock -- Preferred Stock" and " -- Certain Corporate Provisions."

No Prior Public Market; Possible Volatility of Stock Price; Dilution. Prior to the offering, there has been no public market for the Common Stock, and there can be no assurance that an active public market for the Common Stock will develop or be sustained after the offering. The initial public offering price was determined through negotiations between the Company and the representatives of the Underwriters (the "Representatives") based on several factors and may not be indicative of the market price of the Common Stock after the offering. See "Underwriting." The trading price of the Company's Common Stock could be subject to wide fluctuations in response to quarterly variations in the Company's operating results, announcements of technological innovations or new products by the Company or its competitors, developments concerning patents or proprietary rights or other events or factors. The stock market has experienced extreme price and volume fluctuations which have particularly affected the market prices of many technology companies and small capitalization stocks in particular, and which have often been unrelated to the operating performance of these companies. These broad market fluctuations, as well as general economic and political conditions, may have an unfavorable effect on the market price of the Common Stock. Purchasers of the Common Stock offered hereby will experience immediate and substantial dilution in net tangible book value of the Common Stock. See " -- Anti-Takeover Protection" and "Dilution."

Shares Eligible for Future Sale. The sale of a substantial number of shares of Common Stock, or the perception that such sales could occur, could have a material adverse effect on prevailing market prices for the Common Stock. In addition, any such sale or such perception could make it more difficult for the Company to sell equity securities or equity-related securities in the future at a time and price that the Company deems appropriate. Upon consummation of the offering, the Company will have a total of 5,911,034 shares of Common Stock outstanding, of which the 2,275,000 shares offered hereby will be eligible for immediate sale in the public market without restriction, unless they are held by "affiliates" of the Company within the meaning of Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"). The remaining 3,636,034 shares will be "restricted" securities within the meaning of Rule 144 under the Securities Act and will be eligible for public sale thereunder subject to volume limitations and other conditions of Rule 144, if applicable. As of the date of this Prospectus, the Company and the holders of all of its Common Stock have agreed that they will not sell any shares of Common Stock or related securities of the Company without the prior written consent of Janney Montgomery Scott Inc., for a period of 180 days from the date of this Prospectus. Notwithstanding the foregoing, Mr. Holt reserved the right to make a charitable contribution of up to 100,000 shares of Common Stock which would not be subject to the lock-up agreement. Upon expiration of such 180 day period, 297,841 of the currently outstanding restricted shares will be eligible for public sale under Rule 144 without any volume or other limitations. No prediction can be made as to the effect, if any, that future sales of Common Stock, or the availability of Common Stock for future sale, will have on the market price of the Common Stock from time to time or the Company's ability to raise capital through an offering of its equity securities. In addition, the Company plans to file a registration statement within 185 days of the date of this Prospectus to permit the sale of up to 500,000 shares of Common Stock which may be issued to employees in the future pursuant to the Company's 1997 Stock Plan. See "Management -- 1997 Stock Plan" and "Shares Eligible for Future Sale."

THE COMPANY

The Company was incorporated in New Jersey in 1981 and reincorporated in Delaware in April 1997. The Company has three foreign subsidiaries: inTEST Limited ("inTEST LTD"), a British corporation located in Thame, England, U.K.; inTEST Kabushiki Kaisha ("inTEST KK"), a Japanese corporation located in Kichijoji, Japan; and inTEST PTE, Limited ("inTEST PTE"), a Singapore corporation located in Singapore. The Company maintains its headquarters at 2 Pin Oak Lane, Cherry Hill, New Jersey 08003. The Company's telephone number is (609) 424-6886 and its Internet e-mail address is postmaster@intest.com.

The Company and the minority stockholders of each of the Company's foreign subsidiaries have agreed that simultaneous with the closing of the offering, the Company will acquire the minority interests in each of the three foreign subsidiaries by means of the Exchange, pursuant to which the Company will issue shares of its Common Stock in exchange for the shares of stock of each foreign subsidiary held by the minority stockholders. The agreed upon exchange ratio for the minority interests is based on the average percentage contribution of each subsidiary to the Company's consolidated earnings before interest and taxes for the three most recent years. Such average percentage contribution to the Company's consolidated earnings before interest and taxes for inTEST LTD, inTEST KK and inTEST PTE was 20.5%, 12.0% and 2.5%, respectively. In connection with the Exchange, the Company will issue 300,443 shares of Common Stock to the minority stockholders of the foreign subsidiaries. These shares would have a value of approximately \$2.9 million assuming an initial public offering price of \$9.50 per share.

Alyn R. Holt, the Company's Chairman and Chief Executive Officer, will receive a total of 48,487 shares of the Company's Common Stock in exchange for his shares of stock in the foreign subsidiaries. Mr. Holt is the only director, officer or stockholder of inTEST CORP who owns shares of common stock in any of the foreign subsidiaries. Each of the minority stockholders of the foreign subsidiaries, including Mr. Holt, will receive shares of the Company's Common Stock based upon the same exchange ratio. See "Principal and Selling Stockholders."

USE OF PROCEEDS

The proceeds to be received by the Company from the sale of the Common Stock offered hereby (net of estimated underwriting discounts and commissions and offering expenses) will be approximately \$15.4 million, assuming an initial public offering price of \$9.50 per share. The Company will not receive any proceeds from the sale of shares of Common Stock by the Selling Stockholders.

The Company does not have a specific budget for the application of the net proceeds, which will be used for working capital, general corporate purposes and possible acquisitions of businesses, technologies or products complementary to the Company's business. A key element of the Company's growth strategy is to seek to acquire businesses, technologies or products involving one or more of the many ATE interface products related to its principal docking hardware and manipulator product lines. If the Company were to make any such acquisition, it might use a significant portion of the net proceeds or incur additional indebtedness in connection with such acquisition. A major purpose of this offering is to enable the Company to act upon acquisition opportunities by providing cash as well as a form of marketable security that can be used to fund one or more acquisitions. At the present time the Company is not engaged in any negotiations with third parties and has no specific agreements or plans with respect to such acquisitions, and there can be no assurance the Company will consummate any acquisition. See "Risk Factors -- Broad Management Discretion as to Use of Proceeds" and "Business -- Strategy."

Although there can be no assurance, the Company believes it will have, exclusive of the net proceeds of the offering, cash and cash equivalents in excess of the amount necessary to pay a final S corporation distribution to the Company's current stockholders. To the extent the Company does not have sufficient cash and cash equivalents to pay such distribution, the Company may use a portion of the net proceeds to fund a portion of such distribution. If the final S corporation distribution had been made on March 31, 1997, the distribution would have exceeded the Company's available cash and cash equivalents by approximately \$1.7 million. See "S Corporation Distributions" and Note 3 of Notes to Consolidated Financial Statements.

Pending use as set forth above, the Company intends to invest the proceeds in investment-grade, short term, interest-bearing securities or shares of investment companies investing primarily in such securities.

S CORPORATION DISTRIBUTIONS

Prior to the offering, the Company has been a corporation subject to taxation under Subchapter S of the Internal Revenue Code of 1986, as amended. As a result, the net earnings of the Company have been taxed, for Federal and certain New Jersey state income tax purposes, as income of the Company's stockholders, and the Company periodically paid dividends to its stockholders in amounts exceeding such stockholders' liabilities for taxes.

The Company will terminate its S corporation status prior to the sale of the Common Stock offered hereby (the "Termination Date") and distribute to its current stockholders a final amount representing the Company's previously taxed but undistributed S corporation earnings through the Termination Date. The amount of the final distribution would have been approximately \$3.4 million if the Termination Date had been March 31, 1997, but the amount distributed will include the Company's actual taxable income through the Termination Date, less distributions to stockholders during that time period. The Company intends to make this distribution, in one or more installments, prior to December 31, 1997. Purchasers of shares of Common Stock in the offering will not receive any portion of the S corporation distribution. The Company believes it will have, exclusive of the net proceeds of the offering, cash and cash equivalents in excess of the amount necessary to pay the final S corporation distribution following the Termination Date. See "Use of Proceeds."

DIVIDEND POLICY

The Company does not anticipate paying cash dividends in the foreseeable future, but intends to retain future earnings, if any, for reinvestment in the operation and expansion of the Company's business. Any determination to pay cash dividends will be at the discretion of the Board of Directors and will be dependent upon the Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors deems relevant.

CAPITALIZATION

The following table sets forth (i) the capitalization of the Company at March 31, 1997, (ii) the pro forma capitalization at that date reflecting both the issuance of an aggregate of 300,443 shares of Common Stock in the Exchange and the termination of the Company's S corporation status and (iii) the capitalization as adjusted at that date to give effect to the pro forma adjustments described above, the sale of the 1,820,000 shares of Common Stock offered by the Company hereby at an assumed initial public offering price of \$9.50 per share and the receipt of the estimated net proceeds therefrom. This table should be read in conjunction with the Consolidated Financial Statements and Notes thereto included elsewhere in this Prospectus.

	March 31, 1997		
	(in thousands)		
	Actual	Pro forma	Pro forma as adjusted
Long term debt	\$ 148	\$ 148	\$ 148
Minority interest	291	--	--
Stockholders' equity:			
Preferred stock, \$0.01 par value; 5,000,000 shares authorized; no shares issued or outstanding	--	--	--
Common stock, \$0.01 par value; 20,000,000 shares authorized; 3,790,591 shares issued and outstanding actual, 4,091,034 shares issued and outstanding pro forma and 5,911,034 shares issued and outstanding pro forma as adjusted	38	41	59
Additional paid-in capital	689	2,633	18,040
Retained earnings	3,461	--	--
Foreign currency translation adjustment	(34)	(34)	(34)
Total stockholders' equity	4,154	2,640	18,065
Total capitalization	\$ 4,593	\$ 2,788	\$ 18,213

DILUTION

At March 31, 1997, the pro forma net tangible book value of the Company was \$1,073,000 or \$0.26 per share of Common Stock. Pro forma net tangible book value per share represents total assets less intangible assets, less total liabilities, divided by the number of shares of Common Stock outstanding at that date after giving effect to the Exchange. After giving effect to the receipt of the net proceeds from the sale of the 1,820,000 shares of Common Stock offered by the Company hereby at an assumed initial public offering price of \$9.50 per share, and after deducting underwriting discounts and estimated offering expenses, the pro forma net tangible book value as of March 31, 1997 would have been \$16,498,000 or \$2.79 per share of Common Stock. This represents an immediate increase in net tangible book value of \$2.53 per share to existing stockholders and an immediate dilution of \$6.71 per share to new investors purchasing the shares of Common Stock offered hereby. The following table illustrates this dilution on a per share basis:

Assumed initial public offering price per share		\$ 9.50
Pro forma net tangible book value per share before the offering ...	\$ 0.26	
Increase per share attributable to new investors	2.53	

Pro forma net tangible book value per share after the offering		2.79

Dilution per share to new investors		\$ 6.71
		=====

The following table sets forth, as of March 31, 1997, and after giving effect to the Exchange and the offering, the difference between existing stockholders and new investors with respect to the number of shares of Common Stock purchased from the Company (but not those purchased from the Selling Stockholders), the total cash consideration paid and the average price per share.

	Shares Purchased		Cash Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders	4,091,034	69.2%	\$ 1,173,000	6.3%	\$0.29
New investors	1,820,000	30.8	17,290,000	93.7	9.50
	-----	-----	-----	-----	
Total(1)	5,911,034	100.0%	\$18,463,000	100.0%	
	=====	=====	=====	=====	

(1) Sales by the Selling Stockholders in the offering will reduce the number of shares held by existing stockholders to 3,636,034 or 61.5% of the total number of shares of Common Stock outstanding after the offering (3,294,784 and 55.7% if the Underwriters' over-allotment option is exercised in full), and will increase the number of shares held by new investors to 2,275,000 or 38.5% of the total number of shares of Common Stock outstanding after the offering (2,616,250 and 44.3% if the Underwriters' over-allotment is exercised in full).

SELECTED CONSOLIDATED FINANCIAL DATA

The following table contains certain selected consolidated financial data of the Company and is qualified by the more detailed Consolidated Financial Statements and Notes thereto included elsewhere in this Prospectus. The consolidated statement of earnings data for the years ended December 31, 1992, 1993, 1994, 1995 and 1996 and the consolidated balance sheet data as of December 31, 1992, 1993, 1994, 1995 and 1996 have been derived from the Consolidated Financial Statements of the Company which have been audited by KPMG Peat Marwick LLP, independent certified public accountants, as indicated in their report included elsewhere in this Prospectus. The consolidated statement of earnings data for the three months ended March 31, 1996 and 1997 and the consolidated balance sheet data as of March 31, 1996 and 1997 are derived from unaudited financial statements. The unaudited financial statements include all adjustments (consisting only of normal recurring adjustments) that the Company considers necessary for a fair presentation of the results of operations for such periods. The following data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements and Notes thereto and other financial information included elsewhere in this Prospectus.

	Years ended December 31,					Three months ended March 31,	
	1992	1993	1994	1995	1996	1996	1997
	(in thousands, except per share data)						
Consolidated Statement of Earnings Data:							
Revenues	\$ 6,512	\$ 8,875	\$ 9,287	\$ 14,442	\$ 18,582	\$ 6,089	\$ 3,887
Cost of revenues	3,258	3,460	3,777	5,191	6,755	1,856	1,602
Gross profit	3,254	5,415	5,510	9,251	11,827	4,233	2,285
Operating expenses:							
Selling expense	1,027	1,466	1,491	2,118	2,471	781	493
Research and development expense	750	953	1,623	1,930	1,928	394	374
General and administrative expense	828	1,229	1,107	1,166	1,812	364	411
Total operating expenses	2,605	3,648	4,221	5,214	6,211	1,539	1,278
Operating income	649	1,767	1,289	4,037	5,616	2,694	1,007
Other income (expense):							
Interest income	23	20	22	82	147	23	29
Interest expense	(50)	(40)	(9)	--	(11)	(5)	(4)
Other	(17)	35	24	(49)	(35)	(6)	(10)
Total other income (expense)	(44)	15	37	33	101	12	15
Earnings before income taxes and minority interest .	605	1,782	1,326	4,070	5,717	2,706	1,022
Income tax expense	103	254	382	637	858	355	167
Earnings before minority interest	502	1,528	944	3,433	4,859	2,351	855
Minority interest	(36)	(64)	(127)	(181)	(213)	(94)	(11)
Net earnings	\$ 466	\$ 1,464	\$ 817	\$ 3,252	\$ 4,646	\$ 2,257	\$ 844
Pro forma net earnings (1)					\$ 3,366		\$ 537
Pro forma net earnings per share (1)					\$ 0.82		\$ 0.13
Pro forma weighted average shares outstanding (1) .					4,091		4,091
Supplemental pro forma net earnings per share (2) .					\$ 0.79		\$ 0.13
Supplemental pro forma weighted average shares outstanding (2)					4,265		4,265

	December 31,					March 31, 1997	
	1992	1993	1994	1995	1996	Actual	Pro forma (3)
	(in thousands)						
Consolidated Balance Sheet Data:							
Cash and cash equivalents	\$ 943	\$ 1,034	\$ 1,336	\$ 1,919	\$ 3,692	\$ 2,983	\$ 2,983
Working capital	1,526	2,546	2,944	4,201	4,377	3,924	560
Total assets	2,976	3,675	4,624	6,352	7,716	7,492	9,115
Long term debt	--	--	--	--	155	148	148
Total stockholders' equity	1,436	2,448	2,765	4,048	4,587	4,154	2,640

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- (1) Assumes the termination of the Company's S corporation status effective January 1, 1996 and the completion of the Exchange on January 1, 1996, and as a result reflects the amortization of goodwill associated therewith and the absence of a charge for the minority interest. See Note 3 of Notes to Consolidated Financial Statements.
 - (2) Supplemental pro forma net earnings per share reflects the assumed issuance of 174,000 shares of Common Stock, based on an assumed initial public offering price of \$9.50 per share, to fund distributions to the Company's current stockholders of previously taxed but undistributed S corporation earnings, net of available cash and cash equivalents (estimated to be \$1.7 million as of March 31, 1997). See "Use of Proceeds," "S Corporation Distributions" and Note 3 of Notes to Consolidated Financial Statements.
 - (3) Reflects the acquisition of the minority interests in the Company's foreign subsidiaries pursuant to the Exchange, including goodwill arising from the Exchange, and the effects of the termination of the Company's S corporation status, including the distribution described under "S Corporation Distributions." See Note 3 of Notes to Consolidated Financial Statements.

Overview

The Company was founded in 1981 to design and develop docking hardware, test head manipulators and related ATE interface products. In 1982, the Company introduced its first docking hardware and the in2 test head manipulator. The Company has designed more than 4,600 products since its inception, and believes that its products have been purchased by most major semiconductor manufacturers. A significant majority of the Company's revenues for the 15 months ended March 31, 1997 was derived from sales of its docking hardware and manipulator products, and the remainder was derived from sales of related ATE interface products.

The Company's revenues have fluctuated generally as a result of cyclical activity in the semiconductor manufacturing industry. The Company believes that purchases of the Company's docking hardware and manipulators are typically made from its customers' capital expenditure budgets, while related ATE interface products, which must be replaced periodically, are typically made from its customers' operating budgets. When semiconductor manufacturing activity generally slowed during much of 1996, many semiconductor manufacturers reduced their capital expenditure budgets and, correspondingly, postponed or cancelled orders for ATE and related equipment. As a result, starting in the second quarter of 1996 through the fourth quarter of 1996, the Company's orders for and sales of docking hardware and manipulators declined substantially. During this same period, orders for and sales of related ATE interface products also declined, but to a lesser extent. Although the Company experienced increased orders for and sales of all of its products in the first quarter of 1997 compared to the fourth quarter of 1996, the Company's revenues were substantially below the record high revenues realized in the first quarter of 1996.

The Company sells to semiconductor manufacturers and ATE manufacturers either through inTEST account managers or through independent sales representatives. The mix of customers during any given period may affect the Company's gross margin due to the difference in accounting for sales discounts and commissions. Specifically, sales discounts, typical in sales by inTEST account managers to ATE manufacturers worldwide, are a direct reduction of revenue and have the effect of reducing gross margin. In contrast, trade discounts offered on sales to semiconductor manufacturers, while also a reduction in revenue, are generally lower than sales discounts to ATE manufacturers and accordingly have less impact on gross margin. Additionally, commissions paid to independent sales representatives on sales to semiconductor manufacturers in North America and Southeast Asia are charged to selling expense and do not affect gross margin. Consequently, the relative mix of customers for the Company's products and the region of the world where sales are made have affected and will affect the Company's gross margin and selling expense. Operating income, however, has not been materially affected by the foregoing factors, because commissions paid to independent sales representatives plus trade discounts on sales to semiconductor manufacturers are approximately equal to the sales discounts given on sales to ATE manufacturers. See "Business -- Sales and Distribution."

The Company believes that the ultimate destination of a significant majority of its products is outside the U.S. Approximately 37%, 43%, 49% and 54% of the Company's revenues for the three months ended March 31, 1997 and the years ended December 31, 1996, 1995 and 1994, respectively, were derived from sales by the Company's three foreign subsidiaries. Approximately 5%, 19%, 19% and 6% of the Company's revenues for the three months ended March 31, 1997 and the years ended December 31, 1996, 1995 and 1994, respectively, were derived from sales by inTEST CORP which were shipped to customer locations outside the U.S. Although the Company has exposure to foreign currency fluctuations as a result of its foreign operations, it believes its exposure to foreign currency fluctuations is not significant. Foreign currency transaction gains and losses were (\$31,000), (\$43,000) and \$25,000 in 1996, 1995 and 1994, respectively. The minority interest shown in the Company's Consolidated Financial Statements reflects the approximately 21% interest in each of the Company's three foreign subsidiaries which are to be acquired upon the closing of the offering pursuant to the Exchange.

Prior to the offering, the Company and its stockholders elected to be treated as an S corporation for Federal and New Jersey state income tax purposes. Accordingly, while the Company's Consolidated Financial Statements reflect income tax expense related to its foreign operations and certain state income taxes, they do not include a provision for Federal income tax expense. In connection with the offering, the Company will terminate

its S corporation status and will become subject to Federal and additional New Jersey state income taxes in future years. Management anticipates that the Company's prospective effective tax rate will approximate 40%, although this rate could fluctuate from period-to-period depending on the mix of domestic and foreign earnings, the availability of foreign tax credits and on other factors. The Company will also begin to provide for deferred income taxes in future periods, although no provision will be made for foreign earnings intended to be permanently invested abroad, which approximate \$1.0 million at March 31, 1997. The Company believes the effect of such additional taxes on the Company's liquidity will be more than offset by the elimination of the Company's practice, as an S corporation, of distributing dividends to its stockholders. Such dividends totaled 88%, 61% and 79% of the Company's net earnings in 1996, 1995 and 1994, respectively.

Results of Operations

The following table sets forth, for the periods indicated, the percentage of the Company's revenues represented by certain line items of its Consolidated Statements of Earnings:

	Years ended December 31,			Three months ended March 31,	
	1994	1995	1996	1996	1997
Revenues	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of revenues	40.7	35.9	36.4	30.5	41.2
Gross margin	59.3	64.1	63.6	69.5	58.8
Operating expenses:					
Selling expense	16.0	14.6	13.3	12.8	12.7
Research and development expense	17.5	13.4	10.4	6.5	9.6
General and administrative expense	11.9	8.1	9.7	6.0	10.6
Total operating expenses	45.4	36.1	33.4	25.3	32.9
Operating income	13.9	28.0	30.2	44.2	25.9
Other income	0.4	0.2	0.5	0.2	0.4
Earnings before income taxes and minority interest	14.3	28.2	30.7	44.4	26.3
Income tax expense	4.1	4.4	4.6	5.8	4.3
Minority interest	(1.4)	(1.3)	(1.1)	(1.5)	(0.3)
Net earnings	8.8%	22.5%	25.0%	37.1%	21.7%

Three Months Ended March 31, 1997 Compared to Three Months Ended March 31, 1996

Revenues. Revenues were \$3.9 million for the first quarter of 1997 compared to a record \$6.1 million for the same period in 1996, a decrease of \$2.2 million or 36%. The substantial fluctuation in revenues followed the cyclical nature of the semiconductor industry during the same periods. Revenues for the first quarter of 1996 reflected an increased level of capital expenditures in the semiconductor industry, which was followed by a general decline in such expenditures during much of the balance of 1996. Revenues for the first quarter of 1997, although down from the first quarter of 1996, indicate an increase in commitments for capital expenditures which began in the industry at the end of 1996. As a result, revenues for the first quarter of 1997 exceeded revenues for the fourth quarter of 1996 by 46% or \$1.2 million, and the Company's backlog increased from \$1.8 million at December 31, 1996 to \$2.3 million at March 31, 1997.

Gross Margin. Gross margin declined to 59% for the first quarter of 1997 from 70% for the same period in 1996. The decrease was principally attributable to the fact that sales to ATE manufacturers generated approximately one-third of the Company's revenues in the first quarter of 1997 compared to approximately one-fifth in the first quarter of 1996. The Company believes that this shift in customer mix is not indicative of a trend. The reduced gross margin also reflects higher incremental material costs, due to lower manufacturing levels, and higher fixed costs (principally rent, depreciation and salaries) for the first quarter of 1997 compared to the same period in 1996.

Selling Expense. Selling expense was \$0.5 million for the first quarter of 1997 compared to \$0.8 million for the same period in 1996, a decrease of \$0.3 million or 37%. The decrease was due principally to a decrease in commissions and other variable expenses associated with lower sales activity, as well as a lower percentage of revenues from commission sales to semiconductor manufacturers.

Research and Development Expense. Research and development expense was \$0.4 million for the first quarter of both 1997 and 1996. The primary component of research and development expense is compensation, which did not change materially for the first quarter of 1997 compared to the same period in 1996. Most of the Company's technical staff are engaged in both research and development and sales functions.

General and Administrative Expense. General and administrative expense was \$0.4 million for the first quarter of both 1997 and 1996. The primary component of general and administrative expense is compensation, which did not change materially for the first quarter of 1997 compared to the same period in 1996.

Income Tax Expense. As an S corporation, net earnings are taxed as income to the Company's stockholders for Federal income tax. However, income tax expense includes certain state income taxes and taxes imposed by foreign jurisdictions. Income tax expense decreased to \$0.2 million for the first quarter of 1997 from \$0.4 million for the same period in 1996, a decrease of \$0.2 million or 53%, primarily as a result of reduced operating income on lower revenues, offset by an increase in the Company's effective tax rate. The Company's effective tax rate was 16% for the first quarter of 1997 compared to 13% for the same period in 1996. The increase in the effective tax rate was caused primarily by a greater percentage of earnings before income taxes and minority interest being attributable to the Company's foreign subsidiaries.

1996 Compared to 1995

Revenues. Revenues were \$18.6 million for 1996 compared to \$14.4 million for 1995, an increase of \$4.2 million or 29%. The increase was due to the higher levels of shipments of the Company's products during the first nine months of 1996, which were based on orders placed by semiconductor manufacturers during late 1995 and early 1996. The Company did not increase sales prices significantly in 1996. The Company believes that more than half of the Company's increased revenues was from sales of products used in the testing of mixed signal devices, and the balance was from sales of products used in the testing of digital devices, such as microprocessors and microcontrollers, and numerous other devices used in the automotive, computer, telecommunications and other industries.

Gross Margin. Gross margin remained constant at 64% for both 1996 and 1995. The percentage of the Company's revenues derived from sales to ATE manufacturers increased by 8% in 1996 compared to 1995, which had the effect of reducing gross margin for 1996. The reduction in gross margin was offset by the improved absorption of fixed costs over the higher revenue base and reduced incremental material costs due to volume discounts received in the first two quarters of 1996.

Selling Expense. Selling expense was \$2.5 million for 1996 compared to \$2.1 million for 1995, an increase of \$0.4 million or 17%. The increase was attributable to increased variable costs associated with higher sales activity in 1996. Selling expense as a percentage of revenues decreased in 1996 compared to 1995 because of an increase in non-commission sales as a percentage of revenues. Salaries associated with sales activities were the same for 1996 as for 1995, as management elected not to expand its sales staff in anticipation of third and fourth quarter reductions in capital expenditures by semiconductor manufacturers.

Research and Development Expense. Research and development expense was \$1.9 million for both 1996 and 1995. Compensation expense incurred in research and development activities for 1996 increased \$0.2 million or 22% over 1995 due to an increase in staffing levels and associated costs. The increase was offset by a \$0.2 million or 45% decrease in amounts spent for materials.

General and Administrative Expense. General and administrative expense was \$1.8 million for 1996 compared to \$1.2 million for 1995, an increase of \$0.6 million or 55%. The majority of the increase was attributable to additional compensation and costs associated with newly hired staff in accounting, MIS and finance functions and salary increases of other administrative personnel.

Income Tax Expense. The Company's effective tax rate decreased slightly in 1996 to 15% compared to 16% for 1995 due principally to a decrease in the contribution of earnings before income taxes and minority interest from the Company's foreign subsidiaries.

1995 Compared to 1994

Revenues. Revenues were \$14.4 million for 1995 compared to \$9.3 million for 1994, an increase of \$5.1 million or 56%. The increase was due to the higher levels of shipments of the Company's products throughout 1995, reflecting increased demand as semiconductor manufacturers expanded manufacturing capacity in excess of historical rates. The increase in revenues was principally related to volume increases as the Company did not increase sales prices significantly in 1995. As in 1996, the Company believes the increase in revenues was attributable to increased sales of products used during the testing of complex integrated circuits.

Gross Margin. Gross margin was 64% for 1995 compared to 59% for 1994, an increase of 5%. The improvement in gross margin was primarily the result of lower incremental material costs due to increased purchasing volume, improved overhead absorption of fixed costs over the higher revenue base and a 10% reduction in the percentage of revenues derived from sales to ATE manufacturers.

Selling Expense. Selling expense was \$2.1 million for 1995 compared to \$1.5 million for 1994, an increase of \$0.6 million or 42%. The increase was attributable to increased variable costs associated with the increase in revenues for 1995 primarily including commissions on sales to semiconductor manufacturers by independent sales representatives which increased \$0.2 million or 53%. Salaries associated with sales activities also increased \$0.2 million or 56% due to the hiring of additional staff in 1995.

Research and Development Expense. Research and development expense was \$1.9 million for 1995 compared to \$1.6 million for 1994, an increase of \$0.3 million or 19%. Compensation expense incurred in research and development activities for 1995 increased \$0.1 million or 12% due primarily to salary increases. In addition, amounts spent for materials increased \$0.2 million or 63%.

General and Administrative Expense. General and administrative expense was \$1.2 million for 1995 compared to \$1.1 million for 1994, an increase of \$0.1 million or 5%, resulting primarily from increased professional expenses related to patent applications in Europe and Asia and consulting fees.

Income Tax Expense. The Company's effective tax rate declined significantly in 1995 to 16% compared to 29% for 1994. The decrease was a function of a significantly greater percentage of earnings before income tax and minority interest being attributable to the Company's domestic operations in 1995 (65%) compared to 1994 (26%).

Quarterly Results of Operations

The following tables present certain unaudited consolidated quarterly financial information for each of the nine quarters ended March 31, 1997. In the opinion of the Company's management, this quarterly information has been prepared on the same basis as the Consolidated Financial Statements set forth elsewhere in this Prospectus and includes all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the information for the periods presented when read in conjunction with the Consolidated Financial Statements and Notes thereto. The results of operations for any quarter are not necessarily indicative of results for the full year or for any future period.

The Company's business is not seasonal, therefore year-over-year quarterly comparisons of the Company's results of operations may not be as meaningful as the sequential quarterly comparisons set forth below which tend to reflect the cyclical activity of the semiconductor industry as a whole. Quarterly fluctuations in expenses either are related directly to sales activity and volume, or tend to be a function of personnel costs and the timing of expenses incurred throughout a year. See "Risk Factors -- Fluctuations in Revenues and Operating Results."

Three months ended

	Mar. 31, 1995	June 30, 1995	Sept. 30, 1995	Dec. 31, 1995
(in thousands)				
Consolidated Statement of Earnings Data:				
Revenues	\$ 3,158	\$ 3,094	\$ 3,867	\$ 4,323
Cost of revenues	1,441	1,225	1,479	1,046
Gross profit	1,771	1,869	2,388	3,277
Operating expenses:				
Selling expense	313	411	576	818
Research and development expense	360	415	491	664
General and administrative expense	205	286	216	459
Total operating expenses	878	1,112	1,283	1,941
Operating income (loss)	839	757	1,105	1,336
Other income (expense)	15	35	(24)	7
Earnings (loss) before income taxes and minority interest	854	792	1,081	1,343
Income tax expense	208	181	109	139
Minority interest	(65)	(43)	(30)	(43)
Net earnings (loss)	\$ 581	\$ 568	\$ 942	\$ 1,161
As a Percentage of Revenues:				
Revenues	100.0%	100.0%	100.0%	100.0%
Cost of revenues	45.6	39.6	38.2	24.2
Gross margin	54.4	60.4	61.8	75.8
Operating expenses:				
Selling expense	9.9	13.3	14.9	18.9
Research and development expense	11.4	13.4	12.7	15.4
General and administrative expense	6.5	9.2	5.6	10.6
Total operating expenses	27.8	35.9	33.2	44.9
Operating income (loss)	26.6	24.5	28.6	30.9
Other income (expense)	0.5	1.1	(0.6)	0.2
Earnings (loss) before income taxes and minority interest	27.1	25.6	28.0	31.1
Income tax expense	6.6	5.8	2.8	3.2
Minority interest	(2.1)	(1.4)	(0.8)	(1.0)
Net earnings (loss)	18.4%	18.4%	24.4%	26.9%

	Mar. 31, 1996	June 30, 1996	Sept. 30, 1996	Dec. 31, 1996	Mar. 31, 1997
Consolidated Statement of Earnings Data:					
Revenues	\$ 6,089	\$ 5,043	\$ 4,780	\$2,670	\$ 3,887
Cost of revenues	1,856	1,732	1,850	1,317	1,602
Gross profit	4,233	3,311	2,930	1,353	2,285
Operating expenses:					
Selling expense	781	555	586	549	493
Research and development expense	394	456	425	653	374
General and administrative expense	364	509	453	486	411
Total operating expenses	1,539	1,520	1,464	1,688	1,278
Operating income (loss)	2,694	1,791	1,466	(335)	1,007
Other income (expense)	12	20	39	30	15
Earnings (loss) before income taxes and minority interest	2,706	1,811	1,505	(305)	1,022
Income tax expense	355	290	180	33	167
Minority interest	(94)	(86)	(67)	34	(11)
Net earnings (loss)	\$ 2,257	\$ 1,435	\$ 1,258	(\$ 304)	\$ 844
As a Percentage of Revenues:					
Revenues	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of revenues	30.5	34.3	38.7	49.3	41.2
Gross margin	69.5	65.7	61.3	50.7	58.8
Operating expenses:					
Selling expense	12.8	11.0	12.2	20.5	12.7
Research and development expense	6.5	9.0	8.9	24.5	9.6
General and administrative expense	6.0	10.1	9.5	18.2	10.6
Total operating expenses	25.3	30.1	30.6	63.2	32.9
Operating income (loss)	44.2	35.5	30.7	(12.5)	25.9
Other income (expense)	0.2	0.4	0.8	1.1	0.4
Earnings (loss) before income taxes and minority interest	44.4	35.9	31.5	(11.4)	26.3
Income tax expense	5.8	5.7	3.8	1.3	4.3
Minority interest	(1.5)	(1.7)	(1.4)	1.3	(0.3)
Net earnings (loss)	37.1%	28.5%	26.3%	(11.4%)	21.7%

Liquidity and Capital Resources

The Company has funded its working capital requirements principally through net cash provided by operations. As of March 31, 1997, the Company had \$3.0 million in cash and cash equivalents and \$3.9 million in working capital. Net cash provided by operations was \$0.3 million, \$5.5 million, \$2.7 million and \$1.0 million for the first quarter of 1997, and for the years ended December 31, 1996, 1995 and 1994, respectively, and principally consisted of net earnings.

Purchases of machinery, equipment and leasehold improvements in 1996 were \$0.6 million, including \$0.2 million to purchase a coordinate measuring machine for the Company's Cherry Hill, New Jersey facility. In 1996, the Company leased a 28,630 square foot office and manufacturing facility in Cherry Hill, New Jersey and spent approximately \$0.2 million on leasehold improvements and furniture costs to outfit this facility, which houses the Company's domestic manufacturing and customer operations and administrative functions. The Company also leased 3,077 square feet of office and manufacturing space in Singapore during 1996 and spent approximately \$0.2 million on leasehold improvements and furniture expenditures to outfit this facility, which houses the Company's Southeast Asian customer operations office and is anticipated to be utilized for additional manufacturing operations commencing in 1998.

The Company has a five-year \$0.2 million term loan, due in August 2001, and a \$1.5 million revolving line of credit with a commercial bank. The interest rate on the term loan is fixed at 8.65%, and the revolving line of credit bears interest at the bank's prime lending rate. The term loan is collateralized by liens on certain equipment and furnishings located at the Company's Cherry Hill, New Jersey facility. The revolving line of credit is collateralized by a pledge of certain assets of inTEST CORP. No amounts were outstanding under the line of credit as of March 31, 1997 or December 31, 1996. The Company does not have any capital lease obligations.

The Company believes that existing cash and cash equivalents, its available line of credit, anticipated net cash provided by operations and the net proceeds from the offering will be sufficient to meet the Company's cash requirements for the next 24 months. However, if the Company were to make any acquisitions, the Company may require additional equity or debt financing to meet working capital requirements or capital expenditure needs.

Although the Company has historically paid cash dividends to its stockholders, the Company does not anticipate that it will pay any dividends for the foreseeable future following the offering, except for the final S corporation distribution. See "Use of Proceeds," "S Corporation Distributions" and Note 3 of Notes to Consolidated Financial Statements. The Company intends to retain future earnings, if any, for reinvestment in the operation and expansion of the Company's business.

BUSINESS

The Company is a leading independent designer, manufacturer and marketer of docking hardware and test head manipulators, which are used with automatic test equipment ("ATE") by semiconductor manufacturers during the testing of wafers and packaged devices. The Company also designs and markets related ATE interface products including high performance test sockets, interface boards and probing assemblies. The Company's products are designed to improve the utilization and cost-effectiveness of ATE (including testers, wafer probers and device handlers) during the testing of linear, digital and mixed signal integrated circuits. Since inception in 1981, the Company has developed and continues to support over 4,600 products and has been granted 13 U.S. patents for its technology.

The Company's largest customers include Lucent Technologies, Motorola, SGS Thomson and Texas Instruments among semiconductor manufacturers, and Credence Systems, LTX and Teradyne among ATE manufacturers. The Company designs, markets and supports its products globally both through Company account managers based in New Jersey, Texas, California, the U.K., Singapore and Japan and through independent sales representatives in the U.S. and abroad. The Company's executive offices are located in Cherry Hill, New Jersey. Manufacturing facilities are located in New Jersey and the U.K.

Industry Background

Testing is an integral and necessary step during the design and manufacture of wafers and packaged devices. The increasing worldwide demand for semiconductors in recent years has led to an increase in the demand for ATE. According to VLSI Research Inc., in 1996 semiconductor manufacturers spent an estimated \$3.7 billion on testers (the test head and mainframe cabinet) and \$1.3 billion on wafer probers and device handlers. The increasing complexity of wafers and packaged devices, as manifested by larger wafers, higher speeds, growing pin counts, smaller packaged devices and greater levels of integration has changed the design, architecture and complexity of ATE used during the testing of such devices.

Testers range in price from approximately \$0.5 million to over \$3.0 million each depending primarily on the complexity of the device to be tested and the number of test heads, typically one or two, with which each tester is configured. Probers and handlers range in price from approximately \$0.1 to \$0.5 million. A typical test floor of a large semiconductor manufacturer can have approximately 100 test heads and 100 probers or 250 handlers available for use at any one time. Given such a substantial investment, semiconductor manufacturers employ testing processes which seek to maximize ATE and floor space utilization.

Each integrated circuit is tested at least twice during the manufacturing process to ensure the functional and electrical performance of the circuits prior to shipment to the device user. After wafer fabrication, each circuit on a wafer is automatically positioned under a probing assembly by a prober where the individual circuits on the wafer are tested (the "front-end test"). After device packaging, devices are individually fed by the handler to an environmentally controlled test socket where the device is again tested (the "back-end test"). Manipulators facilitate the movement of a test head to a prober or handler, and "docking" describes the function of connecting a test head to a prober or handler with mechanically engineered hardware. Shown below is a schematic depiction of the major steps in the semiconductor manufacturing process.

[Schematic depiction of the fabrication of an integrated circuit using blocks to represent each major step of the process from raw wafer to finished device with special emphasis on "Wafer Test" and "Final Test."]

Until the early 1970s, testers were designed with the interface circuits (also referred to as pin electronics) mounted inside the tester's mainframe cabinet and connected the pin electronics to the prober's probing assembly or to the handler's test socket via an electrical cable, typically five to ten feet long. As devices became faster, more complex and more precise, signal distortion inherent with the use of such cables resulted in degraded test results. Although certain devices are still tested in this manner, such devices tend to be used in older, less technologically advanced applications.

During the 1970s, tester manufacturers responded by moving the pin electronics from the tester's mainframe cabinet to an independent test head, which could be directly mated with a prober or handler, thereby eliminating the problems associated with using cables as the connection between the tester's pin electronics and the prober or handler. Direct mating of the test head pin electronics to the prober's probing assembly or to the handler's test socket was accomplished by mounting the test head directly to the prober or handler with a pivot-mechanism manipulator resembling a waffle iron. Such a combination resulted in the test head being "dedicated" to only one prober or one handler.

Dedicated manipulators are of greatest value in ATE systems in which the test head is infrequently disconnected and re-connected to and from one prober or handler to another prober or handler. Consequently, dedicated manipulators are used (i) primarily at front-end test, where large, homogeneous lots of wafers are tested for long, uninterrupted periods of time, and (ii) at back-end test, where high volume, commodity devices such as DRAMs are tested in large lots. However, back-end non-commodity devices, such as microcontrollers and telecommunications devices, generally are tested in smaller lots due to varying package types and test specifications, thereby requiring frequent handler changes.

In 1980, free-standing manipulators were introduced to minimize ATE downtime and increase device testing throughput. Such manipulators used hand-cranked lead screws to position a test head to a prober or handler. These early manipulators were only marginally better than the waffle-iron design and did not significantly improve ATE utilization due to the lack of motion freedom necessary for successful docking.

Users of these early manipulators attempted to precisely align fragile pin electronics to test sockets and probing assemblies without docking hardware. Lack of proper docking hardware often can cause deterioration and damage to the interface boards, test sockets or probing assemblies. Such damage can lead to compromised or inaccurate test results and the rejection of good wafers or devices (yield loss), or, more costly, the acceptance of unsatisfactory wafers or devices (quality error). In addition, successfully connecting a test head held by a free-standing manipulator to a prober or handler without docking hardware is difficult and time-consuming.

The Company's docking hardware and free-standing universal manipulators are designed to improve the utilization of ATE, particularly ATE employed in back-end non-commodity flexible testing environments, by facilitating the quick, easy and safe changeover of test heads to probers and handlers. Shown below is a graphic representation of a current, typical ATE system configuration.

[Graphic representation of an ATE test system showing a side-docking device handler and an in2 test head manipulator holding the test head in the undocked position. Test head and handler are shown equipped with in TEST docking hardware.]

The Company's docking hardware products mechanically control the intimate interface between the test head's interface board and the prober's probing assembly or handler's test socket. As a result, fragile interface boards, test sockets or probing assemblies are protected from damage during docking. The Company's docking hardware allows semiconductor manufacturers to achieve cost savings by (i) improving ATE utilization, (ii) improving the accuracy and integrity of test results and (iii) reducing the need to repair or replace expensive ATE interface products. The Company's docking hardware can be designed for use with substantially all makes and models of test heads, probers and handlers, and can usually be designed to allow all the ATE on a test floor to be mechanically plug-compatible. Plug-compatibility simplifies the docking procedures, allowing for increased flexibility and utilization of test heads, probers and handlers on a test floor.

The Company's free-standing universal manipulators are designed to be used in either a dedicated or a flexible test environment. In addition, the Company's manipulators have been engineered to hold test heads in what seeks to replicate a "zero gravity" free space. As a result, an operator using no more than 22 pounds of force can reposition the test head by grasping it in his or her hands and gently moving the test head into position to dock with a prober or handler. Test heads currently in use weigh up to approximately 900 pounds and measure up to a cubic yard in volume.

A test head held in the Company's free-standing universal manipulator and equipped with the Company's docking hardware can be easily, quickly and safely docked to any handler. After testing a particular production lot of devices, the test head can quickly and easily be disconnected and docked to another handler for testing either a subsequent lot of the same packaged device or to test a different device.

The continued development of more complex devices will require faster, higher pin count, and larger and heavier test heads. The Company believes that semiconductor manufacturers will continue to demand docking hardware and manipulators which exhibit corresponding design changes and improvements in utilization and functionality.

Strategy

The Company's goals are to supply the highest quality docking hardware, test head manipulators and related ATE interface products, and to provide the most cost effective ATE interface solutions to the semiconductor industry. The following elements, all of which are interrelated, form the basis of inTEST's strategy:

Capitalize on Experience and Expertise. Over the past 15 years, the Company has developed numerous generations of docking hardware and test head manipulators. The Company has designed, and continues to support, over 4,600 unique products and maintains over 5,100 computerized engineering drawings. Substantially all of the Company's products are customized to a customer's particular ATE system configuration. As a result, the Company has accumulated substantial technical design expertise, evidenced in part by having been granted 13 U.S. patents to date, with two U.S. patent applications pending. The Company's product development efforts are focused on the needs of semiconductor manufacturers and seek to establish the Company's docking hardware and manipulator products as the industry standard. For example, the Company is currently developing a new series of fully-automatic, microprocessor-controlled dedicated manipulators (the Test Head Hoist). These manipulators are primarily designed for front-end wafer and back-end commodity device testing, two market segments which the Company has not traditionally targeted.

Maintain Customer Relationships. As an independent provider of docking hardware and test head manipulators, the Company has cultivated and maintains close working relationships with nearly all major semiconductor and ATE manufacturers. The long term and interactive nature of such customer relationships provides the Company's account managers with hands-on knowledge of leading-edge test procedures, test room protocol, ATE systems and the economics of testing. The Company works with its customers in identifying ATE interface problems, defines and custom designs product solutions, installs the Company's products and provides post- installation follow-up and operational support. The Company believes that by maintaining such relationships, it will be able to respond quickly to new ATE interface applications. The Company believes that its direct access to a broad and diversified base of ATE system environments provides it with an important competitive advantage.

Expand International Presence. The Company intends to add manufacturing capabilities to its existing facility in Singapore in 1998 and to consider establishing operations in other key back-end markets such as

China, Malaysia, the Philippines, Taiwan or Thailand. The Company believes that proximity to semiconductor manufacturers enables the Company to respond more quickly and accurately to its customers' needs. In addition, employing account managers native to such markets minimizes language and cultural barriers and provides market-specific technical and operational insight.

Pursue Complementary Acquisitions. The Company will seek to acquire businesses (domestic or foreign), technologies or products that are complementary to the Company's docking hardware and manipulator products, including related ATE interface products that must be replaced periodically and could result in additional recurring revenues. The Company is not currently a party to any agreement or understanding with respect to any acquisition, nor has it identified any specific acquisition targets. However, there are numerous companies which manufacture related ATE interface products that the Company believes could enhance its ability to provide its customers with the means to improve the efficiency and cost-effectiveness of semiconductor testing processes. The Company does not intend to expand its lines of docking hardware and manipulators by acquisition, nor to acquire tester, prober or handler manufacturers.

Products

The Company designs, manufactures and markets docking hardware and test head manipulators used by semiconductor manufacturers during the testing of wafers and packaged devices. The Company also designs and markets related ATE interface products. The Company's products are designed to improve the utilization and cost-effectiveness of testers, wafer probers and device handlers. Substantially all of the Company's products are customized for use with particular ATE and, in the case of docking hardware, also to achieve plug-compatibility among particular combinations of ATE. The Company's docking hardware, manipulators and related ATE interface products are designed for use with more than 175 test heads, 30 probers and 300 handlers, all of which are mechanically unique makes and models. The Company has designed and continues to support more than 4,600 products, any of which can be manufactured upon request.

Docking Hardware and ATE Interface Products

The Company's docking hardware is designed for use with floating-head universal manipulators, which are used when maximum mobility and inter-changeability of handlers between test heads is required. The Company's docking hardware provides the mechanical control to safely connect, with near zero electrical length, the test interface board with either the probing assembly on a prober or the test socket on a handler. A simple cam action docks and locks the test head to the prober or handler so that the two become a single mechanism which prohibits motion of the test head relative to the prober or handler. This minimizes deterioration of the interface boards, test sockets and probing assemblies caused by the constant vibration characteristic of the operation of all probers and handlers. The Company's docking hardware allows an operator to manually align the probing assembly or test socket to within .005" with respect to the interface board on the test head. Shown below is a graphic representation of a test head and handler in the un-docked position.

[Graphic representation of a test head and handler in the un-docked position showing details of inTEST docking hardware.]

The Company offers six standard four-cam families and three standard three-cam families with load ratings of 200, 400 and 600 pounds. The Company's docking families are primarily distinguished from one another by the number of docking cams and guide pins, the load rating and the size of test head interface boards that can be used with each particular family of docking hardware. The Company's docking hardware products range in price from approximately \$2,000 to \$12,000.

The Company's docking hardware products are distinguished from those offered by ATE manufacturer competitors by the ability of the Company's products to make multiple competing brands of test heads plug-compatible with multiple brands of probers and handlers used by a semiconductor manufacturer by only changing interface boards. Creating such plug-compatibility requires detailed information about competing ATE that would generally not be available to a competing ATE manufacturer. Plug-compatibility permits non-commodity semiconductor manufacturers to reduce the changeover time required to un-dock a test head from one handler and dock it to another handler between production lots or when changing the device type being tested.

In addition, the Company designs and sells a variety of related ATE interface products including high performance test sockets, interface boards, probing assemblies and other products. The Company custom designs all docking hardware and related ATE interface products for the specific combinations of test heads and probers or handlers used by its customers.

Manipulator Products

in2 Test Head Positioner. The in2 Test Head Positioner ("in2") is a universal manipulator which can be designed to hold any test head. A universal manipulator enables the test head to be repositioned for alternate use with any one of several probers or handlers on a test floor. The in2 is distinguished from universal manipulators manufactured by competitors by its innovative, floating-head design. The design of the in2 allows a test head to be held in an effectively weightless state, moved up or down, right or left, forward or backward and rotated around each axis (six degrees of motion freedom) by an operator using no more than 22 pounds of force. Consequently, an operator can manually reposition the test head by grasping it in his or her hands and gently moving the test head into position to dock with the prober or handler. This same design feature allows the operator to dock the test interface board (which is used to connect the test head's pin electronics to the probing assembly on a prober or to the test socket on a handler) with near zero electrical length between the pin electronics and the probing assembly or the test socket, while protecting the fragile electrical contacts from inadvertent damage during the docking action.

The Company manufactures six styles of the in2, all of which are available in eight different load-rated sizes. The styles include one tumble mode style and five cable pivot style manipulators. Each style provides a distinct combination of performance characteristics suited to different customer applications. A tumble mode positioner might be specified for various reasons including test head form factor, compatibility with in-line automation, cable support simplicity or cost minimization. Reasons for specifying a cable pivot positioner could include providing improved handling characteristics necessary for larger test heads, the ability to handle test heads with short mainframe-to-test head cables or the necessity to position the test head close to the floor. In addition, the Company designs telescopic cable supports to be used with its cable pivot manipulators; these cable supports minimize bending and twisting stress to mainframe-to-test head cables, which can be delicate yet weigh several hundred pounds. The in2 ranges in price from approximately \$12,000 to \$100,000 depending upon load capacity, manipulator style and the type of cable management.

Test Head Hoist. In July 1996, the Company introduced a new, fully-automatic, electrically-powered and microprocessor-controlled dedicated manipulator called the Test Head Hoist ("THH"). The patented, overhead design of the THH series manipulator uses a powered scissor mechanism to raise and lower a test head to a prober or a top docking handler. This design enables a THH to dock very large test heads (weight tested to 1,000 pounds) within .005". Shown below is a graphic representation of the THH.

[Graphic representation of the Test Head Hoist with test head and prober shown from 3/4 front view.]

Although the Company has had no sales of the THH series manipulator to date, the Company believes that the THH series of manipulators will be attractive to semiconductor manufacturers for testing 300 mm wafers and packaged memory devices. The Company's THH is the only fully-automatic manipulator which enables a test head to be automatically docked to a prober or handler with the push of one button. The Company believes that the THH enables semiconductor manufacturers to increase floor space utilization of their ATE test systems by 25% to 40% over that achieved by waffle-iron style dedicated manipulators or universal manipulators because a THH series manipulator has a virtually zero "footprint." The Company does not expect significant sales of the THH manipulators before 1999.

Markets and Customers

The Company markets its products globally to semiconductor manufacturers and, to a lesser extent, ATE manufacturers on an OEM basis. The Company believes that it sells to most major semiconductor manufacturers in the world. The Company's docking hardware and universal manipulators are primarily used during back-end testing of non-commodity packaged devices. Such devices include linear, digital and mixed signal integrated circuits (such as microprocessors, digital signal processing chips, ASICs and non-commodity memory devices) and primarily have applications in the automotive, computer, consumer products and telecommunications industries.

The Company believes its sales of docking hardware and manipulators are a function of the general level of capital expenditures by semiconductor manufacturers. In addition, the Company's sales of docking hardware generally are driven by changes in device designs or test methods, industry-wide volume of device testing, sales of new handlers and, to a lesser extent, sales of new test heads. In the past, sales of the Company's docking hardware generally have been strong when spending for test heads was low. During such times, the Company believes that semiconductor manufacturers seek to improve the utilization, performance and efficiency of existing ATE by purchasing docking hardware. The Company's sales of manipulators generally follow purchases of test heads by the Company's semiconductor manufacturer customers. The Company believes its sales of related ATE interface products primarily depend upon operating expenditures of the Company's semiconductor manufacturer customers.

Both North American and European semiconductor manufacturers have located most of their back-end factories in Southeast Asia. The front-end wafer fabrication plants of U.S. semiconductor manufacturers are primarily in the U.S. Likewise, European, Taiwanese, South Korean and Japanese semiconductor manufacturers primarily have located their wafer fabs in their respective countries. The Company's sales to Japanese semiconductor manufacturers primarily consist of test sockets and interface boards. Sales of docking hardware and universal manipulators have been limited in Japan and South Korea because manufacturers in these countries emphasize mass-produced products such as memory devices and other commodity devices. Commodity devices are typically tested using dedicated manipulators rather than universal manipulators with docking hardware.

As part of the Company's strategy to be domiciled in its major markets, the Company established inTEST LTD in the U.K. in 1985, inTEST KK in Japan in 1987 and inTEST PTE in Singapore in 1990. inTEST LTD designs, manufactures and markets the Company's products principally in the European market. inTEST KK was established to be a liaison office with Japanese ATE manufacturers and to market inTEST products in Japan. In addition, inTEST KK initiated the Company's business of designing and marketing related ATE interface products. inTEST PTE designs, markets and provides technical support to customers in Southeast Asia, and it intends to commence manufacturing operations in Singapore in 1998.

The Company has maintained long term relationships with substantially all ATE manufacturers. The Company believes its relations with such manufacturers are good and have been additionally strengthened due to the fact that the Company does not compete with such manufacturers for testers, probers and handlers. The Company believes that maintaining such relationships is essential to its ability to provide plug-compatible ATE interface solutions.

The following semiconductor and ATE manufacturers have each purchased at least \$250,000 of the Company's products since the beginning of 1994:

Analog Devices	National Semiconductor
Credence Systems	NEC
Harris	Philips Electronics
Hewlett Packard	Schlumberger
Intel	SGS Thomson
LTX	Symbios Logic
Lucent Technologies	Teradyne
Matsushita	Texas Instruments
Microchip Technologies	Tokyo Electron
Motorola	Xilinx

The Company's largest customers include Lucent Technologies, Motorola, SGS Thomson and Texas Instruments among semiconductor manufacturers, and Credence Systems, LTX and Teradyne among ATE manufacturers. See "Risk Factors -- Customer Concentration."

Manufacturing and Supply

The Company's principal manufacturing operations consist of assembly and testing at its facilities in New Jersey and in the U.K. In 1998, the Company plans to commence similar operations in its Singapore facility. The Company believes that it is able to respond more quickly and accurately to its customers needs by maintaining manufacturing facilities and technical support in geographic markets where its semiconductor manufacturer customers are located.

The Company assembles its docking hardware, manipulator products and certain of its probing assemblies from a combination of standard components and fabricated custom parts which have been manufactured to the Company's specifications by third manufacturers. The Company's related ATE interface products, such as test sockets, interface boards and other of its probing assemblies, are also manufactured to the Company's specifications by third party manufacturers. The Company's policy is to use the highest quality raw materials and components in its products. The primary raw materials used in fabricated parts are various grades of aluminum and steel, in interface boards are fiberglass and copper and in test sockets are plastic and copper, all of which are widely available. Substantially all components are purchased from multiple Suppliers. Certain raw materials and components are purchased from single Suppliers. However, the Company believes that all materials and components are available in adequate amounts from other sources. See "Risk Factors -- Dependence on Key Suppliers."

In New Jersey, the Company controls the quality of raw materials, fabricated parts and components by conducting incoming inspections using sophisticated measurement equipment, including a coordinate measuring machine, to ensure that products with critical dimensions meet the Company's specifications. In the U.K., the Company relies upon its Suppliers for inspecting the quality of fabricated parts. The Company intends to buy a coordinate measuring machine for inTEST LTD by the end of 1997. The Company's policy is to inspect all products at various stages prior to shipment. The Company's inspection standards have been designed to comply with applicable MIL specifications and ANSI standards. The Company is preparing a quality manual to comply with such specifications and standards in anticipation of applying for ISO 9001 certification.

Sales and Distribution

In North America, the Company sells to semiconductor manufacturers principally through independent, commissioned sales representatives and to ATE manufacturers through Company account managers. North American sales representatives also coordinate product installation and support with the Company's technical staff and participate in trade shows. Technical support is provided to the Company's North American customers and independent sales representatives by Company employees based in Cherry Hill, New Jersey, Sunnyvale, California and Austin, Texas.

In Europe, the Company sells to semiconductor and ATE manufacturers through Company account managers, except in Belgium and Holland where the Company uses an independent sales representative. In Japan, the Company sells to semiconductor and ATE manufacturers through Company account managers. In China, Hong Kong, Malaysia, the Philippines, Singapore, South Korea, Taiwan and Thailand, the Company sells through independent sales representatives. International sales representatives are responsible for sales, installation, support and trade show participation in their geographic market areas.

Company account managers are responsible for a portfolio of customer accounts and for managing certain independent sales representatives. In addition, Company account managers are responsible for applications engineering, custom product design, pricing, quotations, proposals and transaction negotiations.

Competition

The Company's competitors include independent manufacturers of docking hardware, manipulators and related ATE interface products, designers and manufacturers of ATE and, to a lesser extent, semiconductor manufacturers' in-house ATE interface groups. The Company principally competes on the basis of product performance and functionality, product reliability, customer service, applications support, price and timely product delivery.

The independent manufacturers of docking hardware and manipulators which compete with the Company include Reid-Ashman Manufacturing of the U.S., Microhandling of Germany and Shang Sheng of Taiwan, each of which manufactures docking hardware and manipulators. The manufacturers of ATE which compete with the Company in the sale of docking hardware and universal manipulators include Credence Systems, LTX, Schlumberger and Teradyne. Such manufacturers of ATE may be both competitors and customers of the Company. In addition, in the sale of related ATE interface products there are approximately 20 manufacturers of interface boards, four manufacturers of high performance test sockets and eight manufacturers of probing assemblies. See "Risk Factors -- Competition."

Patents and Other Proprietary Rights

The Company currently holds 13 U.S. patents and 64 foreign patents and has pending two U.S. patent applications and more than 30 foreign applications that cover various aspects of its technology. The Company's policy is to protect its technology by filing patent applications for the technologies that the Company considers important to its business. The Company first filed for patent protection in the U.S. for its docking hardware and the in2 test head manipulator in 1982, less than one year after the formation of the Company.

The Company also relies on trade secrets and unpatentable knowhow to protect its proprietary rights. It is the Company's policy to require, as a condition of permanent employment, that all employees of the Company agree to assign to the Company all rights to inventions or other discoveries relating to the Company business made while employed by the Company. In addition, all employees agree not to disclose any information regarding the Company which is private or confidential.

The Company has notified one of its competitors that the Company believes the competitor's products infringe on one of the Company's U.S. patents. The competitor responded by alleging that certain claims of the patent are invalid based on an earlier issued U.S. patent. The Company, in order to strengthen its patent position, requested reexamination of its patent by the U.S. Patent and Trademark Office (the "PTO") over that earlier issued U.S. patent. The competitor thereafter also requested a reexamination of the patent. A reexamination provides the PTO with an opportunity to reevaluate the validity of the claims of a patent previously issued by the PTO. On April 7, 1997, the PTO issued an Office Action in Reexamination confirming five of the nine claims of the Company's patent, and rejecting four claims. On April 29, 1997, the Company's patent attorney presented to the Examiner in charge of the Reexamination a minor amendment to the claims. In response, the Examiner agreed that the proposed amendment appears to overcome the rejection of the four claims. Based on advice of its patent counsel, the Company believes that upon formal submission of the proposed amendment, all claims will be deemed patentable and the Commissioner of the PTO will issue a Certificate of Reexamination to that effect. Although there can be no assurance, the Company believes that the failure of the PTO ultimately to deem patentable some or all of the four claims rejected in the Office Action will not have a material adverse effect on the Company's business or results of operations. See "Business--Patents and Other Proprietary Rights."

Computer Systems

The Company maintains an MIS system at each of its facilities. These systems are designed to (i) process all quotations, sales orders, work orders, and purchase orders; (ii) plan, control and allocate inventory; (iii) plan and schedule production; (iv) cost and price products; and (v) maintain accounting and financial records. The MIS systems provide a central database of price lists, product descriptions, applications data, design manuals and engineering documentation and are simultaneously accessible by all employees of the Company. In addition, the MIS systems prompt the actions of many of the employees of the Company, including designers, buyers and inspectors. The MIS systems, which are fully integrated, interactive and real-time, have been extensively customized by both Company employees and outside consultants. The MIS systems control the Company's inventory of approximately 12,000 fabricated parts, 6,000 purchased parts, 11,000 finished goods and 1,000 sub-assemblies.

The Company utilizes LAN-based CAD systems at each of its facilities. The CAD systems currently contain over 4,000 of the Company's 7,600 fabrication drawings and over 1,100 of the Company's 1,800 customer drawings of product applications, floor plans and operating procedures. All new designs and drawings are created in CAD and engineering changes are published as CAD drawings as the changes are adopted.

Backlog

At March 31, 1997, the Company's backlog of unfilled orders for all products was approximately \$2.3 million compared with approximately \$4.3 million at March 31, 1996. The Company's backlog includes customer purchase orders which have been accepted by the Company. Although backlog generally is shipped within 45 days, the backlog at March 31, 1996 was unusually high and was shipped over the next 70 days. The Company's backlog at March 31, 1997 represents shipments which are expected to be made in 40 to 45 days. While backlog is calculated on the basis of firm purchase orders, no assurance can be given that customers will purchase the Company's products subject to such orders. As a result, the Company's backlog at a particular date is not necessarily indicative of sales for any future period. See "Risk Factors -- Dependence upon Semiconductor Industry" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Employees

At March 31, 1997, the Company had 61 employees, including 26 in customer operations, 21 in manufacturing operations and 14 in administration. Substantially all of the Company's key employees are highly skilled and trained technical personnel, and new technical employees are required to attend an in-house training program. None of the Company's employees are represented by a labor union, and the Company has never experienced a work stoppage. The Company believes that its employee relations are excellent.

Facilities

The Company's headquarters are located in Cherry Hill, New Jersey in 28,630 square feet of office and manufacturing space leased pursuant to a seven-year lease which expires in 2003. The Company's facility in the U.K. is located in Thame in 4,600 square feet of office and manufacturing space leased pursuant to an assumed, 20-year lease which expires in December 1997. The Company is currently negotiating renewal terms for this lease. In Singapore, the Company occupies 3,077 square feet of office and manufacturing space leased pursuant to a four-year lease which expires in 2000 subject to a two-year renewal option. In Kichijoji, Japan, the Company occupies approximately 1,200 square feet of office space pursuant to an agreement which is cancelable on reasonable notice by either party. In Sunnyvale, California, the Company occupies 1,900 square feet of office and warehouse space leased pursuant to a five-year lease which expires in 2001. The Company believes that its headquarters and other existing facilities are adequate to meet its current and foreseeable future needs.

MANAGEMENT

Executive Officers, Directors and Significant Employees

The executive officers and directors of the Company are as follows:

Name	Age	Position
Alyn R. Holt (1)	59	Chairman and Chief Executive Officer
Robert E. Matthiessen (1)(2)	52	President, Chief Operating Officer and Director
Daniel J. Graham (1)	51	Senior Vice President and Director
Hugh T. Regan, Jr.	37	Chief Financial Officer and Treasurer
Hugh T. Regan, Sr.	62	Secretary
Richard O. Endres (2)(3)	71	Director
Stuart F. Daniels, Ph.D. (2)(3)	56	Director

- (1) Member of the Executive Committee
- (2) Member of the Compensation Committee
- (3) Member of the Audit Committee

Other significant employees of the Company include:

Name	Age	Position
Jack R. Edmunds	56	Director of Operations, inTEST CORP
Brian R. Moore	60	Managing Director, inTEST LTD
Tomoyasu Ogura	47	Representative Director, inTEST KK
Cornelis Hol	59	Managing Director, inTEST PTE

Directors are elected by the stockholders at the Company's annual meeting of stockholders. Each director is elected to serve for a term of one year or until his successor is elected and qualified. Executive officers are appointed by the Board of Directors of the Company. Each executive officer is appointed to serve until the first meeting of the Board of Directors after the annual meeting of stockholders next succeeding his election and until his successor is elected and qualified.

Alyn R. Holt is a co-founder of the Company and has served as Chairman and Chief Executive Officer since the Company's inception in September 1981. Mr. Holt has over 35 years experience in the ATE industry, including various positions in general management, marketing management and engineering. From 1973 to 1980, Mr. Holt was Manager of the Measurement Systems Division of Siemens Corporation. From 1966 to 1973, he served in various capacities including Vice President of Marketing for Computest Corporation, a manufacturer of ATE for the computer industry. Mr. Holt is a co-inventor on several of the Company's patents. Mr. Holt holds an M.B.A. from California State University and a B.S. in Electrical Engineering from South Dakota State University.

Robert E. Matthiessen was elected President, Chief Operating Officer and a Director of the Company in February 1997. Prior to that, Mr. Matthiessen served as Executive Vice President since joining the Company in October 1984. He has over 25 years experience in the ATE industry, including various positions in general management, marketing management and engineering management. In 1982, Mr. Matthiessen co-founded a company engaged in the production of video products for training, advertising and sales, and served as its President from inception to 1984. From 1973 to 1981, he served in various engineering and marketing management positions with the Measurement Systems Division of Siemens Corporation. Mr. Matthiessen is a co-inventor on several of the Company's patents. He studied electrical engineering at Drexel University and business administration at Rutgers University.

Daniel J. Graham is a co-founder of the Company and has served as Senior Vice President and a Director of the Company since 1988. Prior to that, Mr. Graham served as Vice President of the Company since the Company's inception. Mr. Graham has expertise in integrated circuit test technology and operated his own software consulting firm from 1978 to 1992. He has over 25 years industrial experience involving the development of

software and hardware systems for ATE. Mr. Graham is a past Chairman of the Test Technology Technical Committee of the Institute of Electrical and Electronic Engineers, Inc. (the "IEEE") Computer Society. He currently serves as General Vice Chair of the International Test Conference which is sponsored by the IEEE. He holds an M.S. in Computer and Information Science Engineering from the University of Pennsylvania and a B.S. with honors in Electrical Engineering from the Queen's University of Belfast, Northern Ireland.

Hugh T. Regan, Jr. has served as the Company's Chief Financial Officer and Treasurer since joining the Company in April 1996. From 1989 to 1995, Mr. Regan was the Vice President of Finance for Value Property Trust, a publicly traded real estate investment trust (the "Trust"). From 1995 until he joined the Company, Mr. Regan was the Chief Financial Officer of the Trust. Mr. Regan holds a B.S. in Accounting and Finance from Rider University and is a Certified Public Accountant.

Hugh T. Regan, Sr. has served as the Company's Secretary since 1982. Mr. Regan was Chief Financial Officer of the Company from 1982 to 1996. He has served as President of his accounting firm, Regan Accounting Services, since 1986. He has over 35 years of financial and general management experience in the computer, ATE and other industries. From 1979 to 1983, he was Executive Vice President and Chief Financial Officer of Emery Corporation, a home furnishings manufacturing company. From 1973 to 1979, he was Vice President of Finance and Chief Financial Officer of Clarke Corporation, a publicly traded building products manufacturing company. From 1966 to 1973, he was Controller for Computest Corporation, an early leader in ATE. Mr. Regan holds a B.S. in Business Administration and Accounting from LaSalle University.

Richard O. Endres has served as a Director of the Company since April 1982. He has served as President of VRA, Inc., which provides business planning and financial services for start-up companies, since 1976. Mr. Endres founded Computest Corporation in 1962 and served as its President from 1962 to 1973. Computest was sold to Siemens Corporation in 1973, at which time Mr. Endres became Group Vice President for Siemens until 1976. From 1948 to 1953, Mr. Endres was engaged in early transistor circuit development and computer memory research at RCA's David Sarnoff Research Center. Mr. Endres holds a B.S. in Electrical Engineering from Purdue University.

Stuart F. Daniels, Ph.D. is a co-founder of the Company and served as Vice President and a Director in 1982 and was reappointed as a Director in April 1997. In 1996, Dr. Daniels founded The Daniels Group, which is engaged in technology transfer and license consulting. From 1980 to 1995, Dr. Daniels held several management positions with Siemens Corporation. Dr. Daniels also co-founded Digital General Corp., an ATE company, in 1969. Dr. Daniels holds a Ph.D. in Electrical Engineering from Case Western Reserve University, an M.S. in Electrical Engineering from Case Institute of Technology and a B.S. in Electrical Engineering from the University of New Hampshire. He is also an adjunct of the Computer Information Science Department at the New Jersey Institute of Technology. Dr. Daniels holds two patents in ATE technology.

Jack R. Edmunds has served as Director of Operations since joining the Company in September 1987. He has over 20 years experience in the ATE industry, including various positions in operations management, marketing management, engineering and sales. From 1964 to 1975 he held numerous management positions in operations, engineering, marketing and sales with Computest Corporation. He studied business administration at Rutgers University.

Brian R. Moore has served as the Managing Director of inTEST LTD since February 1985. From 1982 to 1985, Mr. Moore was a managing partner in Anglo European Machinery Company, a manufacturer of test head manipulators and other specialty machines for the ATE industry, which was acquired by inTEST LTD in 1985. He has over 35 years experience in the ATE industry, including various positions in general management, engineering management, operations management, marketing and mechanical design. Mr. Moore is a co-inventor on several of the Company's patents. He studied mechanical engineering at High Wycombe Technical College in the U.K.

Tomoyasu Ogura has served as the Representative Director of inTEST KK since March 1990. Prior to that, Mr. Ogura was Marketing Manager of inTEST KK since May 1988. From 1981 to 1988, Mr. Ogura was the Technical Manager for a subsidiary of C. Itoh & Co., a trading company. He has over 20 years experience in the ATE industry in Japan, including various positions in general management, sales management, marketing, engineering and sales. Mr. Ogura holds a B.S. degree in Electrical Engineering from Kanagawa University, Yokohama.

Cornelis Hol has served as the Managing Director of inTEST PTE since its inception in April 1990 and as Director of inTEST KK since its inception in 1987. Mr. Hol is also Managing Director of C. Hol Business Development, a management consulting company he founded in 1986 with which the Company has a contract for the management of inTEST PTE. In addition, from 1993 to 1995, Mr. Hol was President of Intertrade Scientific, Inc. ("ITS"), a distributor of semiconductor production equipment in the U.S., and Managing Director of ITS in Munich, Germany. He has over 15 years experience in the semiconductor industry in Southeast Asia, Japan, Europe and the U.S., including various positions in general management, sales and distribution management. From 1981 to 1986, Mr. Hol was Managing Director of MCT Asia, a manufacturer of device handlers. Mr. Hol holds a Marine Engineering degree from De Ruyter School, Flushing, Holland.

Hugh T. Regan, Jr. is Hugh T. Regan's son; there are no other family relationships between any of the directors or executive officers of the Company. Dr. Daniels has agreed to provide consulting services to the Company including analyzing patents and other intellectual properties relating to the Company's technology interests, for which he will be compensated for his services at a rate of \$150 per hour. The Company does not expect the consulting fees paid to Dr. Daniels to exceed \$25,000 per year. Non-employee directors are paid a quarterly retainer of \$2,500, a fee of \$2,000 per board meeting and a fee of \$1,000 per committee meeting that falls on a day other than a board meeting. In addition, non-employee directors are reimbursed travel expenses and other costs associated with attending board or committee meetings. The Company does not pay additional cash compensation to officers of the Company for their service as directors of inTEST CORP. However, officers who serve as directors of the Company's foreign subsidiaries receive compensation as approved each year by such subsidiary's Board of Directors. The Company intends to hold at least four meetings of the Board of Directors per year. Directors are also eligible to participate in the Company's 1997 Stock Plan. See " -- 1997 Stock Plan" and " -- Executive Compensation."

Board Committees

The Board of Directors has three standing Committees: an Executive Committee, an Audit Committee and a Compensation Committee. The Executive Committee is responsible for those duties delegated to it by the Board of Directors. The Audit Committee reviews the results and scope of the audit and other services provided by the Company's independent auditors. The Compensation Committee makes recommendations concerning salaries and incentive compensation for employees of the Company and administers the Company's stock option and bonus plan. See " -- 1997 Stock Plan."

Executive Compensation

The following table sets forth certain information with respect to the compensation paid by the Company for services rendered during the years ended December 31, 1996, 1995 and 1994, to its Chairman and Chief Executive Officer and the other executive officers of the Company whose total annual salary and bonus exceeded \$100,000 during such period (each, a "Named Executive Officer").

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			All other compensation
		Salary	Bonus	Other annual compensation	
Alyn R. Holt	1996	\$155,545	\$55,234	\$ 47,693(1)	\$ 145,851(2)
Chairman and Chief Executive Officer	1995	121,300	44,631	19,876(1)	86,557(2)
	1994	112,530	18,280	25,337(1)	20,250(2)
Robert E. Matthiessen	1996	\$ 97,020	\$ 6,750	\$ 13,578(3)	\$ 5,720(4)
President, Chief Operating Officer and Director	1995	92,620	--	14,095(3)	756(4)
	1994	89,217	--	21,567(3)	756(4)
Daniel J. Graham	1996	\$105,200	--	\$ 18,943(5)	\$ 35,539(6)
Senior Vice President and Director	1995	100,000	--	19,376(5)	45,795(6)
	1994	95,503	--	20,097(5)	17,116(6)
Hugh T. Regan, Sr. (7)	1996	\$113,635	--	--	\$ 27,628(8)
Secretary	1995	106,150	--	--	23,295(8)
	1994	95,550	--	--	15,650(8)

- (1) Includes: \$39,500 for the annual lease value of automobiles for Alyn R. and Connie E. Holt in 1996, and \$11,250 and \$10,250 for Mr. Holt in 1995 and 1994, respectively; \$6,793, \$7,426 and \$14,087 for group health insurance in 1996, 1995 and 1994, respectively.
- (2) Includes: \$3,046, \$2,724 and \$2,724 for premiums paid on life insurance for Mr. Holt in 1996, 1995 and 1994, respectively; \$4,486 matching contribution to Mr. Holt's 401(k) Plan account in 1996; and \$138,319, \$83,833 and \$17,526 for serving as a director of inTEST LTD and inTEST KK in 1996, 1995 and 1994, respectively.
- (3) Includes: \$8,750, \$7,750 and \$10,250 for the annual lease value of an automobile for Mr. Matthiessen in 1996, 1995 and 1994, respectively; \$4,828, \$5,345 and \$11,317 for group health insurance in 1996, 1995 and 1994, respectively.
- (4) Includes: \$1,184, \$756 and \$756 for premiums paid on life insurance for Mr. Matthiessen in 1996, 1995 and 1994, respectively; and \$4,536 matching contribution to Mr. Matthiessen's 401(k) Plan account in 1996.
- (5) Includes: \$10,750, \$10,750 and \$7,550 for the annual lease value of an automobile for Mr. Graham in 1996, 1995 and 1994, respectively; \$6,793, \$7,426 and \$11,317 for group health insurance in 1996, 1995 and 1994, respectively.
- (6) Includes: \$2,107, \$1,436 and \$1,466 for premiums paid on life insurance for Mr. Graham in 1996, 1995 and 1994, respectively; \$4,750 matching contribution to Mr. Graham's 401(k) Plan account in 1996; and \$28,682, \$44,359 and \$15,650 for serving as a director of inTEST LTD and inTEST KK in 1996, 1995 and 1994, respectively.
- (7) Mr. Regan served as the Company's Chief Financial Officer through April 1996.
- (8) Includes: \$785 for premiums paid on life insurance for Mr. Regan in 1996; \$1,920 matching contribution to Mr. Regan's 401(k) Plan account in 1996; and \$24,923, \$23,295 and \$15,650 for serving as a director of inTEST LTD in 1996, 1995 and 1994, respectively.

401(k) Plan

The inTEST Corporation 401(k) Savings Incentive Plan (the "401(k) Plan") became effective on January 1, 1996. All employees of inTEST CORP who are at least 18 years of age and have completed six months of service with the Company are eligible to participate in the 401(k) Plan. An eligible employee may elect to contribute up to 15% of his or her compensation each year instead of receiving that amount in cash, up to the legal limit (the limit for 1997 is \$9,500). The Company will match employee contributions up to 10% of an employee's compensation, not to exceed \$4,750. At the discretion of the Board of Directors, the Company may also match employee contributions up to an additional 5% of an employee's salary, not to exceed \$4,750 or, in aggregate, \$9,500 for a total matched contribution not to exceed 15% of an employee's compensation.

1997 Stock Plan

Pursuant to the inTEST Corporation 1997 Stock Plan (the "Plan" or the "1997 Stock Plan"), directors, key employees and consultants of the Company are eligible to receive awards of (i) options to purchase shares of Common Stock and (ii) shares of Common Stock. Options granted under the Plan may be "incentive stock options" ("ISOs"), within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), or non-qualified stock options ("NQSOs"). Stock awards may be granted in addition to or in lieu of any other award granted under the Plan. The Company has authorized 500,000 shares of Common Stock for issuance upon exercise of options or stock awards under the Plan (subject to anti-dilution and similar adjustments).

The Plan consists of two parts: the Non-Qualified Plan and the Key Employee Plan. The Non-Qualified Plan is administered by the Board of Directors of the Company and the Key Employee Plan is administered by the Compensation Committee of the Board of Directors of the Company (the Board of Directors or the Compensation Committee, as the case may be, is referred to herein as the "Administrator").

Subject to the provisions of the Plan, the Administrator will determine the type of award, when and to whom awards will be granted, the number of shares covered by each award and the terms, provisions and kind of consideration payable, if any, with respect to awards to key employees and consultants. In determining the persons to whom awards shall be granted and the number of shares covered by each award, the Administrator shall take into account the duties of the respective persons, their present and potential contribution to the success of the Company and such other factors as the Administrator shall deem relevant. The Administrator may interpret the Plan and may at any time adopt such rules and regulations for the Plan as it deems advisable.

An option may be granted on such terms and conditions as the Administrator may approve. No option may be granted with an exercise period in excess of ten years from the date of grant. Generally, ISOs will be granted with an exercise price equal to the "Fair Market Value" (as defined in the Plan) on the date of grant; the exercise price of an NQSO will be determined by the Administrator. In the case of ISOs, certain limitations will apply with respect to the aggregate value of option shares which can become exercisable for the first time during any one calendar year, and certain additional limitations will apply to ISOs granted to persons who, at the time the option is granted, own more than 10% of the combined voting power of the Company. The Administrator may provide for the payment of the option price in cash, by delivery of Common Stock having a Fair Market Value equal to such option price, by a combination thereof or by any other method. Options granted under the Plan will become exercisable at such times and under such conditions as the Administrator shall determine, subject to acceleration of the exercisability of options in the event of, among other things, a "Change in Control" (as defined in the Plan).

All options to the extent not earlier exercised, expire on the earliest of (i) the last business day immediately preceding the tenth anniversary of the date of grant, (ii) one year following the optionee's termination of his or her employment or service with the Company (unless such termination is for cause, as defined in the Plan, in which case any options held by such optionee will terminate immediately) or (iii) a date set by the Administrator upon a finding that a change in the financial accounting treatment for the options would or may have a material adverse effect on the Company. In addition, in the event of a change of control, as defined in the Plan, the Administrator may take whatever actions with respect to outstanding options it deems necessary or advisable, including accelerating the expiration date of any such outstanding option to a date not earlier than thirty (30) days from the date notice of such acceleration is given to the respective optionee.

The Plan further provides for the granting of stock awards, which are awards of Common Stock which may be subject to restrictions on the sale or other disposition of such shares, except by will or the laws of descent and distribution, during such period of time as the Administrator determines. The Administrator may also impose such other conditions and restrictions, if any, on the shares as it deems appropriate, including, for example, the continued employment of the recipient.

The Board of Directors may at any time suspend, amend, modify or terminate the Plan provided that, with respect to the Key Employee Plan, any amendment which would change the eligibility of employees or a class of employees eligible to receive an option or to increase the maximum number of shares as to which options may be granted, will only be effective if such action is approved by the holders of a majority of the issued and outstanding shares of Common Stock. In addition, no change may be made which would adversely affect any award previously granted, except with the written consent of the grantee. No awards may be granted under the Plan more than ten years from the date the Plan was adopted.

The Administrator has granted options to purchase 150,000 shares of Common Stock to key employees pursuant to the Key Employee Plan. The grant of these options will become effective on the effective date of the Registration Statement. These options, which are ISOs, will become exercisable on a pro rata basis annually on the first through fifth anniversaries of the date of this Prospectus. Stuart F. Daniels, Ph.D. and Hugh T. Regan, Jr. will receive options to purchase 10,000 and 30,000 shares of Common Stock, respectively. Dr. Daniels and Mr. Regan are the only directors or executive officers of the Company to be granted options under the Plan to date.

Limitation of Liability and Indemnification

Pursuant to the provisions of the Delaware General Corporation Law ("DGCL"), the Company has adopted provisions in its Certificate of Incorporation which limit the personal liability of its directors to the Company or its stockholders for monetary damages for breach of their fiduciary duty as a director to the fullest extent permitted by the DGCL, and in its Bylaws which require the Company to indemnify its directors and officers to the fullest extent permitted by Delaware law. The Bylaws require the Company to indemnify an officer or director in connection with a proceeding (or part thereof) initiated by such officer or director only if the initiation of such proceeding by such person was authorized by the Board of Directors. The Company has applied for a directors' and officers' liability insurance policy.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee consists of Robert E. Matthiessen, Richard O. Endres and Stuart F. Daniels, Ph.D. Mr. Matthiessen is the President and Chief Operating Officer of the Company. Mr. Endres has never served as an officer or employee of the Company. Dr. Daniels was a co-founder of the Company and served as Vice President and Director in 1982. From 1982 until Dr. Daniels was re-elected to the Board of Directors in April 1997, his only relationship with the Company was as a stockholder. Prior to the offering, the Company did not have a Compensation Committee, and compensation decisions were made by the Board of Directors, which consisted of Messrs. Holt, Endres and Graham.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth certain information regarding the beneficial ownership of the Company's Common Stock as of March 31, 1997 and after giving effect to the sale of shares of Common Stock in the offering by (i) each Director or Named Executive Officer of the Company, (ii) each person known by the Company to own beneficially five percent or more of the Common Stock, (iii) each Selling Stockholder and (iv) all current executive officers and directors of the Company as a group.

Name of Beneficial Owner	Prior to Offering(1)			After Offering(1)(2)	
	Shares Beneficially Owned	Percentage Owned	Shares Being Offered(2)	Shares Beneficially Owned	Percentage Owned
Alyn R. Holt (3)(4)(5)	2,083,217	50.9%	232,550	1,850,667	31.3%
Richard O. Endres (3)(4)(6)	483,435	11.8	53,965	429,470	7.3
Daniel J. Graham (3)(4)	446,729	10.9	49,868	396,861	6.7
Deed of Trust f/b/o K.D. Holt (3)	261,727	6.4	29,216	232,511	3.9
Connie E. Holt	186,948	4.6	20,869	166,079	2.8
Robert E. Matthiessen (4)	160,364	3.9	17,901	142,463	2.4
Hugh T. Regan, Sr. (4)	129,098	3.2	14,411	114,687	1.9
Brian R. Moore (4)	93,219	2.3	10,406	82,813	1.4
Nils O. Ny (4)	70,106	1.7	7,826	62,280	1.1
Jack R. Edmunds (4)	67,459	1.6	7,530	59,929	1.0
John W. Lalley	53,905	1.3	6,017	47,888	*
Micronics Japan Company, Ltd. (7)	48,209	1.2	5,382	42,827	*
Julian P. Partington (4)	45,664	1.1	5,097	40,567	*
Tomoyasu Ogura (4)	43,388	1.1	4,843	38,545	*
Christopher L. West (4)	42,532	1.0	4,748	37,784	*
William R. Blatchley (4)	34,274	*	3,826	30,448	*
Ann L. Martz	23,369	*	2,609	20,760	*
Dale G. Holt	18,695	*	2,087	16,608	*
Jerome R. Bortnem (4)	15,579	*	1,739	13,840	*
Stuart F. Daniels, Ph.D. (4)	14,021	*	1,565	12,456	*
John J. Kotarski (4)	9,347	*	1,043	8,304	*
Tomio Wakamatsu (4)	3,214	*	359	2,855	*
Kenji Murayama (4)	3,214	*	359	2,855	*
All executive officers and directors as a group (7 persons)	3,316,864	81.1%	370,260	2,946,604	49.7%

* Denotes less than 1%.

- (1) Unless otherwise indicated below, the persons in the above table have sole voting and investment power with respect to all shares owned by them. Includes 300,443 shares of Common Stock issued in the Exchange. See "The Company."
- (2) If the Underwriters' over-allotment option is exercised in full, the Selling Stockholders will sell an aggregate of 341,250 shares, allocated among them in the same proportion as the relative number of shares being offered by each of them as set forth above.
- (3) The address of the stockholder is: c/o the Company, 2 Pin Oak Lane, Cherry Hill, New Jersey 08003.
- (4) The Selling Stockholder is, or was during the past three years, a director, officer or employee of the Company.
- (5) Does not include 261,727 shares held in trust for the benefit of Mr. Holt's child or 186,948 shares owned by Mr. Holt's spouse, Connie E. Holt. Mr. Holt disclaims beneficial ownership of the shares held in trust for his child and the shares owned by his spouse. Includes 48,487 shares acquired pursuant to the Exchange. See "The Company."
- (6) Includes 261,727 shares held in trust for the benefit of Mr. Holt's child for which Mr. Endres is trustee.
- (7) This Selling Stockholder is a publicly owned Japanese company. inTEST KK occupies its facility pursuant to an agreement with this Selling Stockholder.

DESCRIPTION OF CAPITAL STOCK

The authorized capital stock of the Company consists of 20,000,000 shares of Common Stock and 5,000,000 shares of Preferred Stock.

The following summary of certain provisions of the Common Stock and Preferred Stock does not purport to be complete and is subject to, and qualified in its entirety by, the provisions of the Company's Certificate of Incorporation that are included as an exhibit to the Registration Statement of which this Prospectus is a part, and by the provisions of applicable law.

Common Stock

As of March 31, 1997, there were 3,790,591 shares of Common Stock outstanding that were held of record by 17 stockholders. Prior to the offering, the Company will issue an additional 300,443 shares of its Common Stock in exchange for the minority interests in the Company's three subsidiaries (the "Exchange"). Giving effect to the sale of the shares of Common Stock offered by the Company in the offering and the shares to be issued in the Exchange, there will be 5,911,034 shares of Common Stock outstanding immediately following the offering.

Holders of Common Stock are entitled to one vote per share, to receive dividends when and if declared by the Board of Directors and to share ratably in the assets of the Company legally available for distribution to its stockholders in the event of liquidation. Holders of Common Stock have no preemptive, subscription, redemption or conversion rights. All outstanding shares of Common Stock are, and the shares to be sold hereby will be, upon issuance and payment therefor, duly authorized, fully paid and nonassessable. The holders of Common Stock do not have cumulative voting rights. The holders of a majority of the shares of Common Stock can elect all the directors and can control the management and affairs of the Company. The rights, preferences and privileges of holders of Common Stock will be subject to the rights of the holders of any series of Preferred Stock that the Company may issue in the future.

Preferred Stock

The Company has an authorized class of undesignated Preferred Stock consisting of 5,000,000 shares. Preferred Stock may be issued in series from time to time with such designations, relative rights, priorities, preferences, qualifications, limitations and restrictions thereof, to the extent that such are not fixed in the Company's Certificate of Incorporation, as the Board of Directors determines. The rights, priorities, preferences, qualifications, limitations and restrictions of different series of Preferred Stock may differ with respect to dividend rates, amounts payable on liquidation, voting rights, conversion rights, redemption provisions, sinking fund provisions and other matters. The Board of Directors may authorize the issuance of Preferred Stock which ranks senior to the Common Stock with respect to the payment of dividends and the distribution of assets on liquidation. In addition, the Board of Directors is authorized to fix the limitations and restrictions, if any, upon the payment of dividends on Common Stock to be effective while any shares of Preferred Stock are outstanding. The Board of Directors, without stockholder approval, can issue Preferred Stock with voting and conversion rights which could adversely affect the voting power of the holders of Common Stock. The issuance of Preferred Stock may have the effect of delaying, deferring or preventing a change of control of the Company. Upon consummation of the offering, no shares of Preferred Stock will be outstanding. The Company has no present intention to issue shares of Preferred Stock.

Certain Corporate Provisions

The Company's Certificate of Incorporation and Bylaws contain a number of provisions relating to corporate governance and to the rights of stockholders. Certain of these provisions may be deemed to have a potential "anti-takeover" effect in that such provisions may delay, defer or prevent a change of control of the Company. These provisions include the authority of the Board of Directors to issue series of Preferred Stock with such voting rights and other powers as the Board of Directors may determine. See "Management -- Executive Officers, Directors and Significant Employees."

The Company is subject to the provisions of the DGCL. Section 203 of the DGCL prohibits a publicly-held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. A "business combination" includes mergers, asset sales and other transactions resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an "interested stockholder" is a person who, together with affiliates, owns, or within three years did own, 15 percent or more of the corporation's voting stock.

Transfer Agent and Registrar

The transfer agent and registrar for the Common Stock of the Company is The First National Bank of Boston.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to the offering, there has been no public market for the Common Stock of the Company. Future sales of substantial amounts of Common Stock in the public market could adversely affect the prevailing market prices.

Upon completion of the offering, there will be 5,911,034 shares of Common Stock of the Company outstanding, of which 3,338,078 will be "restricted securities" and may be publicly sold only if registered under the Securities Act or sold in accordance with an applicable exemption from registration, such as Rule 144.

In general, under Rule 144 as currently in effect, a stockholder, including an "affiliate" of the Company, as that term is defined in Rule 144 (an "Affiliate"), who has beneficially owned his or her restricted securities (as that term is defined in Rule 144) for at least one year from the later of the date such securities were acquired from the Company or (if applicable) the date they were acquired from an Affiliate, is entitled to sell, within any three-month period, a number of such shares that does not exceed the greater of one percent of the then outstanding shares of Common Stock (approximately 59,110 shares immediately after the offering) or the average weekly trading volume in the Common Stock during the four calendar weeks preceding the date on which notice of such sale was filed under Rule 144, provided certain requirements concerning availability of public information, manner of sale and notice of sale are satisfied. In addition, under Rule 144(k), if a period of at least two years has elapsed between the later of the date restricted securities were acquired from the Company and the date they were acquired from an Affiliate of the Company, a stockholder who is not an Affiliate of the Company at the time of sale and has not been an Affiliate for at least three months prior to the sale would be entitled to sell the shares immediately without compliance with the foregoing requirements under Rule 144.

As of the date of this Prospectus, the Company and each of its stockholders have agreed that they will not directly or indirectly, offer, sell, offer to sell, grant any option to purchase or otherwise sell or dispose (or approve any offer, sale, offer of sale, grant of any options to purchase or sale or disposition) of any shares of Common Stock or other capital stock of the Company, or any securities convertible into, or exercisable or exchangeable for, any shares of Common Stock or other capital stock of the Company without the prior written consent of Janney Montgomery Scott Inc., on behalf of the Underwriters, for a period of 180 days from the date of this Prospectus (the "Lock-up Agreements"). Notwithstanding the foregoing, Mr. Holt reserved the right to make a charitable contribution of up to 100,000 shares of Common Stock which would not be subject to the lock-up agreement. Beginning 180 days after the date of this Prospectus, approximately 297,841 shares of Common Stock will become eligible for resale without volume or other limitations pursuant to Rule 144.

An additional 500,000 shares of Common Stock in the aggregate are reserved for future issuance under the 1997 Stock Plan, and options to purchase a total of 150,000 shares have been granted which will become effective as of the effective date of the Registration Statement. The Company intends to file a registration statement under the Act shortly after the effective date of the Registration Statement, covering certain shares of Common Stock reserved for issuance under the 1997 Stock Plan. Upon the effectiveness of that registration statement, most of the shares of Common Stock which may be issued pursuant to the 1997 Stock Plan, other than shares held by Affiliates, will be immediately eligible for resale in the public market without restriction, subject to the terms of the Lock-up Agreements, if applicable. See "Management -- 1997 Stock Plan."

UNDERWRITING

The Underwriters named below, acting through their Representatives, Janney Montgomery Scott Inc. and Needham & Company, Inc. have severally agreed, subject to the terms and conditions of the Underwriting Agreement, to purchase a total of 1,820,000 shares of Common Stock from the Company and 455,000 shares of Common Stock from the Selling Stockholders. The number of shares of Common Stock that each Underwriter has agreed to purchase is set forth opposite its name below. The Underwriters are committed to purchase all of such shares if any are purchased. Under certain circumstances, the commitments of non-defaulting Underwriters may be increased. The names of the several Underwriters and the respective number of shares to be purchased by each of them are as follows:

Underwriter	Number of Shares
-----	-----
Janney Montgomery Scott Inc.	
Needham & Company, Inc.	
-----	-----
Total	2,275,000 =====

The Company is obligated to sell, and the Underwriters are obligated to purchase, all of the shares of Common Stock offered hereby if any are purchased.

The Underwriters, through their Representatives, have advised the Company and the Selling Stockholders: that they propose to offer the Common Stock initially at the public offering price set forth on the cover page of this Prospectus; that the Underwriters may allow to selected dealers a concession of \$ per share; and that such dealers may reallow a concession of \$ per share to certain other dealers. After the initial public offering, the offering price and the concessions may be changed by the Representatives.

The Selling Stockholders have granted to the Underwriters an option, exercisable for 30 days from the date of this Prospectus, to purchase up to 341,250 additional shares of Common Stock at the initial public offering price, less underwriting discounts and commissions, as set forth on the cover page of this Prospectus. The Underwriters may exercise such option solely for the purpose of covering over-allotments incurred in the sale of the shares of Common Stock offered hereby. To the extent such option to purchase is exercised, each Underwriter will become obligated, subject to certain conditions, to purchase approximately the same percentage of such additional shares as the number set forth next to such Underwriter's name in the preceding table bears to 2,275,000.

The Company and the Selling Stockholders have agreed to indemnify the several Underwriters or contribute to losses arising out of certain liabilities, including liabilities under the Securities Act.

As of the date of this Prospectus, the Company, its officers and directors, and stockholders of the Company holding 3,636,034 shares of Common Stock upon completion of the offering, have agreed that they will not, directly or indirectly, offer, sell, offer to sell, grant any option to purchase or otherwise sell or dispose (or approve any offer, sale, offer of sale, grant of any options to purchase or sale or disposition) of any shares of Common Stock or other capital stock of the Company or any securities convertible into, or exercisable or exchangeable for, any shares of Common Stock or other capital stock of the Company without the prior written consent of Janney Montgomery Scott Inc., for a period of 180 days from the date of this Prospectus. Notwithstanding the foregoing, Mr. Holt reserved the right to make a charitable contribution of up to 100,000 shares of Common Stock which would not be subject to the lock-up agreement. See "Shares Eligible for Future Sale."

The Representatives have informed the Company that the Underwriters do not intend to confirm sales to any accounts over which they exercise discretionary authority.

Prior to the offering, there has been no public market for the Common Stock of the Company. Consequently, the initial public offering price will be determined through negotiations among the Company and the Representatives. Among the factors considered in making such determination are the prevailing market conditions, the Company's financial and operating history and condition, its prospects and the prospects for its industry in general, the management of the Company, and the market prices of securities for companies in businesses similar to that of the Company.

LEGAL MATTERS

The legality of the issuance of the shares of Common Stock being offered hereby will be passed upon for the Company and the Selling Stockholders by Saul, Ewing, Remick & Saul, Philadelphia, Pennsylvania. Certain legal matters in connection with patent law matters will be passed upon for the Company by Ratner & Prestia, Berwyn, Pennsylvania. Certain legal matters will be passed upon for the Underwriters by Pepper, Hamilton & Scheetz LLP, Philadelphia, Pennsylvania.

EXPERTS

The Consolidated Financial Statements of the Company as of December 31, 1996 and 1995 and for each of the years in the three-year period ended December 31, 1996, have been included herein and in the Registration Statement in reliance upon the report of KPMG Peat Marwick LLP, independent certified public accountants, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

Certain matters dealing with patents and proprietary rights set forth under "Risk Factors -- Importance of Patents and Proprietary Rights; Risk of Litigation," "Business -- Strategy -- Capitalize on Experience and Expertise" and "Business -- Patents and Other Proprietary Rights" have been included in this Prospectus in reliance upon the written opinion of Ratner & Prestia, Berwyn, Pennsylvania, patent counsel for the Company, as experts in such matters.

ADDITIONAL INFORMATION

The Company is not currently subject to the information requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). As a result of the offering, the Company will be required to file reports and other information with the Securities and Exchange Commission (the "Commission") pursuant to the informational requirements of the Exchange Act.

The Company has filed with the Commission a Registration Statement on Form S-1 under the Act with respect to the Common Stock offered hereby. This Prospectus does not contain all of the information set forth in the Registration Statement and the exhibits and schedules thereto. Statements contained in this Prospectus as to the contents of any contract or other document referred to are not necessarily complete and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference. For further information, reference is made to the Registration Statement and exhibits thereto. The Registration Statement may be inspected without charge at the Office of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the Registration Statement may be obtained from the Commission at prescribed rates from the Public Reference Section of the Commission at such address, and at the Commission's regional offices located at 7 World Trade Center, Suite 1300, New York, New York 10048, and at Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. In addition, registration statements and certain other filings made with the Commission through its Electronic Data Gathering, Analysis, and Retrieval ("EDGAR") system are publicly available through the Commission's site on the Internet's World Wide Web, located at <http://www.sec.gov>. The Registration Statement, including all exhibits thereto and amendments thereof, has been filed with the Commission through EDGAR.

The Company intends to furnish to its stockholders annual reports containing financial statements audited by an independent accounting firm.

inTEST CORPORATION
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Independent Auditors' Report

The Board of Directors and Stockholders
inTEST Corporation and Subsidiaries:

We have audited the accompanying consolidated balance sheets of inTEST Corporation and subsidiaries as of December 31, 1995 and 1996, and the related consolidated statements of earnings, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 1996. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of inTEST Corporation and subsidiaries at December 31, 1995 and 1996, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1996, in conformity with generally accepted accounting principles.

/s/ KPMG Peat Marwick LLP

Philadelphia, Pennsylvania
March 14, 1997, except for the first two paragraphs of
Note 12, as to which the date is April 25, 1997, and
the third paragraph of Note 12, as to which the
date is June 4, 1997

inTEST CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

(in thousands, except for share data)

	December 31,		March 31, 1997	
	1995	1996	Actual (unaudited)	Pro forma (Note 3) (unaudited)
Current assets:				
Cash and cash equivalents	\$ 1,919	\$ 3,692	\$ 2,983	\$ 2,983
Trade accounts and notes receivable, net of allowance for doubtful accounts of \$42 at December 31, 1995 and \$88 at December 31, 1996 and March 31, 1997	2,992	1,953	2,495	2,495
Inventories	1,218	1,313	1,178	1,178
Deferred tax asset	--	--	--	56
Other current assets	11	70	167	167
Total current assets	6,140	7,028	6,823	6,879
Property and equipment:				
Machinery and equipment	633	1,096	1,082	1,082
Leasehold improvements	55	173	169	169
Accumulated depreciation	688 (547)	1,269 (676)	1,251 (701)	1,251 (701)
Net property and equipment	141	593	550	550
Other assets	71	95	119	119
Goodwill (Note 3)	--	--	--	1,567
Total assets	\$ 6,352	\$ 7,716	\$ 7,492	\$ 9,115
Current liabilities:				
Current installments of long term debt	\$ --	\$ 34	\$ 34	\$ 34
Accounts payable	845	574	837	837
Dividends payable	--	973	1,216	1,216
Accrued wages and expenses	299	595	427	427
Customer deposits	191	--	--	--
State and foreign income taxes payable	604	475	385	385
S corporation distribution to stockholders (Note 3)	--	--	--	3,420
Total current liabilities	1,939	2,651	2,899	6,319
Long term debt	--	155	148	148
Deferred tax liability	--	--	--	8
Minority interest	365	323	291	--
Commitments (Note 8)				
Stockholders' equity:				
Preferred stock, \$0.01 par value; 5,000,000 shares authorized; no shares issued or outstanding	--	--	--	--
Common stock, \$0.01 par value; 20,000,000 shares authorized; 3,790,591 shares issued and outstanding at December 31, 1995 and 1996 and March 31, 1997; 4,091,034 shares issued and outstanding pro forma	38	38	38	41
Additional paid-in capital	689	689	689	2,633
Retained earnings	3,273	3,833	3,461	--
Foreign currency translation adjustment	48	27	(34)	(34)
Total stockholders' equity	4,048	4,587	4,154	2,640
Total liabilities and stockholders' equity	\$ 6,352	\$ 7,716	\$ 7,492	\$ 9,115

See accompanying Notes to Consolidated Financial Statements.

inTEST CORPORATION AND SUBSIDIARIES
Consolidated Statements of Earnings
(in thousands, except for per share data)

	Years ended December 31,			Three months ended March 31,	
	1994	1995	1996	1996 (unaudited)	1997 (unaudited)
Revenues	\$ 9,287	\$ 14,442	\$ 18,582	\$ 6,089	\$ 3,887
Cost of revenues	3,777	5,191	6,755	1,856	1,602
Gross profit	5,510	9,251	11,827	4,233	2,285
Operating expenses:					
Selling expense	1,491	2,118	2,471	781	493
Research and development expense	1,623	1,930	1,928	394	374
General and administrative expense	1,107	1,166	1,812	364	411
Total operating expenses	4,221	5,214	6,211	1,539	1,278
Operating income	1,289	4,037	5,616	2,694	1,007
Other income (expense):					
Interest income	22	82	147	23	29
Interest expense	(9)	--	(11)	(5)	(4)
Other	24	(49)	(35)	(6)	(10)
	37	33	101	12	15
Earnings before income taxes and minority interest ...	1,326	4,070	5,717	2,706	1,022
Provision for income taxes:					
State	9	82	126	75	21
Foreign	373	555	732	280	146
Income tax expense	382	637	858	355	167
Earnings before minority interest	944	3,433	4,859	2,351	855
Minority interest	(127)	(181)	(213)	(94)	(11)
Net earnings	\$ 817	\$ 3,252	\$ 4,646	\$ 2,257	\$ 844
	=====	=====	=====	=====	=====
Pro forma information (unaudited) (Note 3):					
Pro forma earnings before income taxes	\$ --	\$ --	\$ 5,613	\$ --	\$ 996
Pro forma income taxes	--	--	2,247	--	459
Pro forma net earnings	--	--	3,366	--	537
Pro forma net earnings per share	\$ --	\$ --	\$ 0.82	\$ --	\$ 0.13
Pro forma weighted average shares outstanding	--	--	4,091	--	4,091
Supplemental pro forma net earnings per share	\$ --	\$ --	\$ 0.79	--	\$ 0.13
Supplemental pro forma weighted average shares outstanding	--	--	4,265	--	4,265
	=====	=====	=====	=====	=====

See accompanying Notes to Consolidated Financial Statements.

inTEST CORPORATION AND SUBSIDIARIES

Consolidated Statement of Stockholders' Equity

(in thousands, except for share data)

	Common Stock		Additional paid-in capital	Retained earnings	Foreign currency translation adjustment	Total stock- holders' equity
	Shares	Amount				
Balance, January 1, 1994	3,720,486	\$37	\$639	\$ 1,821	\$ (49)	\$ 2,448
Dividends	--	--	--	(642)	--	(642)
Net earnings	--	--	--	817	--	817
Shares issued as compensation for services	7,789	--	5	--	--	5
Foreign currency translation adjustment	--	--	--	--	137	137
Balance, December 31, 1994	3,728,275	37	644	1,996	88	2,765
Dividends	--	--	--	(1,975)	--	(1,975)
Net earnings	--	--	--	3,252	--	3,252
Shares issued as compensation for services	62,316	1	45	--	--	46
Foreign currency translation adjustment	--	--	--	--	(40)	(40)
Balance, December 31, 1995	3,790,591	38	689	3,273	48	4,048
Dividends	--	--	--	(4,086)	--	(4,086)
Net earnings	--	--	--	4,646	--	4,646
Foreign currency translation adjustment	--	--	--	--	(21)	(21)
Balance, December 31, 1996	3,790,591	38	689	3,833	27	4,587
Dividends (unaudited)	--	--	--	(1,216)	--	(1,216)
Net earnings (unaudited)	--	--	--	844	--	844
Foreign currency translation adjustment (unaudited)	--	--	--	--	(61)	(61)
Balance, March 31, 1997 (unaudited)	3,790,591	\$38	\$689	\$ 3,461	\$ (34)	\$ 4,154

See accompanying Notes to Consolidated Financial Statements.

inTEST CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(in thousands of dollars)

	Years ended December 31,			Three months ended March 31,	
	1994	1995	1996	1996 (unaudited)	1997 (unaudited)
Cash flows from operating activities:					
Net earnings	\$ 817	\$ 3,252	\$ 4,646	\$ 2,257	\$ 844
Adjustments to reconcile net earnings to net cash					
Depreciation and amortization	59	36	109	11	41
Foreign exchange (gain) loss	(25)	43	31	(3)	(3)
Minority interest	127	181	213	94	11
Stock issued for services received	5	46	--	--	--
Changes in assets and liabilities:					
Accounts receivable	(544)	(850)	1,182	(1,321)	(684)
Inventories	58	(284)	(66)	(80)	97
Other current assets	(4)	(46)	(61)	(56)	(123)
Notes receivable	(68)	(170)	(216)	100	42
Accounts payable	203	342	(235)	753	307
State and foreign income tax payable	249	261	(118)	(105)	(72)
Accrued expenses	54	35	50	204	(129)
Other assets	45	(101)	(65)	--	--
Total adjustments	159	(507)	824	(403)	(513)
Net cash provided by operations	976	2,745	5,470	1,854	331
Cash flows used in investing activities:					
Purchase of property and equipment	(38)	(39)	(554)	(13)	(5)
Net cash used in investing activities	(38)	(39)	(554)	(13)	(5)
Cash flows used in financing activities:					
Dividends paid	(642)	(1,976)	(3,339)	(186)	(1,001)
Proceeds from long term debt	--	--	200	--	--
Principal payments on debt	(71)	(8)	(11)	--	(8)
Net cash used in financing activities	(713)	(1,984)	(3,150)	(186)	(1,009)
Effects of exchange rates on cash	77	(139)	7	(6)	(26)
Net cash provided by all activities	302	583	1,773	1,649	(709)
Cash at beginning of period	1,034	1,336	1,919	1,919	3,692
Cash at end of period	\$ 1,336	\$ 1,919	\$ 3,692	\$ 3,568	\$ 2,983
Cash payments made for:					
State and foreign income taxes	\$ 122	\$ 374	\$ 977	\$ 471	\$ 241
Interest	13	9	11	5	4

See accompanying Notes to Consolidated Financial Statements.

inTEST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Information as of March 31, 1997 and for the three months ended March 31, 1996 and 1997 is unaudited)

(in thousands, except for share data)

(1) Nature of Operations

inTEST Corporation ("the Company") designs, manufactures and markets docking hardware and test head manipulators used by semiconductor manufacturers during the testing of wafers and packaged devices. The Company also designs and markets related automatic test equipment interface products. The Company operates in a single industry segment.

The consolidated entity is comprised of inTEST Corporation (parent) and three 79% owned foreign subsidiaries: inTEST Limited (Thame, U.K.), inTEST Kabushiki Kaisha (Kichijoji, Japan) and inTEST PTE, Limited (Singapore). All significant intercompany accounts and transactions have been eliminated upon consolidation.

inTEST manufactures its products in the U.S. and the U.K. Its subsidiaries in Singapore and Japan are engaged in marketing and support activities.

(2) Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Short term investments, which have maturities of three months or less when purchased, are considered to be cash equivalents and are carried at cost, which approximates market value.

Notes Receivable

Notes receivable are due from trade customers, and have original maturities of less than three months. The notes are non-interest bearing.

Inventories

Inventories are stated at lower of cost or market. Cost is determined under the first-in first-out (FIFO) method.

Property and Equipment

Machinery and equipment are stated at cost. Depreciation is based upon the estimated useful life of the assets using the straight line method. The estimated useful lives range from five to seven years. Leasehold improvements are recorded at cost and amortized over the shorter of the lease term or estimated useful life of the asset. Expenditures for maintenance and repairs are charged to operations as incurred.

Income Taxes

The Company has elected S corporation status for Federal tax purposes, and in the State of New Jersey. As a result, any Federal and certain New Jersey state income tax liabilities are that of the stockholders, not of the Company. The Company is, however, taxed in foreign countries and for activity in certain states.

No foreign or state deferred income taxes have been recorded in the Company's historical financial statements at December 31, 1995 and 1996 as such amounts are not significant.

inTEST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Information as of March 31, 1997 and for the three months ended
March 31, 1996 and 1997 is unaudited)

(in thousands, except for share data)

(2) Summary of Significant Accounting Policies -- (Continued)

Revenue Recognition

Revenues from sales of products are recognized upon shipment to customers.

Research and Development

Research and development costs are expensed as incurred.

Product Warranties

The Company generally provides product warranties and records estimated warranty expense at time of sale based upon historical claims experience.

Foreign Currency

The accounts of the foreign subsidiaries are translated in accordance with Statement of Financial Accounting Standard No. 52, Foreign Currency Translation, which requires that assets and liabilities of international operations be translated using the exchange rate in effect at the balance sheet date. The results of operations are translated using an average exchange rate for the year. The effects of rate fluctuations in translating assets and liabilities of international operations into U.S. dollars are accumulated and reflected as a foreign currency translation adjustment in the statements of stockholders' equity. Transaction gains and losses are included in net earnings.

Recently Adopted Accounting Standards

The Company adopted the provisions of SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, on January 1, 1996. This Statement requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Adoption of this Statement had no impact on the Company's financial position, results of operations, or liquidity.

(3) Pro forma Information (Unaudited)

Background

In connection with the initial public offering transaction described in Note 12, the Company plans to terminate its S corporation status and make a final distribution of previously taxed earnings to its stockholders. In addition, the Company intends to acquire the minority interest ownership position in its three foreign subsidiaries in a share exchange transaction. Accordingly, the accompanying financial statements include certain pro forma information which gives effect to these events as further explained below.

Pro forma Balance Sheet

The pro forma balance sheet of the Company as of March 31, 1997 reflects:

- a) the estimated net deferred income taxes of \$48 which will be recorded by the Company as a result of the termination of its S corporation status shortly before the closing of the offering.
- b) an estimated distribution of \$3,420 payable to the stockholders of all taxed but undistributed S corporation earnings.

inTEST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Information as of March 31, 1997 and for the three months ended March 31, 1996 and 1997 is unaudited)

(in thousands, except for share data)

(3) Pro forma Information (Unaudited) -- (Continued)

c) the acquisition of the minority interests in the Company's foreign subsidiaries expected to occur concurrent with the closing of the offering, and the estimated goodwill of \$1,567 associated with such acquisitions.

The Company expects to issue 300,443 shares of common stock in exchange for the 21% interest in each of its foreign subsidiaries which is not presently owned by the Company. The shares, exclusive of those to be issued to the Company's principal stockholder who is also a stockholder of two of the foreign subsidiaries, have been valued at the assumed initial public offering price of \$9.50 per share to the extent such shares are freely transferable. Approximately 225,000 of the shares being exchanged are subject to contractual and legal restrictions on transfer and have been valued at a 25% discount to the assumed initial public offering price.

The deferred income tax asset will represent the tax effect of the cumulative differences between the financial reporting and income tax bases of certain assets and liabilities as of the termination of the S corporation status.

The significant items comprising the Company's pro forma net deferred income tax assets and liabilities as of March 31, 1997 are temporary differences relating to the following:

Allowance for bad debts	\$ 32
Inventory capitalized costs	2
Accrued expenses	22

Current deferred tax asset	56
Fixed assets	(8)

Net deferred tax asset	\$ 48
	=====

Since the Company does not intend to repatriate the earnings of its foreign subsidiaries, no deferred taxes have been recorded on such amounts, which approximate \$975 at March 31, 1997.

Pro forma Statement of Earnings Information

Shortly before the closing of the offering, the Company will terminate its status as an S corporation and will be subject to Federal and additional state income taxes thereafter. Accordingly, for informational purposes, the statement of earnings for the year ended December 31, 1996 and the quarter ended March 31, 1997 reflects pro forma earnings on an after-tax basis, assuming the Company had been taxed as a C corporation. The difference between the Federal statutory income tax rate and the pro forma income tax rate was as follows:

	Year ended December 31, 1996	Three months ended March 31, 1997
	-----	-----
Federal statutory tax rate	34%	34%
State income taxes, net of Federal benefit	3	3
Foreign income taxes	3	7
Nondeductible goodwill amortization	1	1
Research credits	(1)	--
Other	--	1
	-----	-----
Pro forma income tax rate	40%	46%
	=====	=====

inTEST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Information as of March 31, 1997 and for the three months ended March 31, 1996 and 1997 is unaudited)

(in thousands, except for share data)

(3) Pro forma Information (Unaudited) -- (Continued)

In addition, the unaudited pro forma results for the year ended December 31, 1996 and the quarter ended March 31, 1997 also reflect goodwill amortization resulting from the acquisition of minority interests in foreign subsidiaries, net of the elimination of the minority interest charge reflected in the historical financial statements, as if the acquisition had occurred on January 1, 1996. The goodwill resulting from the acquisition is assumed to be amortized over 15 years.

Pro forma Net Earnings Per Share

Pro forma net earnings per share was calculated by dividing pro forma net earnings by the weighted average number of shares of common stock outstanding during the period, adjusted to give effect to shares to be exchanged to acquire the minority interests in foreign subsidiaries as if this transaction had occurred on January 1, 1996.

Supplemental Pro forma Net Earnings Per Share

Supplemental pro forma net earnings per share is based on the weighted average number of shares of common stock used in the calculation of pro forma net earnings per share plus the number of shares that would be required to be sold to fund certain distributions to the Company's current stockholders of previously taxed but undistributed S corporation earnings, net of available cash and cash equivalents (the amount of such net proceeds assumed to be used for this purpose is estimated to be \$1,653 at March 31, 1997).

(4) Foreign Operations

The Company operates in a single business segment. However, foreign operations represent a significant portion of the Company's activity. The following is a summary of operations by entities located within the indicated geographic areas:

	Years ended December 31,			Three months ended March 31,	
	1994	1995	1996	1996	1997
Sales to unaffiliated customers from:					
North America	\$ 4,299	\$ 7,409	\$10,614	\$ 3,672	\$ 2,433
Far East	2,560	4,862	4,860	1,359	1,108
United Kingdom	2,428	2,171	3,108	1,058	346
	-----	-----	-----	-----	-----
	\$ 9,287	\$14,442	\$18,582	\$ 6,089	\$ 3,887
	=====	=====	=====	=====	=====
Affiliate sales or transfers from:					
North America	\$ 1,000	\$ 1,596	\$ 1,321	\$ 559	\$ 81
Far East	--	--	--	--	--
United Kingdom	--	451	54	48	50
	-----	-----	-----	-----	-----
	\$ 1,000	\$ 2,047	\$ 1,375	\$ 607	\$ 131
	=====	=====	=====	=====	=====
Operating profit:					
North America	\$ 338	\$ 2,610	\$ 3,815	\$ 1,932	\$ 790
Far East	182	612	432	187	66
United Kingdom	769	815	1,369	575	151
	-----	-----	-----	-----	-----
	\$ 1,289	\$ 4,037	\$ 5,616	\$ 2,694	\$ 1,007
	=====	=====	=====	=====	=====
Identifiable assets:					
North America	\$ 1,920	\$ 3,327	\$ 5,408	\$ 5,561	\$ 4,974
Far East	1,088	1,408	1,409	1,752	1,536
United Kingdom	1,616	1,617	899	1,711	982
	-----	-----	-----	-----	-----
	\$ 4,624	\$ 6,352	\$ 7,716	\$ 9,024	\$ 7,492
	=====	=====	=====	=====	=====

inTEST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Information as of March 31, 1997 and for the three months ended March 31, 1996 and 1997 is unaudited)

(in thousands, except for share data)

(4) Foreign Operations -- (Continued)

Amounts for the Far East consist of activities in the Company's Singapore and Japan subsidiaries.

Export sales from the Company's New Jersey location totaled \$591, \$2,777, and \$3,486 during the years ended December 31, 1994, 1995, and 1996, respectively, and \$1,528 and \$196 during the three months ended March 31, 1996 and 1997, respectively.

The Company's foreign subsidiaries paid directors fees to several individuals who are members of management of the parent company which totaled \$49, \$151, and \$192 during the years ended December 31, 1994, 1995, and 1996, respectively.

(5) Concentrations of Credit Risk

The Company's customers are in the semiconductor industry. During 1994, 1995, and 1996 the Company had sales to certain customers which exceeded 10% of the Company's consolidated revenues. Those sales were as follows:

Customer	1994	1995	1996
A	7%	16%	16%
B	12	3	9
C	14	11	8
D	16	12	7

Additionally, at December 31, 1996, these four customers accounted for 27% of trade receivables.

(6) Inventories

Inventories held at December 31 were comprised of the following:

	1995	1996
Raw materials	\$1,075	\$1,145
Work in process	20	44
Finished goods	123	124
	\$1,218	\$1,313
	=====	=====

(7) Debt

In 1996, the Company financed a purchase of equipment with a term note. The note bears interest at a fixed rate of 8.65%, and is to be paid in equal monthly installments of \$4 through August, 2001. At December 31, 1996, \$189 was outstanding. Prior to 1996 the Company had no long term debt.

Principal payments due within the next five years are as follows:

1997	\$ 34
1998	37
1999	40
2000	44
2001	34

Additionally, the Company has a \$1,500 line of credit. Borrowings under this line of credit are principally used for working capital purposes. Borrowings on the line of credit bear interest at prime rate, which is payable monthly on any outstanding balance. Further, the Company is required to maintain a \$50 compensating balance at the bank which granted the line of credit. The credit line expires on June 30, 1997. At December 31, 1996 and March 31, 1997, there were no borrowings outstanding.

inTEST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Information as of March 31, 1997 and for the three months ended March 31, 1996 and 1997 is unaudited)

(in thousands, except for share data)

(8) Commitments

The Company leases its offices, warehouse facilities and automobiles under noncancelable operating leases which expire at various dates through 2003. Total rental expense for the years ended December 31, 1994, 1995, and 1996, and the three months ended March 31, 1996 and 1997 was \$336, \$388, and \$422, \$83, and \$115, respectively. The aggregate minimum rental commitments under the noncancelable operating leases in effect at December 31, 1996 are as follows:

1997	.....	\$ 346
1998	.....	309
1999	.....	275
2000	.....	217
2001 and thereafter	.....	452

(9) Income Taxes

As discussed in Notes 2 and 3, the Company has elected S corporation status for Federal tax purposes, as well as certain states, and therefore is not subject to federal income taxes directly. For those states and foreign jurisdictions in which the Company is subject to taxes, the temporary differences that give rise to deferred tax assets and liabilities were not significant at December 31, 1995 and 1996, or March 31, 1997.

Earnings before income taxes were as follows:

	Years ended December 31,			Three months ended March 31,	
	1994	1995	1996	1996	1997
Domestic	\$ 345	\$2,651	\$3,979	\$1,984	\$ 835
Foreign	981	1,419	1,738	722	187
	\$ 1,326	\$4,070	\$5,717	\$2,706	\$1,022
	=====	=====	=====	=====	=====

Income tax expense was as follows:

	Years ended December 31,			Three months ended March 31,	
	1994	1995	1996	1996	1997
Domestic	\$ 9	\$ 82	\$126	\$ 75	\$ 21
Foreign	373	555	732	280	146
	\$382	\$637	\$858	\$355	\$167
	=====	=====	=====	=====	=====

(10) Employee Benefit Plans

In 1996, the Company instituted a defined contribution 401(k) plan for its employees who work in the U.S. All employees of the parent company who are at least 18 years of age and have completed six months of service with the Company are eligible to participate in the plan. Under the plan, the Company matches employee contributions dollar for dollar up to 10% of the employee's annual compensation up to \$5. In addition, the Company may match employee contributions dollar for dollar for amounts exceeding 15% of the employee's annual compensation to a maximum of \$5. Employer contributions vest over a six-year period. The Company contributions in 1996 totaled \$71.

inTEST CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Information as of March 31, 1997 and for the three months ended March 31, 1996 and 1997 is unaudited)

(in thousands, except for share data)

(10) Employee Benefit Plans -- (Continued)

The Company sponsors a noncontributory pension plan for an employee of its U.K. subsidiary. The Company has no other defined contribution or defined benefit plans.

(11) Accrued Expense

Accrued wages and expenses consist of the following:

	December 31,		March 31,
	1995	1996	1997
Accrued commissions	\$ 113	\$390	\$107
Accrued vacation	101	101	101
Other	85	104	219
	\$ 299	\$595	\$427
	=====	=====	=====

(12) Subsequent Events

In April 1997, the Company's Board of Directors authorized the filing of a Registration Statement on Form S-1 in connection with a planned initial public offering of the Company's common stock.

Also in April 1997, the Company's Board of Directors reserved 500,000 shares of common stock for issuance under a newly created stock plan and also approved the award of stock options to employees to purchase a total of 150,000 shares of common stock. The grants are to become effective on the effective date of the Registration Statement and the options will be exercisable at a per share price equal to the initial public offering price.

On June 4, 1997, the Company effected a stock split in the form of a stock dividend in the amount 0.5579 shares for every one share outstanding as of the effective date of the transaction. All share and per share information in the accompanying consolidated financial statements have been retroactively adjusted to give effect to the modification to the Company's capital structure.

[Map of world with the locations of the Company's manufacturing and customer operations identified.]

[Picture of inTEST Test Head Hoist with test head and wafer prober.]

=====
 No dealer, sales representative or any other person has been authorized to give any information or to make any representations in connection with this offering other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by the Company, the Selling Stockholders or any of the Underwriters. This Prospectus does not constitute an offer to sell or a solicitation of any offer to buy any security other than the shares of Common Stock offered by this Prospectus, nor does it constitute an offer to sell or a solicitation of any offer to buy the shares of Common Stock in any jurisdiction in which such offer or solicitation is not authorized, or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that the information contained herein is correct as of any time subsequent to the date hereof.

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 Until _____, 1997, all dealers effecting transactions in the Common Stock offered hereby, whether or not participating in this distribution, may be required to deliver a Prospectus. This is in addition to the obligations of dealers to deliver a Prospectus when acting as Underwriters and with respect to their unsold allotments or subscriptions.
 =====

=====
 2,275,000 Shares

[GRAPHIC OMITTED] inTEST

Common Stock

 P R O S P E C T U S

JANNEY MONTGOMERY SCOTT INC.

NEEDHAM & COMPANY, INC.

_____, 1997
 =====

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

Set forth below is an estimate of the approximate amount of fees and expenses (other than underwriting commissions and discounts) payable by the Company in connection with the issuance and distribution of the Common Stock pursuant to the Prospectus contained in this Registration Statement. The Company will pay all of these expenses.

	Approximate Amount

Securities and Exchange Commission registration fee	\$ 8,324
NASD filing fee	3,248
Blue Sky expenses	5,000
Nasdaq company listing fee	32,277
Accountants fees and expenses	150,000
Legal fees and expenses	200,000
Transfer Agent and Registrar fees and expenses	7,000
Printing and engraving expenses	90,000
Directors' and Officers' insurance	130,000
Miscellaneous expenses	29,151

Total	\$655,000

Item 14. Indemnification of Directors and Officers

Article VI of the Company's Bylaws provides that the Company shall indemnify its directors and officers to the fullest extent permitted by the General Corporation Law of the State of Delaware ("DGCL"). The Bylaws require the Company, among other things, to indemnify such directors and officers against certain liabilities that may arise by reason of their status or service as directors or officers, to advance expenses to them as they are incurred, provided that they undertake to repay the amount advanced if it is ultimately determined by a court that they are not entitled to indemnification and to obtain directors' and officers' liability insurance if available on reasonable terms. The Bylaws require the Company to indemnify an officer or director in connection with a proceeding (or part thereof) initiated by such officer or director only if the initiation of such proceeding was authorized by the Board of Directors. Reference is made to Section 145 of the DGCL which provides for indemnification of directors and officers in certain circumstances.

Article IX of the Company's Certificate of Incorporation provides that a director of the Company shall not be personally liable to the Company or its stockholders for monetary damages for breach of his or her fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for willful or negligent conduct in paying dividends or repurchasing stock out of other than lawfully available funds or (iv) for any transaction from which the director derives an improper personal benefit.

The Company has applied for an insurance policy which will entitle the Company to be reimbursed for certain indemnity payments it is required or permitted to make to its directors and officers.

Item 15. Recent Sales of Unregistered Securities

On October 4, 1994, the Company issued 5,000 shares (7,789 shares after the stock dividend to occur on the effective date of this Registration Statement (the "Stock Dividend")) of Common Stock to William R. Blatchley in exchange for services rendered. No underwriters were involved in the issuance of these securities and no commissions were paid. The shares of Common Stock were issued in reliance on the exemption from registration contained in Section 4(2) of the Securities Act.

On June 1, 1995, the Company issued 10,000 shares (15,579 shares after giving effect to the Stock Dividend) of Common Stock to Christopher L. West in exchange for services rendered. No underwriters were involved in the issuance of these securities and no commissions were paid. The shares of Common Stock were issued in reliance on the exemption from registration contained in Section 4(2) of the Securities Act.

On June 27, 1995, the Company issued 10,000 shares (15,579 shares after giving effect to the Stock Dividend) of Common Stock to William R. Blatchley in exchange for services rendered. No underwriters were involved in the issuance of these securities and no commissions were paid. The shares of Common Stock were issued in reliance on the exemption from registration contained in Section 4(2) of the Securities Act.

On June 27, 1995, the Company issued 10,000 shares (15,579 shares after giving effect to the Stock Dividend) of Common Stock to Jerome R. Bortnam in exchange for services rendered. No underwriters were involved in the issuance of these securities and no commissions were paid. The shares of Common Stock were issued in reliance on the exemption from registration contained in Section 4(2) of the Securities Act.

On June 27, 1995, the Company issued 10,000 shares (15,579 shares after giving effect to the Stock Dividend) of Common Stock to Jack R. Edmunds in exchange for services rendered. No underwriters were involved in the issuance of these securities and no commissions were paid. The shares of Common Stock were issued in reliance on the exemption from registration contained in Section 4(2) of the Securities Act.

Each of the foregoing recipients of shares was and is an employee of the Company, and the shares were issued for services rendered in such person's capacity as an employee. In each instance, the securityholder represented that such securities were acquired for investment for his own account and not for distribution. The certificate representing the securities are legended.

Item 16. Exhibits

(a) Exhibits.

1. Form of Underwriting Agreement.
- 3.1* Certificate of Incorporation of inTEST CORP.
- 3.2 Bylaws of inTEST CORP.
- 4.1 Specimen stock certificate representing Common Stock.
5. Opinion of Saul, Ewing, Remick & Saul as to the legality of the securities being registered (including consent).
- 10.1* Amended and Restated Loan Agreement, dated June 30, 1996, between inTEST CORP and PNC Bank, National Association.
- 10.2* Lease, dated February 11, 1996, between Cherry Hill Industrial Sites, Inc. and inTEST CORP.
- 10.3* Lease, dated August 5, 1996, between KIP Properties and inTEST CORP.
- 10.4* Lease, dated December 2, 1977, between Alan Breck Robertson and Mavis Robertson and Robertson Engineering (Thame) Limited ("U.K. Lease").
- 10.5* Assignment of U.K. Lease, dated January 28, 1986, between Citycrown Engineering Limited and inTEST LTD.
- 10.6* Tenancy Agreement, dated April 18, 1996, between Alambon Tools Private Limited and inTEST PTE.
- 10.7* Agreement of Exchange between Alyn R. Holt and inTEST CORP, dated April 4, 1997. Each of the minority stockholders of inTEST LTD, inTEST PTE and inTEST KK have executed Agreements of Exchange which are substantially identical to Mr. Holt's except as to certain requirements under the laws of each foreign jurisdiction and also as to the parties, the number of shares exchanged and the number of inTEST CORP shares received as set forth below:

Party	Number of Shares Pre-Exchange	Number of Shares Post-Exchange**
-----	-----	-----
inTEST LTD:		
Alyn R. Holt	2,775	37,237
Brian R. Moore	6,947	93,219
Julian P. Partington	3,403	45,664
inTEST PTE:		
Alyn R. Holt	16,500	11,250
Cornelis Hol	15,000	10,228
inTEST KK:		
Micronics Japan Company, Ltd.	60	48,209
Tomoyasu Ogura	54	43,388
Cornelis Hol	6	4,820
Tomio Wakamatsu	4	3,214
Kenji Murayama	4	3,214

- 10.8 * 1997 Stock Plan.
- 10.10*** Consulting Agreement, dated April 1, 1997, between inTEST CORP and Stuart F. Daniels, Ph.D.
21. * Subsidiaries of the Company.
- 23.1 Consent of KPMG Peat Marwick LLP.
- 23.2 Consent of Saul, Ewing, Remick & Saul (contained in its opinion filed as Exhibit 5 hereto).
- 23.3 Consent of Ratner & Prestia.
- 24* Power of Attorney (see signature page).
- 27.1 * Financial Data Schedule for the year ended December 31, 1996.
- 27.2 * Financial Data Schedule for the quarter ended March 31, 1997.

* Previously filed as an exhibit to the Company's Registration Statement filed on May 2, 1997.

** Adjusted to reflect stock dividend paid as of June 4, 1997.

*** Previously filed as an exhibit to Amendment No. 1 filed on May 13, 1997.

(b) Financial Statement Schedules

Schedule II -- Valuation of Qualifying Accounts.

All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

Item 17. Undertakings

The Registrant hereby undertakes:

(1) To provide to the Underwriters at the closing specified in the Underwriting Agreement, certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

(2) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Company pursuant to the applicable provisions of the DGCL, or otherwise, the Company has been advised that in the opinion of the Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Company of expenses incurred or paid by a director, officer or controlling person of the Company in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(3) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Company pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(4) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act, the Registrant has duly caused this Amendment No. 2 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the Township of Cherry Hill, and State of New Jersey on the 6th day of June, 1997.

inTEST CORPORATION

By: /s/ Alyn R. Holt

Alyn R. Holt
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Act, this Amendment No. 2 to the Registration Statement has been signed below by the following persons in the capacities indicated on June 6, 1997.

Signature -----	Title -----
/s/ Alyn R. Holt ----- Alyn R. Holt	Chairman and Chief Executive Officer (principal executive officer)
* ----- Robert E. Matthiessen	President, Chief Operating Officer and Director
* ----- Daniel J. Graham	Senior Vice President and Director
* ----- Hugh T. Regan, Jr.	Chief Financial Officer and Treasurer (principal financial officer and accounting officer)
* ----- Hugh T. Regan, Sr.	Secretary
* ----- Richard O. Endres	Director
* ----- Stuart F. Daniels	Director
* By: /s/ Alyn R. Holt ----- Alyn R. Holt Attorney-in-Fact	

inTEST CORPORATION AND SUBSIDIARIES

Schedule II

Valuation and Qualifying Accounts
(in thousands)

For the year ended December 31,		Balance at beginning of period	Additions		Deductions	Balance at end of period
			Charged to costs and expenses	Charged to other accounts-describe		
1994	Allowance for doubtful accounts	\$ 31	\$50	\$ --	\$28	\$53
1995		53	18	--	29	42
1996		42	50	--	4	88
1994	Warranty reserve	\$ --	\$--	\$ --	\$--	\$--
1995		--	--	--	--	--
1996		--	25	--	--	25

Exhibit Index

Exhibit Number	Title or Description
1.	Form of Underwriting Agreement
3.2	Bylaws of inTEST CORP.
4.1	Specimen stock certificate representing Common Stock.
5.	Opinion of Saul, Ewing, Remick & Saul.
23.1	Consent of KPMG Peat Marwick LLP.
23.2	Consent of Saul, Ewing, Remick & Saul (contained in its opinion filed as Exhibit 5 hereto).
23.3	Consent of Ratner & Prestia.

2,616,250 Shares

INTEST CORPORATION
Common Stock

UNDERWRITING AGREEMENT

Philadelphia, Pennsylvania
June __, 1997

JANNEY MONTGOMERY SCOTT INC.
NEEDHAM & COMPANY, INC.
As Representatives of the Several
Underwriters Named in Schedule I
Hereto
c/o Janney Montgomery Scott Inc.
1801 Market Street
Philadelphia, Pennsylvania 19103

Dear Ladies and Gentlemen:

inTEST Corporation, a Delaware corporation (the "Company"), proposes to sell to Janney Montgomery Scott Inc. and Needham & Company, Inc. (the "Representatives") and the several other underwriters named in Schedule I hereto (collectively with the Representatives, the "Underwriters") 1,820,000 shares of the Company's common stock ("Common Shares"), and the selling stockholders of the Company named in Schedule II hereto (collectively, the "Selling Stockholders") propose to sell severally to the Underwriters an aggregate of 455,000 Common Shares. The Common Shares to be sold to the Underwriters by the Company and the Selling Stockholders are hereinafter referred to as the "Firm Shares." The respective amounts of the Firm Shares to be so purchased by the several Underwriters are set forth opposite their names in Schedule I hereto. The Firm Shares shall be offered to the public at an initial public offering price of \$_____ per Firm Share (the "Offering Price").

In addition, in order to cover over-allotments in the sale of the Firm Shares, the Underwriters may purchase for the Underwriters' own accounts, ratably in proportion to the amounts set forth opposite their respective names in Schedule I hereto, up to 341,250 additional Common Shares

from the Selling Stockholders as set forth on Schedule II hereto (such additional Common Shares are referred to herein as the "Optional Shares"). If any Optional Shares are purchased, the Optional Shares shall be purchased for offering to the public at the Offering Price and in accordance with the terms and conditions set forth herein. The Firm Shares and the Optional Shares are referred to collectively herein as the "Shares."

The Company and the Selling Stockholders, intending to be legally bound, hereby confirm their agreement with the Underwriters as follows:

1. Representations and Warranties.

(a) Representations and Warranties of the Company. The Company, and each of the subsidiaries of the Company listed in Exhibit A hereto (each a "Subsidiary", all of the foreign subsidiaries collectively referred to as the "Foreign Subsidiaries", all of the domestic subsidiaries referred to as the "Domestic Subsidiaries" and all of the Foreign Subsidiaries and Domestic Subsidiaries collectively referred to as the "Subsidiaries") jointly and severally represent and warrant to, and agree with, the several Underwriters that:

(i) The Company has prepared, in conformity with the requirements of the Securities Act of 1933, as amended (the "Act"), and the rules and regulations (the "Regulations"), of the Securities and Exchange Commission (the "SEC") under the Act in effect until applicable times, and has filed with the SEC a registration statement on Form S-1 (File No. 333-_____) and one or more amendments thereto for the primary purpose of registering the Shares under the Act. Copies of such registration statement and any amendments thereto, and all forms of the related prospectus contained therein, have been delivered to the Representatives; any preliminary prospectus included in such registration statement or filed with the SEC pursuant to Rule 424(a) of the Regulations is hereinafter called a "Preliminary Prospectus." The various parts of such registration statement, including all exhibits thereto and the information (if any) contained in the form of final prospectus filed with the SEC pursuant to Rule 424(b) of the Regulations in accordance with Section 5(a) of this Agreement and deemed by virtue of Rule 424 of the Regulations to be part of the registration statement at the time it was declared effective, each as amended at the time the registration statement became effective, are hereinafter collectively called the "Registration Statement." The final prospectus in the form included in the Registration Statement or first filed with the SEC pursuant to Rule 424(b) of the Regulations and any amendments or supplements thereto are hereinafter called the "Prospectus."

(ii) The Registration Statement has become effective under the Act and the SEC has not issued any stop order suspending the effectiveness of the Registration Statement or preventing or suspending the use of the Preliminary Prospectus, nor has the SEC instituted or threatened to institute proceedings with respect to such an order. No stop order suspending the sale of the Shares in any jurisdiction designated by the Representatives as provided for in Section 5(f) hereof has been issued, and no proceedings for that

purpose have been instituted or threatened. The Company has complied in all material respects with all requests of the SEC, or requests of which the Company has been advised of any state securities commission in a state designated by the Representatives as provided for in Section 5(f) hereof, for additional information to be included in the Registration Statement, any Preliminary Prospectus or the Prospectus unless such request has been waived. Each Preliminary Prospectus conformed to all the requirements of the Act and the Regulations as of its date in all material respects and did not as of its date contain any untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, except the foregoing shall not apply to statements in or omissions from any Preliminary Prospectus in reliance upon and in conformity with information supplied to the Company in writing by or on behalf of any Underwriter through the Representatives expressly for use therein. The Registration Statement, on the date on which it is declared effective by the SEC (the "Effective Date") and when any post-effective amendment thereof shall become effective, and the Prospectus, at the time it is filed with the SEC pursuant to Rule 424(b) and on the Closing Date (as defined in Section 3 hereof) and any Option Closing Date (as defined in Section 4(b) hereof), will conform in all material respects to all the requirements of the Act and the Regulations, and will not, on any of such dates, include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, except that this representation and warranty does not apply to statements in or omissions from the Registration Statement or the Prospectus made in reliance upon and in conformity with information furnished to the Company in writing by or on behalf of any Underwriter through the Representatives expressly for use therein.

(iii) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, with all necessary corporate power and authority, and all required licenses, permits, clearances, certifications, registrations, approvals, consents and franchises, to own or lease and operate its properties and to conduct its business as described in the Prospectus, and to execute, deliver and perform this Agreement. Each of the Subsidiaries has been duly organized and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, with all necessary corporate power and authority, and all required licenses, permits, clearances, certifications, registrations, approvals, consents and franchises, to own or lease and operate its properties and to conduct its business as described in the Prospectus.

(iv) The outstanding shares of capital stock or other evidence of ownership of the Subsidiaries have been duly authorized and validly issued and are owned by the Company (A) 100% with respect to the Domestic Subsidiaries, (B) 79.1% with respect to inTEST Kabushiki Kaisha, the Company's Japanese subsidiary, (C) 79.0% with respect to inTEST Limited, the Company's United Kingdom subsidiary, (D) 79.0% with respect to inTEST PTE, Limited, the Company's Singapore subsidiary and (E) upon the consummation of the transactions contemplated in the Exchange Agreements (the "Exchange") each dated April 4, 1997 (each an "Exchange Agreement" and collectively, the "Exchange Agreements")

by and between the Company and each of those persons named in Schedule III hereto (collectively, the "Subsidiary Stockholders"), 100% with respect to the Foreign Subsidiaries, in all cases free and clear of all liens, encumbrances and security interests. There are no outstanding options, obligations to issue or other rights to convert or exchange any obligations into shares of capital stock or ownership interests in the Subsidiaries. Except as provided in the corporation law of the respective jurisdictions of incorporation of the Subsidiaries or as set forth in the Prospectus, there are no restrictions of any kind which prevent the payment of dividends by any of the Subsidiaries.

(v) This Agreement has been duly authorized, executed and delivered by the Company and each of the Subsidiaries and constitutes, with respect to each, its legal, valid and binding obligation, enforceable against the Company and each of the Subsidiaries in accordance with its terms, except as such enforceability may be limited by equitable principles or by the application of bankruptcy, insolvency or other similar laws relating to or affecting creditors' rights generally, and except as rights to indemnity and contribution hereunder may be limited by applicable securities laws.

(vi) The Exchange Agreements have been duly authorized, executed and delivered by the Company and constitute the Company's legal, valid and binding obligation, enforceable against the Company in accordance with its terms, except as such enforceability may be limited by equitable principles or by the application of bankruptcy, insolvency or other similar laws relating to or affecting creditors' rights generally.

(vii) The execution, delivery and performance of this Agreement by the Company and the Subsidiaries does not and will not, with or without the giving of notice or the lapse of time, or both, (a) conflict with any term or provision of the Company's and each of the Subsidiaries' Articles of Incorporation or Bylaws, or similar governing instruments, (b) result in a breach of, constitute a default under, result in the termination or modification of, result in the creation or imposition of any lien, security interest, charge or encumbrance upon any of the assets of the Company or any of the Subsidiaries, or require any payment by the Company or any of the Subsidiaries, or impose any liability on the Company or any of the Subsidiaries pursuant to, any contract, indenture, mortgage, deed of trust, commitment or other agreement or instrument to which the Company or any of the Subsidiaries is a party or by which any of the Company's or any of the Subsidiaries' assets are bound or affected, (c) assuming compliance with Blue Sky laws and regulations applicable to the offer and sale of the Shares, violate any law, rule, regulation, judgment, order or decree of any government or governmental agency, instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of its Subsidiaries or any of the Company's or any of its Subsidiaries' properties or business or (d) result in a breach, termination or lapse of the Company's or any of its Subsidiaries' corporate power and authority to own or lease and operate its assets and properties and conduct its business as described in the Prospectus.

(viii) At the date or dates indicated in the Prospectus, the Company had the duly authorized and outstanding capital stock set forth in the Prospectus; and on the Effective Date, the Closing Date and

any Option Closing Date, there were and will be no options or warrants for the purchase of, other outstanding rights to purchase, agreements or obligations to issue or agreements or other rights to convert or exchange any obligation or security into, capital stock of the Company or securities convertible into or exchangeable for capital stock of the Company, except as described in the Prospectus.

(ix) The authorized capital stock of the Company conforms in all material respects with the description thereof in the Prospectus.

(x) The currently outstanding shares of the Company's and the Subsidiaries' capital stock, including the Shares to be purchased by the Underwriters from the Selling Stockholders, have been duly authorized and are validly issued, fully paid and non-assessable, and none of such outstanding shares of the Company's or Subsidiaries' capital stock has been issued in violation of any preemptive rights of any security holder of the Company or the Subsidiaries. The Common Shares to be issued to the Selling Stockholders upon the consummation of the Exchange will, upon issuance in accordance with the Exchange Agreements, be duly authorized, validly issued, fully paid and non-assessable, and none of such outstanding shares of the Company's capital stock will be issued in violation of any preemptive rights of any security holder of the Company. The holders of the outstanding shares of the Company's and the Subsidiaries' capital stock are not subject to personal liability solely by reason of being such holders. The offers and sales of the outstanding shares of the Company's and the Subsidiaries' capital stock, whether described in the Registration Statement or otherwise, were and, as to the Common Shares to be issued on consummation of the Exchange, will be made in conformity with applicable federal, state and foreign securities laws.

(xi) When the Shares have been duly delivered against payment therefor as contemplated by this Agreement, the Shares will be validly issued, fully paid and non-assessable, and the holders thereof will not be subject to personal liability solely by reason of being such holders. The certificates representing the Shares are in proper legal form under, and conform in all respects to the requirements of, the Delaware General Corporation Law, as amended. Neither the filing of the Registration Statement nor the offering or sale of Shares as contemplated by this Agreement gives any security holder of the Company any rights for or relating to the registration of any Common Shares or any other capital stock of the Company, except such as have been satisfied or waived.

(xii) No consent, approval, authorization, order, registration, license or permit of, or filing or registration with, any court, government, governmental agency, instrumentality or other regulatory body or official is required for the valid and legal execution, delivery and performance by the Company and the Subsidiaries of this Agreement and the consummation of the transactions contemplated hereby and described in the Prospectus, except such as may be required for the registration of the Shares under the Act and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and for compliance with the applicable state securities or Blue Sky laws.

(xiii) The Common Shares (including the Shares) have been approved for inclusion, subject only to official notice of issuance, in the Nasdaq National Market.

(xiv) The statements in the Registration Statement and Prospectus, insofar as they are descriptions of or references to contracts, agreements or other documents, are accurate in all material respects and present or summarize fairly, in all material respects, the information required to be disclosed under the Act and/or the Regulations, and there are no contracts, agreements or other documents required to be described or referred to in the Registration Statement or Prospectus or to be filed as exhibits to the Registration Statement under the Act or the Regulations that have not been so described, referred to or filed, as required.

(xv) The consolidated financial statements of the Company (including the notes thereto) filed as part of any Preliminary Prospectus, the Prospectus and the Registration Statement present fairly, in all material respects, the financial position of the Company and the Subsidiaries as of the respective dates thereof, and the results of operations, stockholders' equity and cash flows of the Company and the Subsidiaries for the periods indicated therein, all in conformity with generally accepted accounting principles consistently applied. The supporting notes and schedules included in the Registration Statement fairly state in all material respects the information required to be stated therein in relation to the financial statements taken as a whole. The financial information included in the Prospectus under the caption "Prospectus Summary" and "Selected Consolidated Financial Data" presents fairly the information shown therein and has been compiled on a basis consistent with that of the audited financial statements included in the Registration Statement. The unaudited pro forma financial information included in the Registration Statement complies as to form in all material respects with the applicable accounting requirements of Rule 11-02 of Regulation S-X under the Act and the pro forma adjustments have been properly applied to the historical amounts in the compilation of this information.

(xvi) since the respective dates as of which information is given in the Registration Statement and the Prospectus, except as otherwise expressly stated therein or expressly contemplated thereby, there has not been (a) any material adverse change (including, whether or not insured against, any material loss or damage to any material assets), or development which could reasonably be expected to involve a prospective material adverse change, in the general affairs, properties, assets, management, condition (financial or otherwise), results of operations, stockholders' equity, business or prospects of either the Company or the Subsidiaries taken as a whole, (b) any material adverse change, loss, reduction, termination or non-renewal of any contract to which the Company or any Subsidiary is a party, (c) any transaction entered into by the Company or any Subsidiary not in the ordinary course of its business that is material to the Company and the Subsidiaries taken as a whole,

(d) any dividend or distribution of any kind declared, paid or made by the Company or any Subsidiary on its capital stock, (e) any liabilities or obligations, direct or indirect, incurred by the Company or any Subsidiary that are material to the Company and the Subsidiaries taken as a whole, (f) any change in the capitalization or stock ownership of the Company or any Subsidiary or (g) any change in the indebtedness of the Company or any Subsidiary that is material to the Company and the Subsidiaries taken as a whole. Neither the Company nor any Subsidiary has any contingent liabilities or obligations that are material to the Company and the Subsidiaries taken as a whole and that are not disclosed in the Prospectus.

(xvii) The Company has not distributed and will not distribute any offering material in connection with the offering and sale of the Shares other than the Registration Statement, a Preliminary Prospectus, the Prospectus and other material, if any, permitted by the Act and the Regulations. Neither the Company nor any of its officers, directors or affiliates has taken nor shall the Company take any action designed to, or that might be reasonably expected to cause or result in, stabilization or manipulation of the price of the Shares.

(xviii) The Company and each Subsidiary have filed with the appropriate federal, state and local governmental agencies, and all foreign countries and political subdivisions thereof, all tax returns that are required to be filed or have duly obtained extensions of time for the filing thereof and have paid all taxes shown on such returns or otherwise due and all material assessments received by it to the extent that the same have become due. Neither the Company nor any Subsidiary has executed or filed with any taxing authority, foreign or domestic, any agreement extending the period for assessment or collection of any income or other tax or is a party to any pending action or proceeding by any foreign or domestic governmental agencies for the assessment or collection of taxes, and no claims for assessment or collection of taxes have been asserted against the Company or any Subsidiary that might materially adversely affect the general affairs, assets, properties, condition (financial or otherwise), results of operations, stockholders' equity, business or prospects of the Company and the Subsidiaries, taken as a whole.

(xix) To the knowledge of the Company, KPMG Peat Marwick LLP, which has given its reports on certain financial statements included as part of the Registration Statement, is a firm of independent certified public accountants as required by the Act and the Regulations.

(xx) Neither the Company nor any Subsidiary is in violation of or in default under any of the terms or provisions of (a) its Articles or Certificate of Incorporation or Bylaws or similar governing instruments, or (b) any indenture, mortgage, deed of trust, contract, commitment or other agreement or instrument to which it is a party or by which it or any of its properties is bound or affected, (c) any law, rule, regulation, judgment, order or decree of any government or governmental agency, instrumentality or court, domestic or foreign, having jurisdiction over it or any of its properties

or business or (d) any license, permit, certification, registration, approval, consent or franchise referred to in Section 1(a)(iii) hereof, where, with respect to clauses (b), (c) and (d) of this Section 1(xx), such violation or default could reasonably be expected to have a material adverse effect on the general affairs, properties, condition (financial or otherwise), results of operations, stockholders' equity, business or prospects of the Company and the Subsidiaries taken as a whole.

(xxi) There are no claims, actions, suits, protests, proceedings, arbitrations, investigations or inquiries pending before, or threatened or to the Company's knowledge contemplated by, any governmental agency, instrumentality, court or tribunal, domestic or foreign, or before any private arbitration tribunal, including, without limitation, the current reexamination by the U.S. Patent and Trademark Office of the Company's U.S. Patent 4,589,815 issued on May 20, 1986, to which the Company or any Subsidiary is a party, that could reasonably be expected to affect the validity of any of the outstanding Common Shares, or that, if determined adversely to the Company or any Subsidiary, would, in any case or in the aggregate, result in any material adverse change in the general affairs, properties, condition (financial or otherwise), results of operations, stockholders' equity, business or prospects of the Company and the Subsidiaries taken as a whole; nor, to the Company's knowledge, is there any reasonable basis for any such claim, action, suit, protest, proceeding, arbitration, investigation or inquiry. There are no outstanding orders, judgments or decrees of any court, governmental agency, instrumentality or other tribunal, enjoining the Company or any Subsidiary from, or requiring the Company or any Subsidiary to take or refrain from taking, any action, or to which the Company or any Subsidiary, their properties, assets or business are bound or subject.

(xxii) The Company and the Subsidiaries own, or possess adequate rights to use, all patents, patent applications, trademarks, trade names, service marks, licenses, inventions, copyrights, know-how, trade secrets, confidential information, processes and formulations and other proprietary information necessary for, used in or proposed to be used in the conduct of their business as described in the Prospectus. The Company and the Subsidiaries have not infringed upon, are not infringing upon and have not received any notice of conflict with, the asserted intellectual property or other rights of others and the Company knows of no reasonable basis for any notice or claim of such infringement or conflict.

(xxiii) The Company and each Subsidiary have good and marketable title to all property described in the Prospectus as being owned by them, free and clear of all liens, security interests, charges or encumbrances, except such as are described or referred to in the Prospectus or such as do not materially affect the value of such property and do not interfere in any material respect with the use made, or proposed to be made, of such property by the Company or the Subsidiary. The Company and each Subsidiary have adequately insured their property against loss or damage by fire or other casualty and maintain, in amounts reasonably believed by them to be adequate, insurance against such other risks as they deem appropriate. All real and personal property leased by the Company or any Subsidiary, as described or referred to in the Prospectus, is held by the Company or such Subsidiary under valid leases.

All of the facilities of the Company and each Subsidiary (the "Premises"), and all operations conducted thereon, are now and, since the Company or any Subsidiary began to use such Premises, always have been and, to the knowledge of the Company, prior to when the Company or any Subsidiary began to use such Premises, always had been, in compliance with all, foreign or domestic, federal, state and local statutes or ordinances, regulations and rules concerning or relating to industrial hygiene and the protection of health and the environment (collectively, "the Governmental Laws"), except to the extent that any failure to be in such compliance would not materially adversely affect the general affairs, properties, condition (financial or otherwise), results of operations, stockholders' equity, business or prospects of the Company and the Subsidiaries taken as a whole. There are no conditions on, about, beneath or arising from the Premises that might give rise to liability, the imposition of a statutory lien or require a "Response," "Removal" or "Remedial Action," as defined herein, under any of the Governmental Laws, and that would materially adversely affect the general affairs, properties, condition (financial or otherwise), results of operations, stockholders' equity, business or prospects of the Company and the Subsidiaries taken as a whole. Neither the Company nor any Subsidiary has received notice, and the Company does not have knowledge, of any claim, demand, investigation, regulatory action, suit or other action instituted or threatened against the Company or any Subsidiary or any portion of the Premises relating to any of the Governmental Laws. Neither the Company nor any Subsidiary has received any notice of material violation, citation, complaint, order, directive, request for information or response thereto, notice letter, demand letter or compliance schedule to or from any governmental or regulatory agency, foreign or domestic, arising out of or in connection with "hazardous substances" (as defined by applicable Governmental Laws) on, about, beneath, arising from or generated at the Premises. As used in this subsection, the terms "Response," "Removal" and "Remedial Action" shall have the respective meanings assigned to such terms under Sections 101(23)-101(25) of the Comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act, 42 U.S.C. 9601(23)- 9601(25).

(xxiv) The Company and each Subsidiary maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (a) transactions are executed in accordance with management's general or specific authorization; (b) transactions are recorded as necessary in order to permit preparation of financial statements in accordance with generally accepted accounting principles and statutory accounting practices and to maintain accountability for assets; (c) access to assets is permitted only in accordance with management's general or specific authorization and (d) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(xxv) Each contract or other instrument (however characterized or described) to which the Company or any Subsidiary is a party or by which any of their properties or business is bound or affected and which is material to the conduct of the Company's business as described in the Prospectus has been duly and validly executed by the Company or such Subsidiary, and, to

the knowledge of the Company, by the other parties thereto. Each such contract or other instrument is in full force and effect and is enforceable against the parties thereto in accordance with its terms, and the Company and the Subsidiaries are not, and to the knowledge of the Company, no other party is, in material default thereunder, and no event has occurred that, with the lapse of time or the giving of notice, or both, would constitute a material default under any such contract or other instrument. All necessary consents under such contracts or other instruments to disclosure in the Prospectus with respect thereto have been obtained.

(xxvi) Except for such plans that are expressly disclosed in the Prospectus, the Company and the Subsidiaries do not have any employee benefit plan, profit sharing plan, employee pension benefit plan or employee welfare benefit plan or deferred compensation arrangements ("Plans") that are subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended, or the rules and regulations thereunder ("ERISA"). All Plans that are subject to ERISA are in compliance with ERISA, in all material respects, and, to the extent required by the Internal Revenue Code of 1986, as amended (the "Code"), in compliance with the Code in all material respects. Neither the Company nor any Subsidiary has or ever had any employee pension benefit plan that is subject to Part 3 of Subtitle B of Title I of ERISA or any defined benefit plan or multi-employer plan. The Company has not maintained retired life and retired health insurance plans that are employee welfare benefit plans providing for continuing benefit or coverage for any employee or any beneficiary of any employee after such employee's termination of employment, except as required by Section 4980B of the Code. No fiduciary or other party in interest with respect to any of the Plans has caused any of such Plans to engage in a prohibited transaction as defined in Section 406 of ERISA. As used in this subsection, the terms "defined benefit plan," "employee benefit plan," "employee pension benefit plan," "employee welfare benefit plan," "fiduciary" and "multi-employer plan" shall have the respective meanings assigned to such terms in Section 3 of ERISA.

(xxvii) No labor dispute exists with the employees of the Company or any Subsidiary, and no such labor dispute is threatened. The Company has no knowledge of any existing or threatened labor disturbance by the employees of any of the principal suppliers, contractors or customers of the Company or its Subsidiaries that would materially adversely affect the general affairs, properties, condition (financial or otherwise), results of operations, stockholders' equity, business or prospects of the Company and the Subsidiaries taken as a whole.

(xxviii) Neither the Company nor any Subsidiary has incurred any liability for any finder's fees or similar payments in connection with the transactions contemplated herein.

(xxix) Each of the Company and the Subsidiaries currently intends to conduct its affairs in such a manner as to ensure that it will not be an "investment company" within the meaning of the Investment Company Act of 1940, as amended (the "1940 Act"), and the rules and regulations thereunder.

(xxx) There is no document or contract of a character required to be described in the Prospectus or to be filed as an exhibit to the Registration Statement which is not described or filed as required; no statement, representation, warranty or covenant made by the Company or any Subsidiary in this Agreement or in any certificate or document required by this Agreement to be delivered to the Representatives is, was when made, or as of the Closing Date or any Option Closing Date will be, inaccurate, untrue or incorrect in any material respect. No transaction has occurred or is proposed between or among the Company and any of its officers, directors or stockholders or any affiliate of any such officer, director or stockholder that is required to be described in and is not described in the Registration Statement and the Prospectus.

(xxxii) None of the Company, any Subsidiary or any officer, director, employee, agent or other person acting on behalf of the Company or such Subsidiary has, directly or indirectly, given or agreed to give any money, property or similar benefit or consideration to any customer or supplier (including any employee or agent of any customer or supplier) or official or employee of any agency or instrumentality of any government (foreign or domestic) or political party or candidate for office (foreign or domestic) or any other person who was, is or in the future may be in a position to affect the general affairs, properties, condition (financial or otherwise), results of operations, stockholders' equity, business or prospects of the Company and the Subsidiaries taken as a whole or any actual or proposed business transaction of the Company or the Subsidiaries that (a) could subject the Company or such Subsidiary to any liability (including, but not limited to, the payment of monetary damages) or penalty in any civil, criminal or governmental action or proceeding, foreign or domestic, which would have a material adverse effect on the general affairs, properties, condition (financial or otherwise), results of operations, stockholders' equity, business or prospects of the Company or the Subsidiaries taken as a whole or (b) violates any law, rule or regulation, foreign or domestic, to which the Company or the Subsidiaries are subject, which violation if proven would have a material adverse effect on the general affairs, properties, condition (financial or otherwise), results of operations, stockholders' equity, business or prospects of the Company and the Subsidiaries taken as a whole.

(xxxiii) The Company has not declared, paid or accrued any dividends or distributions to stockholders since its inception except as described or referred to in the Prospectus and will not hereafter declare, pay or, except as described in the Prospectus, accrue any such dividends or distributions prior to the Closing Date.

(xxxiiii) Except as described on Schedule IV attached hereto, none of the stockholders of the Company, including those who will become such upon consummation of the Exchange, is affiliated with any member of the National Association of Securities Dealers, Inc. (the "NASD").

Any certificate signed by any officer of the Company or any Subsidiary in such capacity and delivered to the Representatives or to counsel for the Underwriters pursuant to this Agreement shall be deemed a representation and warranty by the Company or such Subsidiary to the several Underwriters as to the matters covered thereby.

(b) Representations and Warranties of the Selling Stockholders. Each of the Selling Stockholders represents and warrants to, and agrees with, the several Underwriters that:

(i) Such Selling Stockholder, if a Subsidiary Stockholder, has duly executed and delivered the Exchange Agreement and the Exchange Agreement constitutes such Subsidiary Stockholder's legal, valid and binding obligation, enforceable against the Subsidiary Stockholder in accordance with its terms, except as such enforceability may be limited by equitable principles or by the application of bankruptcy, insolvency or other similar laws relating to or affecting creditors' rights generally, and except as rights to indemnity and contribution hereunder may be limited by applicable securities laws.

(ii) Such Selling Stockholder has duly executed and delivered a power of attorney in the form contained in the Custody Agreement (as defined below) appointing each of Alyn R. Holt and Hugh T. Regan, Jr. as such Selling Stockholder's attorney-in-fact (the "Attorney-in-Fact"). The Attorney-in-Fact is authorized to execute, deliver and perform this Agreement on behalf of such Selling Stockholder, including, without limitation, the authority to determine the purchase price to be paid to such Selling Stockholder by the Underwriters as set forth in Section 2 of this Agreement, and in connection therewith such Selling Stockholder has duly executed and delivered a Power of Attorney and Custody Agreement (the "Custody Agreement"), in the form heretofore delivered to the Representatives, with The First National Bank of Boston as custodian (the "Custodian"). Certificates in negotiable form representing the Shares to be sold by such Selling Stockholder hereunder have been deposited with the Custodian, except for those Shares to be issued in the Exchange in which case the certificates representing the shares of the Foreign Subsidiaries to be exchanged have been deposited, pursuant to the Custody Agreement for the purpose of delivery pursuant to this Agreement. Those Shares to be issued in the Exchange shall be issued by the Company's transfer agent upon the consummation thereof and delivered pursuant to this Agreement. Such Selling Stockholder agrees that the Shares represented by the certificates which are on deposit or which will be issued by the Company's transfer agent upon the consummation of the Exchange are subject to the interests of the Underwriters hereunder, that the arrangements made for such custody and the appointment of the Attorney-in-Fact are to that extent irrevocable, and that the obligations of such Selling Stockholder hereunder shall not be terminated, except as expressly provided in this Agreement or the Custody Agreement, by any act of such Selling

Stockholder, by operation of law or otherwise, by the death or incapacity of such Selling Stockholder, or by the occurrence of any other event. If such Selling Stockholder should die or become incapacitated, or if any other event should occur, before the delivery of the Shares to be sold by such Selling Stockholder hereunder, the certificates for such Shares shall be delivered by the Custodian and issued by the Company's transfer agent in accordance with the terms and conditions of this Agreement and Custody Agreement as if such death, incapacity, or other event had not occurred, regardless of whether or not the Custodian or Attorney-in-Fact shall have received notice thereof.

(iii) Such Selling Stockholder has the full right, power and authority to enter into this Agreement, the Custody Agreement and any Exchange Agreement executed by such Selling Stockholder, and has or, in the case of Shares to be issued pursuant to the Exchange Agreement, will have the full right, power and authority to sell, transfer and deliver the Shares to be sold by such Selling Stockholder hereunder, and this Agreement, the Custody Agreement and any Exchange Agreement executed by such Selling Stockholder have been duly authorized, executed and delivered by such Selling Stockholder and constitute the legal, valid and binding obligations of such Selling Stockholder enforceable in accordance with their respective terms. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and by the Custody Agreement and any Exchange Agreement executed by such Selling Stockholder will not result in a violation or breach by such Selling Stockholder of, or constitute a default by such Selling Stockholder under, any indenture, mortgage, deed of trust, note, bank loan or credit agreement or any other agreement or instrument to which such Selling Stockholder is a party or by which such Selling Stockholder is bound, any organizational document relating to such Selling Stockholder (including, without limitation, any partnership agreement, articles of incorporation, bylaws or other governing instruments), or any statute, judgment, decree, order, rule or regulation of any court or governmental agency or body, foreign or domestic, applicable to such Selling Stockholder.

(iv) All authorizations, approvals and consents necessary for the execution and delivery by such Selling Stockholder of the Custody Agreement and such Selling Stockholder's Exchange Agreement, if any, the execution and delivery by or on behalf of such Selling Stockholder of this Agreement, the consummation of the Exchange and the sale and delivery of the Shares to be sold by such Selling Stockholder hereunder (other than such authorizations, approvals or consents as may be necessary under the state securities or Blue Sky laws), have been obtained and are in full force and effect.

(v) Such Selling Stockholder now is (except for the Shares to be issued upon the Exchange), and on the Closing Date will be, the lawful owner of the Shares to be sold by such Selling Stockholder pursuant to this Agreement. On the Closing Date, such Selling Stockholder will have valid and marketable title to such Shares, free and clear of all liens, encumbrances, security interests or other restrictions (other than those created under the Custody Agreement). Upon proper delivery of and payment for such Shares as provided herein, the Underwriters will acquire valid and marketable title thereto, free and clear of all liens, encumbrances, security interests and other restrictions.

(vi) To the knowledge of such Selling Stockholder, the representations and warranties of the Company contained in Section 1(a) hereof are true and correct. Such Selling Stockholder has read the Registration Statement and the Prospectus and has no knowledge of any fact, condition or information not disclosed therein which has adversely affected or could adversely affect the general affairs, assets, properties, condition (financial or otherwise), results of operations, stockholders' equity, business or prospects of the Company and the Subsidiaries, taken as a whole. To the knowledge of such Selling Stockholder, neither the Registration Statement nor the Prospectus contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. Such Selling Stockholder is not prompted to sell the Shares to be sold by such Selling Stockholder hereunder by any information concerning the Company or any Subsidiary which is not set forth in the Prospectus.

(vii) Such Selling Stockholder has examined the caption titled "Principal and Selling Stockholders" in the Registration Statement and the Prospectus and the information relating to such Selling Stockholder set forth therein and, as to such information, neither the Registration Statement nor the Prospectus contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(viii) Such Selling Stockholder has not incurred any liability for any finder's fee or similar payments in connection with the sale of such Selling Stockholder's Shares hereunder.

(ix) Such Selling Stockholder (A) has not distributed and will not distribute any offering material in connection with the offering and sale of the Shares other than the Registration Statement, a Preliminary Prospectus, the Prospectus and other material, if any, permitted by the Act and the Regulations, and (B) has not taken and will not take any action designed to, or that might be reasonably expected to cause or result in, stabilization or manipulation of the price of the Shares.

2. Purchase and Sale of Firm Shares. On the basis of the representations, warranties, covenants and agreements contained herein, but subject to the terms and conditions set forth herein, (a) the Company shall sell to the several Underwriters at the Offering Price, less the Underwriting Discounts and Commissions in the amount of \$_____ per Share, the respective amounts of the Firm Shares set forth opposite their names on Schedule I hereto, and the Underwriters, severally and not jointly, shall purchase from the Company on a firm commitment basis, at the Offering Price, less the Underwriting

Discounts and Commissions in the amount of \$_____ per Share, the respective amounts of the Firm Shares set forth opposite their names on Schedule I hereto; and (b) the Selling Stockholders shall sell to the several Underwriters at the Offering Price, less the Underwriting Discounts and Commissions in the amount of \$_____ per Share, the respective amounts of the Firm Shares set forth opposite their names on Schedule II hereto, and the Underwriters, severally and not jointly, shall purchase from the Selling Stockholders on a firm commitment basis, at the Offering Price, less the Underwriting Discounts and Commissions in the amount of \$_____ per Share, the respective amounts of the Firm Shares set forth opposite their names on Schedule I hereto. In making this Agreement, each Underwriter is contracting severally, and not jointly, and except as provided in Sections 4 and 11 hereof, the agreement of each Underwriter is to purchase only that number of shares specified with respect to that Underwriter in Schedule I hereto. The Underwriters shall offer the Shares to the public as set forth in the Prospectus.

3. Payment and Delivery. Payment for the Firm Shares shall be made by certified or official bank check payable to the order of (i) the Company with respect to the Firm Shares sold by it and (ii) the Custodian with respect to the Firm Shares sold by the Selling Stockholders, in New York Clearing House funds at the offices of Janney Montgomery Scott Inc., 1801 Market Street, Philadelphia, Pennsylvania, or such other place as shall be agreed upon by the Company, the Attorney-in-Fact and the Representatives, or in immediately available funds wired to such accounts as the Company or the Custodian may specify (with all costs and expenses incurred by the Underwriters in connection with such settlement in immediately available funds, including, but not limited to, interest or cost of funds and expenses, to be borne by the Company), against delivery of the Firm Shares to the Representatives at the offices of Janney Montgomery Scott Inc., 1801 Market Street, Philadelphia, Pennsylvania, or such other place as shall be agreed upon by the Company, the Attorney-in-Fact and the Representatives, for the respective accounts of the Underwriters. Such payment and delivery will be made at 10:00 AM., Philadelphia, Pennsylvania time, on _____, 1997. Such time and date are referred to herein as the "Closing Date." The certificates representing the Firm Shares to be sold and delivered will be in such denominations and registered in such names as the Representatives request not less than two full business days prior to the Closing Date, and will be made available to the Representatives for inspection, checking and packaging at the New York correspondent office of the Company's transfer agent not less than one full business day prior to the Closing Date.

4. Option to Purchase Optional Shares.

(a) For the purposes of covering any over-allotments in connection with the distribution and sale of the Firm Shares as contemplated by the Prospectus, subject to the terms and conditions herein set forth, the several Underwriters are hereby granted an option by the Selling Stockholders to purchase all or any part of the Optional Shares, pro rata as among the Optional Shares from each Selling Stockholder (the "Over-allotment Option"). The purchase price to be paid for the Optional Shares shall be the Offering Price less the Underwriting Discounts and Commissions shown on the cover page of the

Prospectus. The Over-allotment Option granted hereby may be exercised by the Representatives on behalf of the several Underwriters as to all or any part of the Optional Shares at any time and from time to time within 30 days after the date of the Prospectus. No Underwriter shall be under any obligation to purchase any Optional Shares prior to an exercise of the Over-allotment Option.

(b) The Over-allotment Option granted hereby may be exercised by the Representatives on behalf of the several Underwriters by giving notice to the Custodian by a letter sent by registered or certified mail, postage prepaid, telex, telegraph, telegram or facsimile (such notice to be effective when received), addressed as provided in Section 13 hereof, setting forth the number of Optional Shares to be purchased, the date and time for delivery of and payment for the Optional Shares and stating that the Optional Shares referred to therein are to be used for the purpose of covering over-allotments in connection with the distribution and sale of the Firm Shares. If such notice is given prior to the Closing Date, the date set forth therein for such delivery and payment shall be the Closing Date. If such notice is given on or after the Closing Date, the date set forth therein for such delivery and payment shall be a date selected by the Representatives that is within three full business days after the exercise of the Over-allotment Option. The date and time set forth in such a notice is referred to herein as an "Option Closing Date," and a closing held pursuant to such a notice is referred to herein as an "Option Closing." Upon each exercise of the Over-allotment Option, and on the basis of the representations, warranties, covenants and agreements herein contained, and subject to the terms and conditions herein set forth, the several Underwriters shall become severally, but not jointly, obligated to purchase from the Selling Stockholders the number of Optional Shares specified in each notice of exercise of the Over-allotment Option.

(c) The number of Optional Shares to be sold to each Underwriter pursuant to each exercise of the Over-allotment Option shall be the number that bears the same ratio to the aggregate number of Optional Shares being purchased through such Over-allotment Option exercise as the number of Firm Shares opposite the name of such Underwriter in Schedule I hereto bears to the total number of all Firm Shares. Notwithstanding the foregoing, the number of Optional Shares purchased and sold pursuant to each exercise of the Over-allotment Option shall be subject to such adjustment as the Representatives may approve to eliminate fractional shares and subject to the provisions for the allocation of Optional Shares purchased for the purpose of covering over-allotments set forth in the agreement entered into by and among the Underwriters in connection herewith (the "Agreement Among Underwriters"). The number of Optional Shares to be sold by each Selling Stockholder shall be the respective number of Optional Shares obtained by multiplying the number of Optional Shares specified in the notice to the Custodian referred to in Section 4(b) hereof by a fraction the numerator of which is the maximum number of Optional Shares to be sold by such Selling Stockholders, as specified opposite such Selling Stockholders name in Schedule II hereto, and the denominator of which is the maximum number of all Optional Shares that may be sold pursuant to this Agreement; subject, however, to such adjustment as the Representatives may approve to eliminate fractional shares.

(d) Payment for the Optional Shares shall be made to the Custodian by certified or official bank check payable to the order of the Custodian in New York Clearing House funds, at the offices of Janney Montgomery Scott Inc., 1801 Market Street, Philadelphia, Pennsylvania, or such other place as shall be agreed upon by the Attorney-in-Fact and the Representatives, or in immediately available funds wired to such account as the Custodian may specify (with all costs and expenses incurred by the Underwriters in connection with such settlement in immediately available funds, including, but not limited to, interest or cost of funds and expenses, to be borne by the Company), against delivery of the Optional Shares to the Representatives at the offices of Janney Montgomery Scott Inc., 1801 Market Street, Philadelphia, Pennsylvania, or such other place as shall be agreed upon by the Company, the Attorney-in-Fact and the Representatives, for the respective accounts of the Underwriters. The certificates representing the Optional Shares to be issued and delivered will be in such denominations and registered in such names as the Representatives request not less than two full business days prior to the Option Closing Date, and will be made available to the Representatives for inspection, checking and packaging at the New York correspondent office of the Company's transfer agent not less than one full business day prior to the Option Closing Date.

5. Certain Covenants and Agreements of the Company. The Company covenants and agrees with the several Underwriters as follows:

(a) If Rule 430A of the Regulations is employed, the Company will timely file the Prospectus pursuant to and in compliance with Rule 424(b) of the Regulations and will advise the Representatives of the time and manner of such filing.

(b) The Company will not file or publish any amendment or supplement to the Registration Statement, Preliminary Prospectus or Prospectus at any time before the completion of the distribution of the Shares by the Underwriters that is not (i) in compliance with the Regulations and (ii) approved by the Representatives (such approval not to be unreasonably withheld or delayed).

(c) The Company will advise the Representatives immediately, and confirm such advice in writing, (i) when any post-effective amendment to the Registration Statement is filed with the SEC, (ii) of the receipt of any comments from the SEC concerning the Registration Statement, (iii) when any post-effective amendment to the Registration Statement becomes effective, or when any supplement to the Prospectus or any amended Prospectus has been filed, (iv) of any request of the SEC for amendment or supplementation of the Registration Statement or Prospectus or for additional information, (v) during the period when the Prospectus is required to be delivered under the Act and Regulations, of the happening of any event as a result of which the Registration Statement or the Prospectus would include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein not misleading, (vi) during the period noted in (v) above, of the need to amend the Registration Statement or supplement the Prospectus to comply with

the Act, (vii) of the issuance by the SEC of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any Preliminary Prospectus or the Prospectus, and (viii) of the suspension of the qualification of any of the Shares for offering or sale in any jurisdiction in which the Underwriters intend to make such offers or sales, or of the initiation or threatening of any proceedings for any of such purposes known to the Company. The Company will use its best efforts to prevent the issuance of any such stop order or of any order preventing or suspending such use and, if any such order is issued, to obtain as soon as possible the lifting thereof.

(d) The Company has delivered to the Representatives, without charge, copies of each Preliminary Prospectus. The Company will deliver to the Representatives, without charge, from time to time during the period when delivery of the Prospectus is required under the Act, such number of copies of the Prospectus (as supplemented or amended) as the Representatives may reasonably request. The Company hereby consents to the use of such copies of the Preliminary Prospectus and the Prospectus for purposes permitted by the Act, the Regulations and the securities or Blue Sky laws of the states in which the Shares are offered by the several Underwriters and by all dealers to whom Shares may be sold, both in connection with the offering and sale of the Shares and for such period of time thereafter as the Prospectus is required by the Act to be delivered in connection with sales by any Underwriter or dealer. The Company has furnished or will furnish to the Representatives three original signed copies of the Registration Statement as originally filed and of all amendments and supplements thereto, whether filed before or after the Effective Date, three copies of all exhibits filed therewith and three signed copies of all consents and certificates of experts, and will deliver to the Representatives such number of conformed copies of the Registration Statement, including financial statements and exhibits, and all amendments and supplements thereto, as the Representatives may reasonably request.

(e) The Company will comply with the Act, the Regulations, the Exchange Act and the rules and regulations thereunder so as to permit the continuance of sales of and dealings in the Shares for as long as may be necessary to complete the distribution of the Shares as contemplated hereby.

(f) The Company will furnish such information as may be required and otherwise cooperate in the registration or qualification of the Shares, or exemption therefrom, for offering and sale by the several Underwriters and by dealers under the securities or Blue Sky laws of such jurisdictions in which the Representatives determine to offer the Shares, after consultation with the Company, and will file such consents to service of process or other documents necessary or appropriate in order to effect such registration or qualification; provided, however, that no such qualification shall be required in any jurisdiction where, solely as a result thereof, the Company would be subject to taxation or qualification as a foreign corporation doing business in such jurisdiction where it is not now so qualified or to take any action which would subject it to service of process in suits, other than those arising out of the offering or sale of the Shares, in any jurisdiction where it is not now so subject. The Company will, from time to time, prepare and file

such statements and reports as are or may be required to continue such qualification in effect for so long a period as is required under the laws of such jurisdictions for such offering and sale.

(g) Subject to subsection 5(b) hereof, in case of any event, at any time within the period during which, in the opinion of counsel for the Underwriters, a prospectus is required to be delivered under the Act and Regulations, as a result of which any Preliminary Prospectus or the Prospectus, as then amended or supplemented, would contain an untrue statement of a material fact, or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, or, if it is necessary at any time to amend any Preliminary Prospectus or the Prospectus to comply with the Act and Regulations or any applicable securities or Blue Sky laws, the Company promptly will prepare and file with the SEC, and any applicable state securities commission, an amendment, supplement or document that will correct such statement or omission or effect such compliance and will furnish to the several Underwriters such number of copies of such amendment(s), supplement(s) or document(s) (in form and substance satisfactory to the Representatives and counsel for the Underwriters) as the Representatives may reasonably request. For purposes of this subsection (g), the Company will provide such information to the Representatives, the Underwriters' counsel and counsel to the Company as shall be necessary to enable such persons to consult with the Company with respect to the need to amend or supplement the Registration Statement, Preliminary Prospectus or Prospectus or file any document, and shall furnish to the Representatives and the Underwriters' counsel such further information as each may from time to time reasonably request.

(h) The Company will make generally available to its security holders not later than 45 days after the end of the period covered thereby, an earnings statement of the Company (which need not be audited) that shall comply with Section 11(a) of the Act and cover a period of at least 12 consecutive months beginning not later than the first day of the Company's fiscal quarter next following the Effective Date.

(i) For a period of five years following the Effective Date, the Company will furnish to the Representatives copies of all materials furnished by the Company to its Stockholders and all public reports and all reports and financial statements furnished by the Company to the SEC pursuant to the Exchange Act or any rule or regulation of the SEC thereunder.

(j) During the course of the distribution of the Shares, the Company will not take, directly or indirectly, any action designed to or that could reasonably be expected to cause or result in stabilization or manipulation of the price of the Common Shares.

(k) The Company has caused each person listed on Schedule V hereto to execute an agreement (a "Lock-up Agreement"). The Company has delivered such Lock-up Agreements to Janney Montgomery Scott Inc. prior to the date of this Agreement. Appropriate stop transfer instructions will be issued by the Company to the Company's transfer agent for the Common Shares.

(l) The Company will not engage in any transaction with affiliates (as defined in the Regulations) without the prior approval of a majority of the members of its Board of Directors who do not have an interest in such transaction other than in their capacity as directors of the Company.

(m) Except pursuant to the Exchange Agreements, for a period of 180 days after the Effective Date, the Company will not, without the prior written consent of Janney Montgomery Scott Inc. offer, sell, contract to sell or otherwise dispose of any Common Shares or any securities convertible into or exercisable for any Common Shares or, except for up to 500,000 Common Shares pursuant to the Company's 1997 Stock Plan (subject to the agreement of each holder thereof that, until after the 180th day after the Effective Date, such holder will not, without the prior written consent of Janney Montgomery Scott Inc., directly or indirectly offer to sell, sell, contract to sell or otherwise transfer or dispose of any of such Common Shares), grant options to purchase any Common Shares.

(n) The Company will use all reasonable efforts to maintain the qualification or listing of the Common Shares (including, without limitation, the Shares) on the Nasdaq National Market.

(o) The Company will maintain Directors and Officers liability insurance in amounts reasonably determined by the Company's Board of Directors to be appropriate to the Company's circumstances.

6. Payment of Fees and Expenses.

(a) Whether or not the transactions contemplated by this Agreement are consummated and regardless of the reason this Agreement is terminated, the Company will pay or cause to be paid, and bear or cause to be borne, all costs and expenses incident to the performance of the obligations of the Company and the Selling Stockholders under this Agreement, including: (i) the fees and expenses of the accountants and counsel for the Company incurred in the preparation of the Registration Statement and any post-effective amendments thereto (including financial statements and exhibits), Preliminary Prospectuses and the Prospectus and any amendments or supplements thereto, (ii) printing and mailing expenses associated with the Registration Statement and any post-effective amendments thereto, Preliminary Prospectus, the Prospectus, this Agreement, the Agreement Among Underwriters, the Underwriters' Questionnaire submitted to each of the Underwriters by Janney Montgomery Scott Inc. in connection herewith, the power of attorney executed by each of the Underwriters in favor of Janney Montgomery Scott Inc. in connection herewith, the Selected Dealer Agreement and related documents and the preliminary Blue Sky memorandum

relating to the offering prepared by Pepper, Hamilton & Scheetz LLP, counsel to the Underwriters (collectively with any supplement thereto, the "Preliminary Blue Sky Memorandum"), (iii) the costs incident to the authentication, issuance, sale and delivery of the Shares to the Underwriters, (iv) the fees, expenses and all other costs of qualifying the Shares for sale under the securities or Blue Sky laws of those states in which the Shares are to be offered or sold, including, without limitation, the reasonable fees (not in excess of \$5,000) and expenses of Underwriters' counsel and such local counsel as may have been reasonably required and retained for such purpose, (v) the fees, expenses and other costs of, or incident to, securing any review or approvals by or from the NASD, including the reasonable fees and expenses of the Underwriters' counsel, (vi) the filing fees of the SEC, (vii) the cost of furnishing to the Underwriters copies of the Registration Statement, Preliminary Prospectuses and Prospectuses as herein provided, (viii) the Company's travel expenses in connection with meetings with the brokerage community and institutional investors, (ix) the costs and expenses associated with settlement in same day funds (including, but not limited to, interest or cost of funds expenses), if desired by the Company, (x) any fees or costs payable to the Nasdaq Stock Market, Inc. as a result of the offering, (xi) the cost of printing certificates for the Shares; (xii) the cost and charges of any of the Company's transfer agent, (xiii) the costs (not in excess of \$15,000) of advertising the offering, including, without limitation, with respect to the placement of "tombstone" advertisements in publications selected by the Representatives, (xiv) the costs incident to the consummation of the Exchange Agreements and (xv) all other costs and expenses reasonably incident to the performance of the Company's and the Selling Stockholders' obligations hereunder that are not otherwise specifically provided for in this Section 6(a); provided, however, that, except as specifically set forth in Section 6(c) hereof, (A) the Underwriters shall be responsible for their out-of-pocket expenses, including those associated with meetings with the brokerage community and institutional investors, other than the Company's travel expenses, and the fees and expenses of their counsel for other than Blue Sky and NASD representation, and (B) the Selling Stockholders shall be responsible for any transfer or income taxes assessed with respect to the Shares sold by the Selling Stockholders and any fees and expenses of the Selling Stockholders' counsel and such other expenses as are agreed to by the Company and the Selling Stockholders or as may be required by law or regulation, foreign or domestic.

(b) The Company shall pay as due any state registration, qualification and filing fees and any accountable out-of-pocket disbursements in connection with such registration, qualification or filing in the states in which the Representatives determine to offer or sell the Shares.

7. Conditions of Underwriters' Obligations. The obligation of each Underwriter to purchase and pay for the Firm Shares that it has agreed to purchase hereunder on the Closing Date, and to purchase and pay for any Optional Shares as to which it exercises its right to purchase under Section 4 on an Option Closing Date, is subject at the date hereof, the Closing Date and any Option Closing Date to the continuing accuracy and fulfillment of the representations and warranties of the Company and the Selling Stockholders, to the performance by the Company of its covenants and obligations hereunder, and to the following additional conditions:

(a) If required by the Regulations, the Prospectus shall have been filed with the SEC pursuant to Rule 424(b) of the Regulations within the applicable time period prescribed for such filing by the Regulations; on or prior to the Closing Date or any Option Closing Date, as the case may be, no stop order or other order preventing or suspending the effectiveness of the Registration Statement or the sale of any of the Shares shall have been issued under the Act or any state securities law and no proceedings for that purpose shall have been initiated or shall be pending or, to the Representatives' knowledge or the knowledge of the Company, shall be contemplated by the SEC or by any authority in any jurisdiction designated by the Representatives pursuant to Section 5(f) hereof; and any request on the part of the SEC for additional information shall have been complied with to the reasonable satisfaction of counsel for the Underwriters.

(b) All corporate proceedings and other matters incident to the authorization, form and validity of this Agreement, the Shares and the form of the Registration Statement and the Prospectus, and all other legal matters relating to this Agreement and the transactions contemplated hereby, shall be satisfactory in all material respects to counsel to the Underwriters. The Exchange shall have been consummated. The Company and the Selling Stockholders shall have furnished to such counsel all documents and information that they may reasonably request to enable them to pass upon such matters. The Representatives shall have received from the Underwriters' counsel, Pepper, Hamilton & Scheetz LLP, an opinion, dated as of the Closing Date and any Option Closing Date, as the case may be, and addressed to the Representatives individually and as the Representatives of the several Underwriters, which opinion shall be satisfactory in all respects to the Representatives.

(c) The NASD shall have indicated that it has no objection to the underwriting arrangements pertaining to the sale of any of the Shares.

(d) The Representatives shall have received a copy of an executed Lock-up Agreement from each person listed on Schedule V hereto.

(e) The Representatives shall have received at or prior to the Closing Date from the Underwriters' counsel a memorandum or summary, in form and substance satisfactory to the Representatives, with respect to the qualification for offering and sale by the Underwriters of the Shares under the securities or Blue Sky laws of such jurisdictions designated by the Representatives pursuant to Section 5(f) hereof.

(f) On the Closing Date and any Option Closing Date, there shall have been delivered to the Representatives signed opinions of Saul, Ewing, Remick & Saul, counsel for the Company and the Selling Stockholders dated as of

each such date and addressed to the Representatives individually and as the Representatives of the several Underwriters to the effect set forth in Exhibit B hereto or as is otherwise reasonably satisfactory to the Representatives.

(g) On the Closing Date and any Option Closing Date, there shall have been delivered to the Representatives signed opinions of Ratner & Prestia, patent counsel for the Company dated as of each such date and addressed to the Representatives individually and as the Representatives of the several Underwriters to the effect set forth in Exhibit C hereto or as is otherwise reasonably satisfactory to the Representatives.

(h) At the Closing Date and any Option Closing Date: (i) the Registration Statement and any post-effective amendment thereto and the Prospectus and any amendments or supplements thereto shall contain all statements that are required to be stated therein in accordance with the Act and the Regulations and in all material respects shall conform to the requirements of the Act and the Regulations, and neither the Registration Statement nor any post-effective amendment thereto nor the Prospectus and any amendments or supplements thereto shall contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) since the respective dates as of which information is given in the Registration Statement and any post-effective amendment thereto and the Prospectus and any amendments or supplements thereto, except as otherwise stated therein, there shall have been no material adverse change in the properties, condition (financial or otherwise), results of operations, stockholders' equity, business or management of the Company and the Subsidiaries, taken as a whole, from that set forth therein, whether or not arising in the ordinary course of business, other than as referred to in the Registration Statement or Prospectus (iii) since the respective dates as of which information is given in the Registration Statement and the Prospectus or any amendment or supplement thereto, there shall have been no event or transaction, contract or agreement entered into by the Company or any of the Subsidiaries, other than in the ordinary course of business and as set forth in the Registration Statement or Prospectus, that has not been, but would be required to be, set forth in the Registration Statement or Prospectus, (iv) since the respective dates as of which information is given in the Registration Statement and any post-effective amendment thereto and the Prospectus and any amendments or supplements thereto, there shall have been no material adverse change, loss, reduction, termination or non-renewal of any contract to which the Company or any Subsidiary is a party and (v) no action, suit or proceeding at law or in equity, domestic or foreign, shall be pending or threatened against the Company or any Subsidiary that would be required to be set forth in the Prospectus, other than as set forth therein, and no proceedings shall be pending or threatened against or directly affecting the Company or any Subsidiary before or by any federal, state or other commission, board or administrative agency, domestic or foreign, wherein an unfavorable decision, ruling or finding would materially adversely affect the properties, condition (financial or otherwise), results of operations, stockholders' equity, or business of the Company or the Subsidiaries other than as set forth in the Prospectus.

(i) The Representatives shall have received at the Closing Date and any Option Closing Date certificates of the Company executed by the Chief Executive Officer and the Chief Financial Officer of the Company in their capacities as such dated as of the date of the Closing Date or Option Closing Date, as the case may be, and addressed to the Representatives, individually and as the Representatives of the several Underwriters, to the effect that (i) the signers of the certificate have read this Agreement and the representations and warranties of the Company in this Agreement are true and correct in all material respects, as if made at and as of the Closing Date or the Option Closing Date, as the case may be, and the Company has complied in all material respects with all the agreements, fulfilled in all material respects all the covenants and satisfied all the conditions on its part to be performed, fulfilled or satisfied at or prior to the Closing Date or the Option Closing Date, as the case may be, and (ii) the signers of the certificate have examined the Registration Statement and the Prospectus and any amendments or supplements thereto and that the conditions set forth in Section 7(h) of this Agreement have been satisfied.

(j) The Representatives shall have received at the Closing Date and any Option Closing Date certificates of or on behalf of the Selling Stockholders dated as of the date of the Closing Date or Option Closing Date, as the case may be, and addressed to the Representatives, individually and as the Representatives of the several Underwriters, to the effect that (i) the Selling Stockholders have read this Agreement and the representations and warranties of the Selling Stockholders in this Agreement are true and correct in all material respects, as if made at and as of the Closing Date or Option Closing Date, as the case may be, and (ii) the Selling Stockholders have examined the Registration Statement and the Prospectus and any amendments or supplements thereto and that the conditions set forth in Section 7(h) of this Agreement have been satisfied with respect to the Selling Stockholders.

(k) At the time this Agreement is executed and at the Closing Date and any Option Closing Date the Representatives shall have received a letter addressed to the Representatives individually and as the Representatives of the several Underwriters, and in form and substance satisfactory to the Representatives in all respects (including the non-material nature of the changes or decreases, if any, referred to in clause (iii) below) from KPMG Peat Marwick LLP dated as of the date of this Agreement, the Closing Date or the Option Closing Date, as the case may be:

(i) confirming that they are independent certified public accountants within the meaning of the Act and the Regulations and stating that the section of the Registration Statement under the caption "Experts" is correct insofar as it relates to them;

(ii) stating that, in their opinion, the consolidated financial statements, schedules and notes of the Company and the Subsidiaries audited by them and included in the Registration Statement comply in form in all material respects with the applicable accounting requirements of the Act and the Regulations;

(iii) stating that, on the basis of specified procedures, which included the procedures specified by the American Institute of Certified Public Accountants for a review of interim financial information, as described in SAS No. 71, Interim Financial Information (with respect to the latest unaudited consolidated financial statements of the Company), a reading of the latest available unaudited interim consolidated financial statements of the Company (with an indication of the date of the latest available unaudited interim financial statements), a reading of the minutes of the meetings of the stockholders and the Board of Directors of the Company and the Subsidiaries, and audit and compensation committees of such Boards, if any, and inquiries to certain officers and other employees of the Company and the Subsidiaries responsible for operational, financial and accounting matters and other specified procedures and inquiries, nothing has come to their attention that would cause them to believe that (A) the unaudited consolidated financial statements of the Company included in the Registration Statement, (1) do not comply in form in all material respects with the applicable accounting requirements of the Act and the Regulations, or (2) any material modifications should be made to such unaudited financial statements for them to be in conformity with generally accepted accounting principles; (B) at the date of the latest available unaudited interim consolidated financial statements of the Company and a specified date not more than five business days prior to the date of such letter, there was any change in the capital stock or debt of the Company or any decrease in net current assets, total assets or stockholders' equity of the Company as compared with the amounts shown in the March 31, 1997 balance sheet of the Company included in the Registration Statement, or that for the periods from April 1, 1997 to the date of the latest available unaudited financial statements of the Company and to a specified date not more than five days prior to the date of the letter, there were any decreases, as compared to the corresponding periods in the prior year, in revenues, gross profit, operating income or total or per share amounts of net earnings, except in all instances for changes, decreases or increases which the Registration Statement discloses have occurred or may occur and except for such other changes, decreases or increases which the Representatives shall in their sole discretion accept; or (C) the unaudited pro forma consolidated financial statements included in the Registration Statement do not comply as to form in all material respects with the applicable accounting requirements of Rule 11-02 of Regulation S-X under the Act and that the pro forma adjustments have not been properly applied to the historical amounts in the compilation of those statements; and

(iv) stating that they have compared specific dollar amounts, numbers of shares and other numerical data and financial information set forth in the Registration Statement that have been specified by the Representatives prior to the date of this Agreement, to the extent that such information is derived from the accounting records subject to the internal control structure, policies and procedures of the Company's or the Subsidiaries' accounting systems, or has been derived directly from such accounting records by analysis or comparison or has been derived from other records and analysis maintained or prepared by the Company or the Subsidiaries with the results obtained from the application of readings, inquiries and other appropriate procedures (which procedures do not constitute an audit in accordance with generally accepted auditing standards) set forth in the letter, and found them to be in agreement.

(l) There shall have been duly tendered to the Representatives for the respective accounts of the Underwriters certificates representing all of the Shares to be purchased by the Underwriters on the Closing Date or any Option Closing Date, as the case may be.

(m) At the Closing Date and any Option Closing Date, the Representatives shall have been furnished such additional documents, information and certificates as they shall have reasonably requested.

(n) The issuance and sale of the Shares shall be legally permitted under applicable Blue Sky or state securities laws so long as such sales are made in accordance with the Preliminary Blue Sky Memorandum.

All such opinions, certificates, letters and documents shall be in compliance with the provisions hereof only if they are satisfactory in form and substance to the Representatives and Underwriters' counsel. The Company and the Selling Stockholders shall furnish the Representatives with such conformed copies of such opinions, certificates, letters and other documents as they shall reasonably request. If any condition to the Underwriters' obligations hereunder to be fulfilled prior to or at the Closing Date or any Option Closing Date, as the case may be, is not fulfilled, the Representatives may on behalf of the several Underwriters, terminate this Agreement with respect to the Closing Date or such Option Closing Date, as applicable, or, if it so elects, waive any such conditions which have not been fulfilled or extend the time for their fulfillment. Any such termination shall be without liability of the Underwriters to the Company or the Selling Stockholders.

8. Indemnification and Contribution.

(a) The Company and each Selling Stockholder, severally and not jointly, shall indemnify and hold harmless each Underwriter, and each person, if any, who controls each Underwriter within the meaning of the Act, against any and all loss, liability, claim, damage and expense whatsoever, including, but not limited to, any and all reasonable expenses whatsoever incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever or in connection with any investigation or inquiry of, or action or proceeding that may be brought against, the respective indemnified parties, arising out of or based upon:

(i) in the case of each Selling Stockholder, any breach of his, her, or its representations and warranties made in this Agreement; and

(ii) in the case of the Company, any breach of its representations and warranties made in this Agreement and any untrue statements or alleged untrue statements of a material fact contained in any Preliminary Prospectus, the Registration Statement or the Prospectus, any

application or other document (in this Section 8 collectively called "application") executed by the Company and based upon written information furnished by or on behalf of the Company filed in any jurisdiction in order to qualify all or any part of the Shares under the securities laws thereof or filed with the SEC or the NASD, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading;

provided, however, that the foregoing indemnity:

(x) shall not apply to statements in or omissions from any Preliminary Prospectus, the Registration Statement or the Prospectus, or in any application or in any communication to the SEC, as the case may be, made in reliance upon and in conformity with information supplied to the Company in writing by or on behalf of any Underwriter through the Representatives expressly for use therein; and

(y) with respect to any Preliminary Prospectus, shall not inure to the benefit of any Underwriter from whom the person asserting any such losses, claims, damages, liabilities or expenses purchased the Shares if, at or prior to the written confirmation of the sale of such Shares, a copy of an amended Preliminary Prospectus or the Prospectus (or the Prospectus as amended or supplemented) was delivered to such Underwriter but was not sent, or delivered to such person and the untrue statement or omission of a material fact contained in such Preliminary Prospectus was corrected in the amended Preliminary Prospectus or Prospectus (or the Prospectus as amended or supplemented).

This indemnity agreement will be in addition to any liability the Company and the Selling Stockholders may otherwise have.

(b) Each Underwriter, severally and not jointly, shall indemnify and hold harmless the Company, each of the directors of the Company, each of the officers of the Company who shall have signed the Registration Statement, each Selling Stockholder, and each other person, if any, who controls the Company or a Selling Stockholder within the meaning of the Act to the same extent as the foregoing indemnities from the Company and the Selling Stockholders to the several Underwriters, but only with respect to any loss, liability, claim, damage or expense resulting from statements or omissions, or alleged statements or omissions, if any, made in any Preliminary Prospectus, the Registration Statement or the Prospectus, or in any application or in any communication to the SEC, as the case may be, made in reliance upon and in conformity with information supplied to the Company in writing by or on behalf of any Underwriter through the Representatives expressly for use therein. This indemnity agreement will be in addition to any liability which such Underwriter may otherwise have.

(c) If any action, inquiry, investigation or proceeding is brought against any person in respect of which indemnity may be sought pursuant to any of the two preceding paragraphs, such person (hereinafter called the

"indemnified party") shall, promptly after notification of, or receipt of service of process for, such action, inquiry, investigation or proceeding, notify in writing the party or parties against whom indemnification is to be sought (hereinafter called the "indemnifying party") of the institution of such action, inquiry, investigation or proceeding and the indemnifying party, upon the request of the indemnified party, shall assume the defense of such action, inquiry, investigation or proceeding, including the employment of counsel (reasonably satisfactory to such indemnified party) and payment of expenses. No indemnification provided for in this Section 8 shall be available to any indemnified party who shall fail to give such notice if the indemnifying party does not have knowledge of such action, inquiry, investigation or proceeding, to the extent that such indemnifying party has been materially prejudiced by the failure to give such notice, but the omission to so notify the indemnifying party shall not relieve the indemnifying party otherwise than under this Section 8. Such indemnified party or controlling person shall have the right to employ its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless the employment of such counsel shall have been authorized in writing by the indemnifying party in connection with the defense of such action. If such indemnified party or parties shall have been advised by counsel that there may be a conflict between the positions of the indemnifying party or parties and of the indemnified party or parties or that there may be legal defenses available to such indemnified party or parties different from or in addition to those available to the indemnifying party or parties, the indemnified party or parties shall be entitled to select counsel (such counsel, "Separate Counsel") to conduct the defense to the extent determined by such counsel to be necessary to protect the interests of the indemnified party or parties and the reasonable fees and expenses of such Separate Counsel shall be borne by the indemnifying party; provided, however, that if the indemnified parties engage more than one Separate Counsel, then the indemnifying party's liability with respect to such Separate Counsel shall be limited, in the aggregate, to an amount equal to the highest amount of reasonable fees and expenses charged or incurred by a single Separate Counsel, which amount shall be divided among the indemnified parties on a pro rata basis in accordance with the relative amounts of reasonable fees and expenses of their respective Separate Counsel. Expenses covered by the indemnification in this Section 8 shall be paid by the indemnifying party as they are incurred by the indemnified party. Anything in this Section 8 to the contrary notwithstanding, the indemnifying party shall not be liable for any settlement of any such claim effected without its written consent.

(d) Each Selling Stockholder's aggregate liability under this Section 8 shall be limited to an amount equal to the lesser of (i) such Selling Stockholder's pro-rata portion of the total of all losses, liabilities, claims, damages or expenses indemnified against (such pro-rata portion being equal to the number of Shares sold by such Selling Stockholder, divided by the total number of Shares sold by the Company and all of the Selling Stockholders) or (ii) the net proceeds (before deducting expenses) received by such Selling Stockholder from the sale of such Selling Stockholder's Shares pursuant to this Agreement.

(e) If the indemnification provided for in this Section 8 is unavailable to, or insufficient to hold harmless an indemnified party under Sections 8(a) or (b) hereof in respect of any losses, liabilities, claims, damages or expenses (or actions, inquiries, investigations or proceedings in respect thereof) referred to therein, except by reason of the provisos set forth in Section 8(a) hereof or the failure to give notice as required in Section 8(c) hereof (provided that the indemnifying party does not have knowledge of the action, inquiry, investigation or proceeding and to the extent such party has been materially prejudiced by the failure to give such notice), then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, liabilities, claims, damages or expenses (or actions, inquiries, investigations or proceedings in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company or the Selling Stockholders on the one hand and the Underwriters on the other from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company or each Selling Stockholder on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, liabilities, claims or reasonable expenses (or actions, inquiries, investigations or proceedings in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company or each Selling Stockholder on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company or each Selling Stockholder bears to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or a Selling Stockholder on the one hand or the Underwriters on the other hand and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company, the Selling Stockholders and the Underwriters agree that it would not be just and equitable if contributions pursuant to this Section 8(e) were determined by pro rata allocation (even if the Selling Stockholders or the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to above in this Section 8(e). The amount paid or payable by an indemnified party as a result of the losses, liabilities, claims, damages or reasonable expenses (or actions, inquiries, investigations or proceedings in respect thereof) referred to above in this Section 8(e) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 8(e), (i) the provisions of the Agreement Among Underwriters shall govern contribution among Underwriters, (ii) no Underwriter (except as provided in the Agreement Among Underwriters) shall be required to contribute any amount in excess of the underwriting discounts and commissions applicable to the Shares purchased by such Underwriter, and (iii) no person guilty of fraudulent misrepresentation

(within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' and the Selling Stockholders' obligations in this Section 8(e) to contribute are several in proportion to their individual underwriting obligations and number of Shares sold, respectively, and not joint.

9. Representations and Agreements to Survive Delivery. Except as the context otherwise requires, all representations, warranties and agreements contained in this Agreement shall be deemed to be representations, warranties and agreements at the Closing Date and any Option Closing Date; and such representations, warranties and agreements of the Underwriters, the Company and the Selling Stockholders, including, without limitation, the indemnity and contribution agreements contained in Section 8 hereof and the agreements contained in Sections 6, 9, 10 and 13 hereof, shall remain operative and in full force and effect regardless of any investigation made by or on behalf of any Underwriter or any controlling person, and shall survive delivery of the Shares and termination of this Agreement, whether before or after the Closing Date or any Option Closing Date.

10. Effective Date of This Agreement and Termination Hereof.

(a) This Agreement shall become effective at 10:00 a.m., Philadelphia, Pennsylvania time, on the first business day following the Effective Date or at the time of the public offering by the Underwriters of the Shares, whichever is earlier, except that the provisions of Sections 6, 8, 9, 10 and 13 hereof shall be effective upon execution hereof. The time of the public offering, for the purpose of this Section 10, shall mean the time when any of the Shares are first released by the Underwriters for offering by dealers. The Representatives may prevent the provisions of this Agreement (other than those contained in Sections 6, 8, 9, 10 and 13) hereof from becoming effective without liability of any party to any other party, except as noted below, by giving the notice indicated in Section 10(c) hereof before the time the other provisions of this Agreement become effective.

(b) The Representatives shall have the right to terminate this Agreement at any time prior to the Closing Date as provided in Sections 7 and 11 hereof or if any of the following have occurred:

(i) since the respective dates as of which information is given in the Registration Statement and the Prospectus, any material adverse change or any development involving a prospective material adverse change in or affecting the condition, financial or otherwise, of the Company or its Subsidiaries, or the earnings, business affairs, management or business prospects of the Company or its Subsidiaries, whether or not arising in the ordinary course of business, that would, in the Representatives' reasonable judgment, make the offering or delivery of the Shares impracticable;

(ii) any outbreak of hostilities or other national or international calamity or crisis or change in economic, political or financial market conditions if the effect on the financial markets of the United States of such outbreak, calamity, crisis or change is material and adverse and would, in the Representatives' reasonable judgment, make the offering or delivery of the Shares impracticable;

(iii) suspension of trading generally in securities on the New York Stock Exchange, the American Stock Exchange, the Nasdaq Stock Market or the over-the-counter market or limitation on prices (other than limitations on hours or numbers of days of trading) for securities or the promulgation of any federal or state statute, regulation, rule or order of any court or other governmental authority that in the Representatives' reasonable opinion materially and adversely affects trading on such exchange or the over-the-counter market;

(iv) declaration of a banking moratorium by either federal or Pennsylvania state authorities;

(v) the taking of any action by any federal, state or local government or agency in respect of its monetary or fiscal affairs that in the Representatives' reasonable opinion has a material adverse effect on the securities markets in the United States; or

(vi) trading in any securities of the Company shall have been suspended or halted by the Nasdaq Stock Market or the SEC.

(c) If the Representatives elect to prevent this Agreement from becoming effective or to terminate this Agreement as provided in this Section 10, the Representatives shall notify the Company and the Selling Stockholders thereof promptly by telephone, telex, telegraph, telegram or facsimile, confirmed by letter.

11. Default by an Underwriter.

(a) If any Underwriter or Underwriters shall default in its or their obligation to purchase Firm Shares or Optional Shares hereunder, and if the Firm Shares or Optional Shares with respect to which such default relates do not exceed the aggregate of 10% of the number of Firm Shares or Optional Shares, as the case may be, that all Underwriters have agreed to purchase hereunder, then such Firm Shares or Optional Shares to which the default relates shall be purchased severally by the non-defaulting Underwriters in proportion to their respective commitments hereunder.

(b) If such default relates to more than 10% of the Firm Shares or Optional Shares, as the case may be, the Representatives may, in their discretion, arrange for another party or parties (including a non-defaulting Underwriter) to purchase such Firm Shares or Optional Shares to which such default relates, on the terms contained herein. In the event that the

Representatives do not arrange for the purchase of the Firm Shares or Optional Shares to which a default relates as provided in this Section 11, this Agreement may be terminated by the Representatives or by the Company without liability on the part of the several Underwriters (except as provided in Section 8 hereof) or the Company (except as provided in Sections 6 and 8 hereof), but nothing herein shall relieve a defaulting Underwriter of its liability, if any, to the other several Underwriters and to the Company for damages occasioned by its default hereunder.

(c) If the Firm Shares or Optional Shares to which the default relates are to be purchased by the non-defaulting Underwriters, or are to be purchased by another party or parties as aforesaid, the Representatives or the Company shall have the right to postpone the Closing Date or any Option Closing Date, as the case may be, for a reasonable period but not in any event exceeding seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus or in any other documents and arrangements, and the Company agrees to file promptly any amendment to the Registration Statement or supplement to the Prospectus that in the opinion of counsel for the Underwriters may thereby be made necessary. The terms "Underwriters" and "Underwriter" as used in this Agreement shall include any party substituted under this Section 11 with like effect as if it had originally been a party to this Agreement with respect to such Firm Shares and/or Optional Shares.

12. Information Furnished by Underwriters. The statement set forth on the inside cover page regarding stabilization and the statements under the caption "Underwriting" (except for the third to last and last paragraphs thereunder) in any Preliminary Prospectus and the Prospectus constitute the only written information furnished by or on behalf of any Underwriter referred to in Sections 1(a)(ii) and 8 hereof.

13. Notice. All communications hereunder, except as herein otherwise specifically provided, shall be in writing and, if sent to any Underwriter, shall be mailed, delivered, telexed, telegraphed, telegraphed or telecopied and confirmed to such Underwriter, c/o Janney Montgomery Scott Inc., 1801 Market Street, Philadelphia, Pennsylvania 19103, Attention: Mr. Michael J. Mufson, with a copy to Pepper, Hamilton & Scheetz LLP, 3000 Two Logan Square, Philadelphia, Pennsylvania 19103, Attention: Barry M. Abelson, Esquire; if sent to the Company shall be mailed, delivered, telexed, telegraphed or telecopied and confirmed to inTEST Corporation, 2 Pin Oak Lane, Cherry Hill, New Jersey 08003, Attention: Alyn R. Holt, with a copy to Saul, Ewing, Remick & Saul, 3800 Center Square West, Philadelphia, Pennsylvania 19102, Attention: James W. Schwartz, Esquire; if sent to the Selling Stockholders shall be mailed, delivered, telexed, telegraphed, telegraphed or telecopied and confirmed to Alyn R. Holt or Hugh T. Regan, Jr., as Attorney-in-Fact, c/o inTEST Corporation, (at the address listed above), with a copy to Saul, Ewing, Remick & Saul Attention: James W. Schwartz, Esquire, (at the address listed above).

14. Parties. This Agreement shall inure solely to the benefit of, and shall be binding upon, the several Underwriters, the Company, the Subsidiaries, the Selling Stockholders and the controlling persons, directors and officers thereof, and their respective successors, assigns, heirs and legal representatives, and no other person shall have or be construed to have any legal or equitable right, remedy or claim under or in respect of or by virtue of this Agreement or any provision herein contained. The terms "successors" and "assigns" shall not include any purchaser of the Shares merely because of such purchase.

In all dealings with the Company and the Selling Stockholders under this Agreement, the Representatives shall act on behalf of each of the several Underwriters, and the Company and the Selling Stockholders shall be entitled to act and rely upon any statement, request, notice or agreement made or given by the Representatives jointly or by Janney Montgomery Scott Inc. on behalf of the Representatives.

15. Definition of Business Day. For purposes of this Agreement, "business day" means any day on which the Nasdaq National Market is opened for trading.

16. Counterparts. This Agreement may be executed in one or more counterparts and by facsimile signatures and all such counterparts and facsimile signatures will constitute one and the same instrument.

17. Construction. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania applicable to agreements made and performed entirely within such Commonwealth. All references herein to the knowledge of the Company shall be deemed to include the knowledge of each of the Subsidiaries.

If the foregoing correctly sets forth your understanding of our agreement, please sign and return to the Company the enclosed duplicate hereof, whereupon it will become a binding agreement in accordance with its terms.

Very truly yours,

INTEST CORPORATION

By: _____
Alyn R. Holt
Chairman of the Board and Chief
Executive Officer

THE SELLING STOCKHOLDERS

By: _____
Attorney-in-Fact, acting on behalf of each of
the Selling Stockholders named in Schedule
II hereto.

The foregoing Agreement is hereby confirmed and accepted as of the date first above written.

JANNEY MONTGOMERY SCOTT INC.
NEEDHAM & COMPANY, INC.
As Representatives of the Several
Underwriters named in Schedule I
hereto

By: JANNEY MONTGOMERY SCOTT INC.

By: _____
Authorized Representative

JOINDER

Each of the Subsidiaries, intending to be legally bound,
hereby joins this Agreement for purposes of Sections 1 and 9 hereof.

INTEST LIMITED

By:
Title:

INTEST KABUSHIKI KAISHA

By:
Title:

INTEST PTE, LIMITED

By:
Title:

[DELAWARE SUB]

By:
Title:

[DELAWARE SUB]

By:
Title:

SCHEDULE I

Schedule of Underwriters

Underwriter -----	Number of Firm Shares to be Purchased -----	Number of Optional Shares to be Purchased -----
Janney Montgomery Scott Inc., Philadelphia, PA Needham & Company, Inc. New York, NY		
Total	=====	=====

SCHEDULE II

Schedule of Selling Stockholders

Selling Stockholder	Number of Firm Shares to be Sold	Number of Optional Shares to be Sold
-----	-----	-----
Alyn R. Holt	232,550	174,411
Richard O. Endres	24,749	18,562
Daniel J. Graham	49,868	37,401
Deed of Trust f/b/o K.D. Holt	29,216	21,913
Connie E. Holt	20,869	15,652
Robert E. Matthiessen	17,901	13,426
Hugh T. Regan, Sr.	14,411	10,808
Brian R. Moore	10,406	7,804
Nils O. Ny	7,826	5,869
Jack R. Edmunds	7,530	5,648
John W. Lalley	6,017	4,513
Micronics Japan Company, Ltd.	5,382	4,036
Julian P. Partington	5,097	3,824
Tomoyasu Ogura	4,843	3,633
Christopher L. West	4,748	3,561
William R. Blatchley	3,826	2,869
Ann L. Martz	2,609	1,956
Dale G. Holt	2,087	1,565
Jerome R. Bortnem	1,739	1,304
Stuart F. Daniels, Ph.D.	1,565	1,174
John J. Kotarski	1,043	783
Tomio Wakamatsu	359	269
Kenji Murayama	359	269
	=====	=====
Total	455,000	341,250

SCHEDULE III

List of Subsidiary Stockholders

Alyn R. Holt
Micronics Japan Company, Ltd.
Brian R. Moore
Tomoyasu Ogura
Cornelius Hol
Julian P. Partington
Tomio Wakamatsu
Kenji Murayama

SCHEDULE IV

Stockholder NASD Affiliations

None

SCHEDULE V

List of Persons Who Are to Deliver Lock-Up
Agreements Called for Under Sections 5(k) and 7(d)

Alyn R. Holt
Richard O. Endres
Daniel J. Graham
Deed of Trust f/b/o K.D. Holt
Connie E. Holt
Robert E. Matthiessen
Hugh T. Regan, Sr.
Brian R. Moore
Nils O. Ny
Jack R. Edmund
John W. Lalley
Micronics Japan Company, Ltd.
Julian P. Partington
Tomoyasu Ogura
Christopher L. West
William R. Blatchley
Ann L. Martz
Dale G. Holt
Jerome R. Bortnem
Stuart F. Daniels, Ph.D.
John J. Kotarski
Tomio Wakamatsu
Kenji Murayama
Cornelius Hol

EXHIBIT A

Subsidiaries of the Company, Jurisdiction
of Incorporation and Percentage Ownership by the Company

Subsidiary	Jurisdiction	% Ownership
-----	-----	-----
inTEST Limited	U.K.	79.0%
inTEST Kabushiki Kaisha	Japan	79.1%
inTEST PTE, Limited	Singapore	79.0%
-----	Delaware	100%
-----	Delaware	100%

EXHIBIT B

Matters to be Covered in the Opinion of
Saul, Ewing, Remick & Saul
Counsel for the Company

(1) The Company is a corporation duly organized, validly existing and in good standing under the laws of Delaware, with full power and authority to conduct all of the activities conducted by it, own or lease all of the assets owned or leased by it, and conduct its business all as described in the Registration Statement and the Prospectus; and is duly licensed or qualified to do business and in good standing as a foreign corporation in all jurisdictions, domestic or foreign, in which the nature of the activities conducted by it and/or the character of the assets owned and leased by it makes such qualification or license necessary, except where failure to do so could reasonably be expected to have a material adverse effect on the general affairs, properties, condition (financial or otherwise), results of operations, stockholders' equity, business or prospects of the Company.

(2) Each of the Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, domestic or foreign, with full power and authority to conduct all of the activities conducted by it, own or lease all of the assets owned or leased by it, and conduct its business all as described in the Registration Statement and the Prospectus; and is duly licensed or qualified to do business and in good standing as a foreign corporation in all jurisdictions, domestic or foreign, in which the nature of the activities conducted by it and/or the character of the assets owned and leased by it makes such qualification or license necessary;

(3) No authorization, approval, consent or license of any governmental or regulatory body, domestic or foreign, except as may be required under the Act or the blue sky laws of the various jurisdictions, is required in connection with the (A) authorization, issuance, transfer, sale or delivery of the Shares to be sold by the Company; (B) execution, delivery and performance of the Agreement by the Company or (C) taking of any action contemplated herein or in the Registration Statement or the Prospectus, including, without limitation, the Exchange Agreements, or if so required, all such authorizations, approvals, consents and licenses, specifying the same, have been obtained and are in full force and effect and have been disclosed to the Representatives.

(4) The Company has authorized and outstanding capital stock, stock options and other derivative securities as set forth in the Registration Statement and the Prospectus. The outstanding shares of the Common Stock, including the shares of the Common Stock issued pursuant to the Exchange Agreements, have been, and all of the Shares will be, upon issuance and payment therefor, duly authorized, validly issued, fully paid and nonassessable, are not subject to preemptive rights and have not been issued in violation of any

statutory preemptive rights or, to the knowledge of such counsel, similar contractual rights. The holders of shares of the Common Stock are not and will not be subject to personal liability solely by reason of being such holders. The issue and sale of the Shares by the Company have been duly and validly authorized. The Common Stock has been duly authorized for quotation or listing on the Nasdaq National Market. The transactions consummated pursuant to the Exchange Agreements were exempt from, or complied in all material respects with, the provisions of all applicable federal, state and foreign securities and corporate laws.

(5) To the knowledge of such counsel, no holder of any securities of the Company has the right to require registration of shares of the Common Stock or other securities of the Company. The description of the Common Stock and the Shares contained in the Registration Statement and the Prospectus conforms to the rights set forth in the instruments or certificates defining the same and is in conformity with the requirements of the Act and the Regulations.

(6) The Company is not an "investment company" as defined in Section 3(a) of the Investment Company Act and, if the Company conducts its business as set forth in the Registration Statement and the Prospectus, will not become an "investment company" and will not be required to register under the Investment Company Act; the Company has not, prior to the date of the Prospectus, been required to make any filings pursuant to the Exchange Act.

(7) The Company has full power and authority to enter into the Agreement, and the Agreement has been duly authorized, executed and delivered by the Company and constitutes a valid and binding obligation of the Company enforceable in accordance with its terms, except insofar as rights to indemnity or contribution may be limited by applicable law or equitable principles, and except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, arrangement or similar laws affecting creditors' rights generally or by general equitable principles.

(8) The Registration Statement and the Prospectus, and each amendment thereof or supplement thereto, comply as to form with, the requirements of the Act and the Rules and Regulations (except that no opinion need be expressed as to matters concerning financial statements and other financial data and related notes, schedules and financial or statistical data contained in the Registration Statement or the Prospectus).

(9) Such counsel has participated in the preparation of the Registration Statement and the Prospectus and nothing has come to the attention of such counsel to lead it to believe that, both as of the Effective Date and as of the Closing Date and any Option Closing Date, either the Registration Statement or the Prospectus, or any amendment or supplement thereto, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except that no opinion need be expressed as to matters concerning financial statements and other financial data and related notes, schedules and financial or statistical data contained in the Registration Statement or the Prospectus).

(10) Such counsel has read all contracts specifically enumerated in the Registration Statement and the Prospectus, and such contracts are fairly summarized or described therein, conform in all material respects to the descriptions thereof contained therein, and are filed as exhibits thereto, if required, and there are no contracts or documents required to be so summarized or disclosed or so filed which have not been so summarized or disclosed or so filed.

(11) The Registration Statement has become effective under the Act, and (A) no stop order suspending the effectiveness of the Registration Statement has been issued and (B) to the best of such counsel's knowledge, no proceedings for that purpose have been instituted or are threatened, pending or contemplated. The opinion delivered at the Closing Date shall state that all filings required by Rule 424 and Rule 430A of the Rules and Regulations have been made, to the extent that such rules are utilized.

(12) The Exchange has been consummated and the Shares to be issued pursuant thereto have been duly issued in accordance therewith. The outstanding shares of capital stock or other evidence of ownership of the Subsidiaries are duly authorized, validly issued, fully paid and non-assessable, are not subject to preemptive rights and have not been issued in violation of any statutory preemptive rights or similar contractual rights. The Company, to the knowledge of such counsel, owns 100% of the capital stock of the Subsidiaries, in all cases, free and clear of all liens, encumbrances and security interests.

(13) The execution and delivery of the Agreement by the Company and the Subsidiaries, the consummation by the Company and the Subsidiaries of the transactions herein contemplated, including, without limitation, the Exchange Agreements, and the compliance with the terms of this Agreement do not and will not conflict with or result in a breach of any of the terms or provisions of or violate or constitute a default under, the Certificate of Incorporation or Bylaws or other constituent documents, domestic or foreign, of the Company or the Subsidiaries, or any indenture, mortgage or other agreement or instrument to which the Company or the Subsidiaries is a party or by which the Company or the Subsidiaries or any material portion of its properties is bound of which counsel has knowledge, or any existing statute, rule or regulation, or any judgment, order or decree of any government, governmental instrumentality or court, domestic or foreign, having jurisdiction over the Company or the Subsidiaries or any material portion of its properties.

(14) To the knowledge of such counsel, there are no legal proceedings pending or threatened against the Company or the Subsidiaries which are required to be disclosed in the Registration Statement, except as described therein.

(15) To the knowledge of such counsel, except as described in the Prospectus, the Company or the Subsidiaries does not own any interest in any corporation, partnership, joint venture, trust or other business entity.

(16) Each Selling Stockholder has full power and authority to enter into the Agreement and the Power of Attorney and Custody Agreement (the "Custody Agreement"). All authorizations and consents necessary for the execution and delivery of the Agreement and the Custody Agreement on behalf of each Selling Stockholder have been given. The delivery of the Shares on behalf of each Selling Stockholder pursuant to the terms of the Agreement and payment therefor by the Underwriters will pass marketable title to the Shares to the Underwriters, free and clear of all liens, encumbrances and claims.

(17) Each of the Agreement and the Custody Agreement has been duly authorized, executed and delivered by each Selling Stockholder, is a valid and binding agreement of each Selling Stockholder and the Agreement and the Custody Agreement are enforceable against each Selling Stockholder in accordance with the terms thereof, subject to applicable bankruptcy, insolvency, reorganization, moratorium, arrangement or similar laws affecting creditors' rights generally or by general equitable principals.

(18) No consent, approval, authorization or order of, or any filing or declaration with, any court or governmental agency or body, domestic or foreign, is required in connection with the authorization, issuance, transfer, sale or delivery of the Shares by or on behalf of each Selling Stockholder, in connection with the execution, delivery and performance of the Agreement and the Custody Agreement by each Selling Stockholder or in connection with the taking by or on behalf of each Selling Stockholder of any action contemplated thereby or, if so required, all such consents, approvals, authorizations and orders, specifying the same, have been obtained and are in full force and effect, except such as have been obtained under the Act or the Regulations.

(19) The execution and delivery of the Agreement and the Custody Agreement by each Selling Stockholder, the consummation by each Selling Stockholder of the transactions herein contemplated and the compliance by each Selling Stockholder with the terms thereof do not and will not result in a breach or violation, in any material respect, of any, domestic or foreign, statute, judgment, ruling, decree, order, rule or regulation of any, domestic or foreign, court or other governmental agency or body applicable to each Selling Stockholder.

(20) There are no transfer or similar taxes payable in connection with the sale and delivery of the Shares by each Selling Stockholder to the Underwriters, except as specified in such opinion.

In rendering such opinions, counsel for the Company may set forth that as to certain matters of fact, such counsel is relying on one or more certificates of public officials, governmental agencies or officers of the Company. In addition, as to matters of law, counsel for the Company may rely as to matters involving the application of laws other than the laws of the

United States, the laws of New Jersey, the laws of Pennsylvania, the laws of Delaware and jurisdictions in which they are admitted, to the extent such counsel deems proper and to the extent specified in such opinion, if at all, upon an opinion or opinions (in form and substance satisfactory to the Underwriters' counsel) of other counsel reasonably acceptable to the Underwriters' counsel, familiar with the applicable laws.

Unless the context clearly indicates otherwise, the term "Company" as used in this Exhibit, shall include the Subsidiaries. The opinion of counsel for the Company shall include a statement to the effect that it may be relied upon by counsel for the Underwriters in their opinion delivered to the Underwriters.

EXHIBIT C

Matters to be Covered in the Opinion of
Ratner & Prestia
Patent Counsel for the Company

(1) The statements in the Prospectus under the headings "Risk Factors -- Uncertainty of Patents and Proprietary Rights ; Risk of Litigation"; "Business - Strategy - Capitalize on Experience and Expertise" and "Business -- Patents and Other Proprietary Rights"; "Business Competition" and "Experts" insofar as such statements constitute summary descriptions of the legal matters, documents, proceedings or descriptions referred to therein, fairly present the information called for with respect to such legal matters, documents, proceedings or descriptions. To our knowledge, except as described in the Prospectus, neither the Company nor any of its subsidiaries has received any notice of infringement of or conflict with (and we know of no infringement of or conflict with) asserted rights of others in any patents, trade secrets, copyrights, trademarks, service marks or trade names. To our knowledge, except as set forth in the Prospectus, there is no infringement or violation by others of any of the Company's patents, trade secrets, copyrights, trademarks, service marks or trade names. Except as set forth in the Prospectus, to our knowledge there are no legal or governmental proceedings pending or threatened related to patents, trade secrets, copyrights, trademarks, service marks or trade names of others to which the Company or any of its subsidiaries is a party or, except for ordinary proceedings initiated by the Company or any of its subsidiaries seeking statutory rights, registrations or certifications from governmental authorities, to which any intellectual property of the Company or any of its subsidiaries is subject.

(2) To our knowledge there is no contract or other document relating to patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks or trade names of a character required to be filed as an exhibit to the Registration Statement or required to be described in the Prospectus that is not filed or described as required.

(3) Attached hereto as Schedule A is an accurate and complete list describing all patents issued to, and all patent applications filed on behalf of, the Company or any of its subsidiaries with the U.S. Patent and Trademark Office or with patent authorities in other countries. It is our opinion that, based on the declarations of the named inventor(s) in the applications and our investigation of the facts concerning the inventions by such inventor(s), the named inventor(s) are the original and first inventor(s) of the subject matter which is claimed. We are not aware of any other patents issued to, or patent applications filed by or on behalf of, the Company or any of its subsidiaries. On the basis of our review of assignments executed by the inventors, it is our opinion that all the inventors have assigned all their right, title and interest in the applications and the patents listed on Schedule A to the Company or its subsidiaries. It is our opinion that the patents listed on Schedule A are valid and enforceable and we are not aware of any information

that would render the patents, or any of the claims therein, invalid or unenforceable. Further, except as set forth in the Prospectus, we are not aware of any actions brought or threatened by any party alleging the invalidity or unenforceability of the patents listed on Schedule A. It is our opinion that neither U.S. Patent 4,230,985, issued on October 28, 1980 to Matrone et al., nor U.S. Patent 4,284,311, issued on August 8, 1981 to Forster et al., whether such patents are taken alone, together or in combination with any other prior art known to us, will result in the invalidation of any of the claims of U.S. Patent 4,589,815, issued on May 20, 1986, which is currently undergoing reexamination in the U.S. Patent and Trademark Office. It is our opinion that the Company has not or is not infringing U.S. Patent 4,230,985, issued on October 28, 1980 to Matrone et al., nor U.S. Patent 4,284,311, issued on August 8, 1981 to Forster et al. It is our opinion that claims 1,2,7,8 and 9 of U.S. Patent 4,589,815, issued on May 20, 1986 and assigned to the Company, protect in the United States the Company's docking products based on the patent (see attached Schedule B) from exact copying.

(4) To our knowledge: (i) the Company and its subsidiaries own, or are licensed or otherwise possess adequate rights to use, all patents, trademarks, trademark registrations, service marks, service mark registrations, trade names, copyrights, licenses, inventions, trade secrets and rights (collectively "Intellectual Property") which are used in or necessary for the conduct of their respective businesses as described in the Prospectus, except as otherwise described in the Prospectus, no claims have been asserted by any person to the use of any Intellectual Property or challenging or questioning the validity or effectiveness of any Intellectual Property; and (ii) the use, in connection with the business and operations of the Company and its subsidiaries, of any Intellectual Property does not infringe on the rights of any person to the extent that an unfavorable decision, ruling or finding as to such infringement could materially adversely affect the business, properties, financial condition or results of operations of the Company and its subsidiaries taken as a whole.

(5) We hereby consent to the reference to our firm under the heading "Experts" in the Prospectus.

BYLAWS
OF
inTEST CORPORATION

ARTICLE I
Stockholders

Section 1.1. Annual Meetings. An annual meeting of stockholders shall be held for the election of directors at such date, time and place, either within or without the State of Delaware, as may be designated by resolution of the Board of Directors from time to time. Any other proper business may be transacted at the annual meeting.

Section 1.2. Special Meetings. Special meetings of stockholders for any purpose or purposes may be called at any time by the Board of Directors pursuant to a resolution approved by a majority of the Board of Directors or at the request in writing of stockholders owning at least fifty percent (50%) of the voting power of the shares of stock of the corporation entitled to vote at such meeting. The business transacted at any special meeting of the stockholders shall be limited to the purposes stated in the notice for the meeting transmitted to stockholders.

Section 1.3. Notice of Meetings. Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given that shall state the place, date and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by law, the certificate of incorporation or these bylaws, the written notice of any meeting shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the corporation.

Section 1.4. Adjournments. Any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 1.5. Quorum. Except as otherwise provided by law, the certificate of incorporation or these bylaws, at each meeting of stockholders the presence in person or by proxy of the holders of a majority in voting power of the outstanding shares of stock entitled

to vote at the meeting shall be necessary and sufficient to constitute a quorum. In the absence of a quorum, the stockholders so present and entitled to vote thereat may, by majority vote, adjourn the meeting from time to time in the manner provided in Section 1.4 of these bylaws until a quorum shall attend. Shares of the corporation's stock owned by it or another corporation if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the corporation or any subsidiary of the corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

Section 1.6. Organization. Meetings of stockholders shall be presided over by the Chairman of the Board, if any, or in his absence by the Vice Chairman of the Board, if any, or in his absence by the President, or in his absence by a Vice President, or in the absence of the foregoing persons by a chairman designated by the Board of Directors, or in the absence of such designation by a chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his absence the person presiding over the meeting may appoint any person to act as secretary of the meeting. The person presiding over the meeting shall announce at the meeting of stockholders the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote.

Section 1.7. Voting; Proxies. Except as otherwise provided by the certificate of incorporation, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one (1) vote for each share of stock held by him which has voting power upon the matter in question. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing with the Secretary of the corporation an instrument in writing revoking the proxy or by delivering a proxy in accordance with applicable law bearing a later date to the Secretary of the corporation. Voting at meetings of stockholders need not be by written ballot. At all meetings of stockholders for the election of directors a plurality of the votes cast shall be sufficient to elect. All other elections and questions shall, unless otherwise provided by law, the certificate of incorporation or these bylaws, be decided by the affirmative vote of the holders of a majority in voting power of the shares of stock which are present in person or by proxy and entitled to vote thereon.

Section 1.8. Fixing Date for Determination of Stockholders of Record. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change,

conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date: (i) in the case of determination of stockholders entitled to vote at any meeting of stockholders or adjournment thereof, shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting; (ii) in the case of determination of stockholders entitled to express consent to corporate action in writing without a meeting, shall not be more than ten (10) days from the date upon which the resolution fixing the record date is adopted by the Board of Directors; and (iii) in the case of determination of stockholders for the purpose of any other lawful action, shall not be more than sixty (60) days prior to such other action. If no record date is fixed: (x) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; (y) the record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action of the Board of Directors is required by law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation in accordance with applicable law, or, if prior action by the Board of Directors is required by law, shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action; and (z) the record date for determining stockholders for the purpose of any other lawful action, shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 1.9. List of Stockholders Entitled to Vote. The Secretary shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present. Upon the willful neglect or refusal of the directors to produce such a list at any meeting for the election of directors, they shall be ineligible for election to any office at such meeting. Except as otherwise provided by law, the stock ledger shall be the only evidence as to who are the stockholders entitled (i) to examine the stock ledger, the list of stockholders entitled to vote at the meeting or the books of the corporation, (ii) to vote in person or by proxy at any meeting of stockholders, or (iii) to express consent or dissent to corporate action in writing without a meeting.

Section 1.10. Action By Consent of Stockholders. Unless otherwise restricted by the certificate of incorporation, any action required or permitted to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered (by hand or by certified or registered mail, return receipt requested) to the corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the corporation having custody of the book in which minutes of proceedings of meetings of stockholders are recorded. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to receive notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of stockholders to take the action were delivered to the corporation as provided herein.

Section 1.11. Inspectors of Election. The corporation may, and shall if required by law, in advance of any meeting of stockholders, appoint one (1) or more inspectors of election, who may be employees of the corporation, to act at the meeting or any adjournment thereof and to make a written report thereof. The corporation may designate one (1) or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or designated is able to act at a meeting of the stockholders, the person presiding at the meeting shall appoint one (1) or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector or inspectors so appointed or designated shall (i) ascertain the number of shares of capital stock of the corporation outstanding and the voting power of each such share, (ii) determine the shares of capital stock of the corporation represented at the meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares of capital stock of the corporation represented at the meeting and such inspector's or inspectors' count of all votes and ballots. Such certification and report shall specify such other information as may be required by law. In determining validity and counting of proxies and ballots cast at any meeting of stockholders of the corporation, the inspectors may consider such information as is permitted by applicable law. No person who is a candidate for an office at an election may serve as an inspector at such election.

Section 1.12. Conduct of Meetings. The Board of Directors of the corporation may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the person presiding over any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to

do all such acts as, in the judgment of such person, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the person presiding over the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the corporation, their duly authorized and constituted proxies or such other persons as the person presiding over the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board of Directors or the person presiding over the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

ARTICLE II

Board of Directors

Section 2.1. Number; Qualifications. The Board of Directors shall consist of such number of members as may be determined from time to time by resolution of the Board of Directors which number shall not be less than five (5). Directors need not be stockholders of the corporation.

Section 2.2. Election; Term; Resignation; Removal; Vacancies. Each director shall hold office until his successor is elected and qualified or until his earlier death, resignation, or removal. At the first annual meeting of stockholders and at each annual meeting thereafter, the stockholders shall elect directors each of whom shall hold office for a term of one year until his successor is elected and qualified or until his earlier death, resignation, or removal. Any director may resign at any time upon written notice to the corporation. Any newly created directorship or any vacancy occurring in the Board of Directors for any cause may be filled by a majority of the remaining members of the Board of Directors, although such majority is less than a quorum, or by a plurality of the votes cast at a meeting of stockholders, and each director so elected shall hold office until the expiration of the term of office of the director whom he has replaced, or until his successor is elected and qualified, or until his earlier death, resignation, or removal.

Section 2.3. Regular Meetings. Regular meetings of the Board of Directors may be held at such places within or without the State of Delaware and at such times as the Board of Directors may from time to time determine, and if so determined notices thereof need not be given.

Section 2.4. Special Meetings. Special meetings of the Board of Directors may be held at any time or place within or without the State of Delaware whenever called by the Chairman of the Board, the President, the Secretary, or on the written request of one half or more of the members of the Board of Directors stating the purpose or purposes for which

such meeting is requested. Notice of a special meeting of the Board of Directors shall be given by the person or persons calling the meeting at least twenty-four (24) hours before the special meeting either personally, or by courier, telephone, facsimile or mail.

Section 2.5. Telephonic Meetings Permitted. Members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting thereof by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this bylaw shall constitute presence in person at such meeting.

Section 2.6. Quorum; Vote Required for Action. At all meetings of the Board of Directors a majority of the whole Board of Directors shall constitute a quorum for the transaction of business. Except in cases in which the certificate of incorporation, these bylaws or applicable law otherwise provides, the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 2.7. Organization. Meetings of the Board of Directors shall be presided over by the Chairman of the Board, if any, or in his absence by the Vice Chairman of the Board, if any, or in his absence by the President, or in the absence of the foregoing persons by a chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his absence the person presiding over the meeting may appoint any person to act as secretary of the meeting.

Section 2.8. Informal Action by Directors. Unless otherwise restricted by the certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or such committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

ARTICLE III

Committees

Section 3.1. Committees. The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, designate one (1) or more committees, each committee to consist of one (1) or more of the directors of the corporation. The Board of Directors may designate one (1) or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the

extent permitted by law and to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it. A majority of the members shall constitute a quorum and all matters shall be determined by a majority vote of the members present.

Section 3.2. Committee Minutes. Each committee shall keep regular minutes of its meetings and shall file such minutes and all written consents executed by its members with the Secretary of the corporation.

Section 3.3. Committee Rules. Unless the Board of Directors otherwise provides, each committee designated by the Board of Directors may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article II of these bylaws.

ARTICLE IV

Officers

Section 4.1. Executive Officers; Election; Qualifications; Term of Office; Resignation; Removal; Vacancies. The Board of Directors shall elect a President and Secretary, and it may, if it so determines, choose a Chairman of the Board and a Vice Chairman of the Board from among its members. The Board of Directors may also choose one (1) or more Vice Presidents, one (1) or more Assistant Secretaries, a Treasurer and one (1) or more Assistant Treasurers, and one (1) or more other officers having such titles, and such powers and duties as the Board may provide and, to the extent not so provided, such powers and duties as may generally pertain to such office(s). Each such officer shall hold office until the first meeting of the Board of Directors after the annual meeting of stockholders next succeeding his election, and until his successor is elected and qualified or until his earlier death, resignation, or removal. Any officer may resign at any time upon written notice to the corporation. The Board of Directors may remove any officer with or without cause at any time, but such removal shall be without prejudice to the contractual rights of such officer, if any, with the corporation. Any number of offices may be held by the same person. Any vacancy occurring in any office of the corporation by death, resignation, removal, or otherwise may be filled for the unexpired portion of the term by the Board of Directors at any regular or special meeting.

Section 4.2. Powers and Duties of Executive Officers.

(i) President. The President shall be the chief executive officer of the corporation. Subject to the provisions of the certificate of incorporation, these bylaws,

and the direction of the Board of Directors, the President shall have the responsibility for the general management and control of the business and affairs of the corporation and shall perform all duties and have all powers which are commonly incident to the office of chief executive or which are delegated to him or her by the Board of Directors. The President shall have power to execute in the name of the corporation all contracts, agreements, deeds, bonds, mortgages, and other obligations and instruments of the corporation which are authorized, and to affix the corporate seal thereto. The President shall have general supervision and direction of all of the other officers, employees, and agents of the corporation.

(ii) Vice President. Each Vice President, if any, shall have such powers and perform such duties as the Board of Directors may from time to time prescribe. The Vice President (if only one (1) Vice President is chosen by the Board) or one (1) Vice President designated by the Board (if two (2) or more Vice Presidents are chosen by the Board of Directors) shall perform the duties and exercise the powers of the President in the event of the President's absence or disability.

(iii) Treasurer. The Treasurer, if any, shall have the responsibility for maintaining the financial records of the corporation. The Treasurer shall make such disbursements of the funds of the corporation as are authorized and shall render from time to time an account of all such transactions and of the financial condition of the corporation. The Treasurer shall have such other powers and perform such other duties as the Board of Directors may from time to time prescribe.

(iv) Secretary. The Secretary shall issue all authorized notices for, and shall keep minutes of, all meetings of the stockholders and of the Board of Directors. The Secretary shall have charge of the corporate books and shall have such other powers and perform such other duties as the Board of Directors may from time to time prescribe.

(v) Assistant Secretary and Assistant Treasurer. Each Assistant Secretary, if any, and each Assistant Treasurer, if any, shall have such powers and perform such duties as the Board of Directors may from time to time prescribe.

(vi) Delegation of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

ARTICLE V

Stock

Section 5.1. Certificates. Every holder of stock shall be entitled to have a certificate signed by or in the name of the corporation by the Chairman or Vice Chairman of the Board

of Directors, if any, or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, of the corporation representing the number of shares owned by him in the corporation. Any of or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

Section 5.2. Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates. The corporation may issue a new certificate of stock in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the corporation may require the owner of the lost, stolen or destroyed certificate, or his legal representative, to give the corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

Section 5.3. Registered Stockholders. The corporation shall be entitled to recognize the exclusive right of a person or persons registered on its books as the owner of shares to receive dividends and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

ARTICLE VI

Indemnification

Section 6.1. Right to Indemnification. The corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding") by reason of the fact that he, or a person for whom he is the legal representative, is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, other enterprise or nonprofit entity, including service with respect to employee benefit plans (an "indemnitee"), against all liability and loss suffered (including, without limitation, fines and amounts paid in settlement) and expenses (including, without limitation, attorneys' fees) reasonably incurred by such indemnitee in connection with such action, suit or proceeding (including any such expenses incurred in connection with such person's successful application for, or any action brought to enforce such person's right to indemnification or advancement of expenses, provided for in this Article) to the extent the power to so indemnify has been or

may be granted by statute. For this purpose, (i) the Board of Directors by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (ii) if there are no such directors, or if such directors so direct, independent legal counsel in a written opinion, or (iii) the stockholders, may, and upon the request of any such person shall, determine in each case whether or not the applicable standards set forth in any statute have been met. The corporation shall be required to indemnify an indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if the initiation of such proceeding (or part thereof) by the indemnitee was authorized by the Board of Directors of the corporation.

Section 6.2. Advancement of Expenses. The corporation shall pay the expenses (including, without limitation, attorneys' fees) incurred by a director or officer of the corporation in defending any proceeding referred to in Section 6.1 in advance of its final disposition; provided, however, that the payment of expenses incurred by such person in advance of the final disposition of such proceeding shall be made only upon receipt of an undertaking by such person to repay all amounts advanced if it should ultimately be determined that such person is not entitled to be indemnified under this Article or otherwise, except that no such advance payment will be required if it is determined by the Board of Directors that there is a substantial probability that such person will not be able to repay the advance payments. Expenses incurred in such circumstances by other employees and other persons who may be entitled to indemnification hereunder may be paid in advance by the corporation upon such terms and conditions, if any, as the Board of Directors deems appropriate.

Section 6.3. Non-Exclusivity of Rights. The rights conferred on any person by this Article shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the certificate of incorporation, these bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

Section 6.4. Other Indemnification. The corporation's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or nonprofit entity shall be reduced by any amount such person may collect (i) as indemnification from such other corporation, partnership, joint venture, trust, enterprise or nonprofit entity or (ii) as beneficiary of, or insured under, any policy of insurance insuring against such liabilities and expenses covered by this Article.

Section 6.5. Amendment or Repeal. Any repeal or modification of the foregoing provisions of this Article shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

ARTICLE VII

Miscellaneous

Section 7.1. Fiscal Year. The fiscal year of the corporation shall be determined by resolution of the Board of Directors.

Section 7.2. Seal. The corporate seal shall have the name of the corporation inscribed thereon and shall be in such form as may be approved from time to time by the Board of Directors.

Section 7.3. Waiver of Notice of Meetings of Stockholders, Directors and Committees. Any written waiver of notice, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of any regular or special meeting of the stockholders, directors, or members of a committee of directors need be specified in any written waiver of notice.

Section 7.4. Interested Directors; Quorum. No contract or transaction between the corporation and one (1) or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one (1) or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if: (i) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof, or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

Section 7.5. Form of Records. Any records maintained by the corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or be in the form of, punch cards, magnetic tape, photographs,

microphotographs, or any other information storage device, provided that the records so kept can be converted into clearly legible form within a reasonable time.

Section 7.6. Amendment of By-Laws. These by-laws may be altered or repealed, and new bylaws made, by the Board of Directors to the extent permitted by the certificate of incorporation, but the stockholders may make additional bylaws and may alter and repeal any bylaws whether adopted by them or otherwise.

NUMBER
IN

INTEST CORPORATION

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

COMMON STOCK

SEE REVERSE FOR CERTAIN DEFINITIONS
CUSIP 461147 10 0 SHARES

THIS CERTIFIES THAT

IS THE OWNER OF

FULLY PAID AND NONASSESSABLE SHARES OF COMMON STOCK, \$0.01 PAR VALUE
PER SHARE OF
INTEST CORPORATION

(hereinafter called the "Corporation"), transferable on the books of the Corporation in person or by duly authorized attorney upon surrender of this certificate properly endorsed. The Corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class or series thereof, and the qualifications, limitations or restrictions of such preferences and/or rights.

This certificate is not valid unless countersigned by the Transfer Agent and registered by the Registrar.

Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

/s/ Hugh T. Regan

Secretary

/s/ Alyn R. Holt

Chief Executive Officer

[SEAL]

[On the lower right corner of the face of this certificate the following language appears]

Countersigned and Registered:
BANK BOSTON, N.A.
TRANSFER AGENT AND REGISTRAR

By:
AUTHORIZED SIGNATURE

THE CORPORATION WILL FURNISH TO ANY STOCKHOLDER UPON REQUEST AND WITHOUT CHARGE A FULL STATEMENT OF THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OF THE CORPORATION OR SERIES THEREOF AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND/OR RIGHTS. IF THE CORPORATION IS AUTHORIZED TO ISSUE ANY CLASS OF PREFERRED SHARES IN SERIES, THE CORPORATION WILL FURNISH THE DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS, PREFERENCES AND LIMITATIONS OF EACH SUCH SERIES, SO FAR AS THE SAME HAVE BEEN FIXED. SUCH REQUESTS MAY BE MADE TO THE CORPORATION OR TO ITS TRANSFER AGENT.

THE BOARD OF DIRECTORS OF THE CORPORATION IS AUTHORIZED BY RESOLUTION OR RESOLUTIONS FROM TIME TO TIME ADOPTED TO PROVIDE FOR THE ISSUANCE OF PREFERRED STOCK, IN SERIES, AND TO FIX AND STATE THE VOTING RIGHTS IF ANY, THE DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS, AND, QUALIFICATIONS, OR RESTRICTIONS OF SUCH SERIES. THE CORPORATION WILL FURNISH TO ANY SHAREHOLDER UPON REQUEST AND WITHOUT CHARGE A FULL DESCRIPTION OF EACH CLASS OF STOCK IN ANY SERIES THEREOF.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -	as tenants in common	UNIF TRAN MIN ACT -	_____ Custodian _____
TEN ENT -	as tenants by the entireties		(Cust) (Minor)
JT TEN -	as joint tenants with right of survivorship and not as tenants in common	under Uniform Transfers to Minors Act	_____

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, _____ hereby sell, assign and transfer unto _____ Shares of the Common Stock evidenced by this Certificate, and do hereby irrevocably constitute and appoint _____, Attorney, to transfer the said shares on the books of the Corporation with full power of substitution.

Dated _____, _____

Signature

Signature

In presence of: _____

NOTE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME OF THE STOCKHOLDER(S) AS WRITTEN UPON THE FACE OF THE CERTIFICATE, IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

LAW OFFICES OF
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June 5, 1997

inTEST Corporation
2 Pin Oak Lane
Cherry Hill, NJ 08003

Re: inTEST Corporation
Registration Statement on Form S-1

Ladies and Gentlemen:

We have acted as counsel to inTEST Corporation, a Delaware corporation (the "Company"), in connection with the preparation of a Registration Statement on Form S-1, as amended (the "Registration Statement"), filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Act"), relating to the public offering of up to 2,275,000 shares of the Company's common stock, par value \$0.01 per share (the "Common Stock"), of which 1,820,000 shares of authorized but heretofore unissued shares of Common Stock will be sold by the Company and 455,000 shares of Common Stock will be sold severally by the selling stockholders named in the Registration Statement (the "Selling Stockholders").

We have assumed for the purposes of this opinion that an Underwriting Agreement substantially in the form of that filed as Exhibit 1 to the Registration Statement (the "Underwriting Agreement") has been duly executed and delivered by the Company, the Selling Stockholders and Janney Montgomery Scott, Inc. and Needham & Company, Inc. as representatives of the several underwriters named therein (the "Underwriters"). The Registration Statement also relates to 341,250 shares of Common Stock that may be sold by the Selling Stockholders pursuant to the Underwriters' over-allotment option pursuant to the terms of the Underwriting Agreement. We have also assumed for the purposes of this opinion that the 300,443 shares of Common Stock to be issued in exchange for the minority interests of the Company's three foreign subsidiaries has taken place as contemplated by the Registration Statement.

We have reviewed (a) the Registration Statement; (b) the Company's Certificate of Incorporation and Bylaws; (c) certain records of the Company's corporate proceedings as reflected in its minute and stock books; and (d) such other documents and instruments as we have deemed necessary or appropriate for purposes of this opinion. In our examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with the original of all documents submitted to us as copies thereof.

Our opinion set forth below is limited to the General Corporation Law of the State of Delaware.

We are of the opinion that:

1. The shares of Common Stock to be issued by the Company to the Underwriters as described in the Registration Statement, when and to the extent purchased by the Underwriters in accordance with the Underwriting Agreement, will be legally issued, fully paid and non-assessable; and
2. The shares of Common Stock to be sold by the Selling Stockholders to the Underwriters as described in the Registration Statement have been legally issued and are fully paid and non-assessable.

We hereby consent to the use of this opinion as Exhibit 5 to the Registration Statement. In giving such opinion, we do not thereby admit that we are acting within the category of persons whose consent is required under Section 7 of the Act or the rules or regulations of the Securities and Exchange Commission thereunder.

The opinion expressed herein is solely for your benefit, and may be relied upon only by you.

Very truly yours,

/s/ Saul, Ewing, Remick & Saul

Consent of Independent Certified Public Accountants

The Board of Directors
inTEST Corporation:

The audits referred to in our report dated March 14, 1997, included the related financial statement schedule for each of the years in the three-year period ended December 31, 1996, included in the registration statement. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits. In our opinion, the financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We consent to the use of our reports included herein and to the references to our firm under the headings "Selected Consolidated Financial Data" and "Experts" in the prospectus.

/s/ KPMG Peat Marwick LLP
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Philadelphia, Pennsylvania
June 4, 1997

CONSENT OF RATNER & PRESTIA

We hereby consent to the reference to our firm under the headings "Legal Matters" and "Experts" in this Registration Statement and the related Prospectus of inTEST Corporation.

RATNER & PRESTIA

/s/ Allan Ratner

Allan Ratner

Berwyn, PA
June 5, 1997