

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q

(MARK ONE)

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

For the quarterly period ended September 30, 1998

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the transition period from ..... to .....

Commission File Number: 0-17995

CUSTOMTRACKS CORPORATION  
(Exact Name of Registrant as Specified in its Charter)

TEXAS  
(State of Incorporation)

75-2216818  
(I.R.S. Employer  
identification number)

13355 NOEL ROAD  
SUITE 1555  
DALLAS, TEXAS 75240-6604  
(Address of Principal Executive Offices)

(972) 702-7055  
(Registrant's Telephone Number, Including Area Code)

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED  
TO BE FILED BY SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING  
THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS  
REQUIRED TO FILE SUCH REPORTS) AND (2) HAS BEEN SUBJECT TO SUCH FILING  
REQUIREMENTS FOR THE PAST 90 DAYS.

YES X NO  
--- ---

INDICATE THE NUMBER OF SHARES OUTSTANDING OF EACH OF THE ISSUER'S CLASSES OF  
COMMON STOCK, AS OF THE LATEST PRACTICABLE DATE.

CLASS	OUTSTANDING AT OCTOBER 31, 1998
COMMON STOCK, PAR VALUE \$.01 PER SHARE	14,902,609

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PART I-FINANCIAL INFORMATION

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CUSTOMTRACKS CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	September 30, 1998 ----- (Unaudited)	December 31, 1997 -----
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 23,357	\$ 15,163
Short-term marketable securities	16,053	1,010
Accounts receivable, net of allowance for doubtful accounts of \$757,000 in 1998 and \$1,113,000 in 1997	14,935	31,559
Due from sale of businesses	1,884	--
Inventories	3,844	11,759
Prepaid expenses	436	801
	-----	-----
Total current assets	60,509	60,292
Property and equipment, at cost	7,826	28,907
Accumulated depreciation	(4,997)	(16,164)
	-----	-----
	2,829	12,743
Intangible assets, net	3,423	6,746
Other assets	601	5,742
	-----	-----
	\$ 67,362	\$ 85,523
	=====	=====
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 2,861	\$ 6,167
Accrued expenses	6,957	13,832
Deferred revenues	1,961	1,828
	-----	-----
Total current liabilities	11,779	21,827
Contingencies		
Stockholders' equity:		
Preferred stock, \$1 par value, 10,000,000 shares authorized; none issued	--	--
Common stock, \$.01 par value, 30,000,000 shares authorized; 17,194,509 issued, 14,902,609 outstanding in 1998 and 17,024,563 issued, 16,944,563 outstanding in 1997	172	170
Additional paid-in capital	86,998	86,045
Treasury stock, at cost	(11,314)	(393)
Accumulated deficit	(20,273)	(22,126)
	-----	-----
Total stockholders' equity	55,583	63,696
	-----	-----
	\$ 67,362	\$ 85,523
	=====	=====

See accompanying notes.

CUSTOMTRACKS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(In thousands, except per share data)

(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	1998	1997	1998	1997
Sales	\$ 15,936	\$ 30,185	\$ 76,024	\$ 83,215
Operating costs and expenses :				
Cost of sales	8,953	19,363	43,774	52,511
Research and development	446	3,008	4,818	8,780
Marketing, general and administrative	5,776	9,603	24,892	31,726
	15,175	31,974	73,484	93,017
Operating income (loss)	761	(1,789)	2,540	(9,802)
Investment income	582	159	1,154	894
Interest expense	--	--	--	(65)
Loss from sale of businesses, net	--	--	(1,561)	--
Income (loss) before income taxes	1,343	(1,630)	2,133	(8,973)
Provision for income taxes	76	37	280	2,713
Net income (loss)	\$ 1,267	\$ (1,667)	\$ 1,853	\$ (11,686)
Basic and diluted earnings (loss) per share	\$ 0.08	\$ (0.11)	\$ 0.11	\$ (0.79)
Shares used in computing earnings (loss) per share:				
Basic	14,903	14,723	16,134	14,723
Diluted	14,951	14,723	16,157	14,723

See accompanying notes.

CUSTOMTRACKS CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(In thousands)  
(Unaudited)

	Nine Months Ended September 30	
	1998	1997
Cash flows from operating activities:		
Net income (loss)	\$ 1,853	\$ (11,686)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	2,844	3,831
Loss from sale of businesses, net	1,561	--
Stock based compensation	516	--
Deferred income taxes	--	3,404
Change in assets and liabilities:		
Accounts receivable	(2,327)	(5,369)
Inventories	(1,650)	43
Prepaid expenses	120	538
Intangibles and other assets	242	832
Accounts payable and accrued expenses	(1,411)	2,395
Deferred income	133	(554)
Net cash provided (used) by operating activities	1,881	(6,566)
Cash flows from investing activities:		
Purchases of property and equipment	(2,089)	(1,559)
Proceeds from sale of TSG business, net of cash conveyed	20,847	--
Proceeds from sale of Cotag business unit	2,636	--
Purchase of Cardkey Systems	--	(1,868)
Purchases of marketable securities	(16,053)	(4,916)
Sales and maturities of marketable securities	1,010	10,854
Increase in other assets	(397)	(1,132)
Other	(52)	(66)
Net cash provided by investing activities	5,902	1,313
Cash flows from financing activities:		
Proceeds from issuance of common stock	340	--
Other	49	69
Net cash provided by financing activities	389	69
Effect of exchange rate changes on cash and cash equivalents	22	147
Increase (decrease) in cash and cash equivalents	8,194	(5,037)
Cash and cash equivalents, beginning of period	15,163	5,296
Cash and cash equivalents, end of period	\$ 23,357	\$ 259

See accompanying notes.

CUSTOMTRACKS CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

1. BASIS OF PRESENTATION

The accompanying financial statements, which should be read in conjunction with the audited consolidated financial statements included in the Company's 1997 Annual Report to Shareholders on Form 10-K, are unaudited but have been prepared in the ordinary course of business for the purpose of providing information with respect to the interim periods. The Condensed Consolidated Balance Sheet at December 31, 1997 was derived from the audited Consolidated Balance Sheet at that date which is not presented herein. Management of the Company believes that all adjustments necessary for a fair presentation for such periods have been included and are of a normal recurring nature except for the special charges as explained in Notes 3, 4 and 5. The results of operations for the nine-month period ended September 30, 1998 are not necessarily indicative of the results to be expected for the full year.

In 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS 130") effective for years beginning after December 15, 1997. SFAS 130 establishes standards for reporting and display of comprehensive income and its components in a full set of financial statements. The differences between net income and comprehensive income were not significant for the three-month and nine-month periods ended September 30, 1998.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," which is required to be adopted in years beginning after June 15, 1999. Because the Company does not currently use derivatives, management does not anticipate that the adoption of the new Statement will have a significant effect on earnings or the financial position of the Company.

Basic earnings per share is computed based on the weighted average number of shares of common stock outstanding. Diluted earnings per share includes the effect of dilutive employee stock options.

2. INVENTORIES

Inventories consist of the following:

	September 30, 1998	December 31, 1997
	-----	-----
Raw materials	\$1,533,000	\$ 4,956,000
Work in process	627,000	3,107,000
Finished goods	1,684,000	3,696,000
	-----	-----
	\$3,844,000	\$11,759,000
	=====	=====

3. DISPOSITION OF BUSINESSES

Transportation Systems Group

On June 11, 1998, the Company sold its Transportation Systems Group to UNOVA, Inc. ("UNOVA"), effective as of May 31, 1998, for approximately \$33,250,000 and recorded a gain of \$1,139,000 from the transaction. As consideration for the sale, the Company received approximately \$22,250,000 in cash and 2,211,900 unregistered shares of the Company's Common Stock that were previously purchased by UNOVA in late 1997 valued at approximately \$11,000,000. Included in UNOVA's purchase were the Company's manufacturing and technology facility in Albuquerque, New Mexico, the Company's radio frequency identification technologies and other intellectual properties, the brand name Amtech, and all current operations associated with the transportation business.

## Cotag International

On July 7, 1998, the Company sold the net assets of its Cotag International ("Cotag") business unit to Metric Gruppen AB ("Metric") of Solna, Sweden, effective as of June 30, 1998, for approximately \$4,400,000 and recorded a second quarter 1998 loss of \$2,700,000 from the transaction, including a \$2,800,000 write-off of intangible assets. The Company received approximately \$2,700,000 in July 1998 with the remaining \$1,700,000 to be received by January 1999. The Company may receive up to an estimated additional \$1,400,000, depending on the level and mix of Cotag revenues achieved in 1998 and 1999. Included in Metric's purchase is the brand name and intellectual property underlying Cotag's hands-free proximity technology, Cotag's manufacturing facility in Cambridge, England, and the ongoing business of the unit.

### 4. SPECIAL OPERATING AND INCOME TAX CHARGES

In July 1997, the Company announced that it would withdraw from the wireless LAN terminal market and seek buyers for its Interactive Data Group ("IDG"). Operating results include charges of \$1,650,000 in the three months and \$3,725,000 in the nine months ended September 30, 1997 for employee severance costs, winding up of operating activities and to reduce the assets of the IDG to their estimated net realizable values. Allocation of the charges to operating costs and expenses for the three months ended September 30, 1997 are \$800,000 in cost of sales, \$200,000 in research and development expense and \$750,000 in marketing, general and administrative expense, offset by \$100,000 in sales. Allocation of the charges to operating costs and expenses for the nine months ended September 30, 1997 are \$1,800,000 in cost of sales, \$300,000 in research and development expense and \$1,725,000 in marketing, general and administrative expense, offset by \$100,000 in sales. The IDG was sold in late 1997.

In the second quarter of 1997, in light of continued operating losses, the Company determined that future taxable income in the U.S. was uncertain. As a result, the provision for income taxes in the nine months ended September 30, 1997 includes \$4,680,000, representing the effect of establishing a valuation allowance for U.S. deferred tax assets, in accordance with the requirements of Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes."

### 5. MANAGEMENT CHANGE

On February 28, 1998, Mr. David P. Cook replaced the chairman, president and chief executive officer of the Company. The provisions of the former executive's severance agreement and various stock options resulted in a charge in the first quarter 1998 of approximately \$1,000,000, including a cash payment of approximately \$650,000, which is included in marketing, general and administrative expenses for the nine month period ended September 30, 1998.

As previously disclosed, the Company and Mr. Cook have entered into certain employment and option arrangements. The employment arrangement provides for a three year term, beginning April 29, 1998. Mr. Cook will receive no salary under the employment arrangement, although, as consideration for entering into the employment arrangement, Mr. Cook received an option to acquire 4,254,627 shares of the Company's Common Stock. The option exercise price is \$7.00 per share, which was twice the closing price of the Company's Common Stock on April 28, 1998. The options have a five year term, vest quarterly over two years, and are subject to accelerated vesting upon the occurrence of specified events.

## 6. NEW BUSINESS

Upon the completion of the sale of the balance of its Electronic Security Group (see Note 7), the Company will have exited the electronic identification business, its remaining revenue-generating business. As previously announced, the Company has entered the digital data distribution business, with a focus in the music arena. In connection with its entry into the digital data distribution business, the Company acquired Petabyte Corporation ("Petabyte"), a start-up enterprise founded by Mr. Cook, the Company's current chairman and chief executive officer. In consideration of the sale of Petabyte, the Company has paid Mr. Cook \$200,000 and has agreed to pay Mr. Cook four annual payments of \$200,000 each. The Company has the right to transfer the Petabyte enterprise to Mr. Cook in consideration of the cancellation of any annual payments not yet due. The Company is pursuing digital music content rights and, additionally, is evaluating other music-related Internet business opportunities.

The Company has engaged the services of a law firm to assist in obtaining exclusive or non-exclusive rights, or both, to certain music content rights. In exchange for these services, a wholly-owned subsidiary of the Company has agreed to issue options to acquire approximately 5% of the subsidiary's common stock, which is convertible into Common Stock of the Company. The number of Common Stock shares into which these options are convertible is based on a formula that is dependent upon the value of the subsidiary, which is imputed from the market value of the Company's Common Stock after subtracting the value of the Company's other assets. The options vest over a two year period or may accelerate depending upon the results of obtaining the exclusive or non-exclusive rights. The Company may terminate the engagement at any time and, in most circumstances, any options not vested would expire.

## 7. SUBSEQUENT EVENT

In November 1998, the Company signed a definitive agreement to sell the balance of its Electronic Security Group ("ESG"), comprised of Cardkey European Holdings Limited, Cardkey Systems Inc. and related entities, to Johnson Controls, Inc., in an all-cash transaction valued at approximately \$41,000,000, with the final amount depending on the book value of the ESG's net assets. The sale of the ESG is estimated to result in a fourth quarter net gain of approximately \$21,000,000 to \$23,000,000, after accounting for the net book value of the assets to be sold, the tax effects of the transaction and the associated transaction costs. The transaction is scheduled to close by early December, with an effective date of November 30, 1998, and is subject to the approval of the companies' boards of directors and normal governmental clearances.



ITEM 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

At the beginning of 1998, the Company was organized into two market oriented groups. The Electronic Security Group ("ESG"), which focuses on products and services for electronic access control applications, includes Cardkey European Holdings Limited, Cardkey Systems Inc. and related entities. The Transportation Systems Group ("TSG"), which included Amtech Systems Corporation, Amtech World Corporation and Amtech International S.A., developed and provided high-frequency radio frequency identification solutions to the transportation markets. These markets included electronic toll and traffic management ("ETTM"), rail, airport, parking and access control, intermodal and motor freight.

The Interactive Data Group ("IDG") business, consisting of WaveNet, Inc. and WaveNet International, Inc. was sold in November 1997.

On June 11, 1998, the Company sold its Transportation Systems Group to UNOVA, Inc. ("UNOVA"), effective as of May 31, 1998, for approximately \$33,250,000 and recorded a gain of \$1,139,000 from the transaction. As consideration for the sale, the Company received approximately \$22,250,000 in cash and 2,211,900 unregistered shares of the Company's Common Stock that were previously purchased by UNOVA in late 1997 valued at approximately \$11,000,000. Included in UNOVA's purchase were the Company's manufacturing and technology facility in Albuquerque, New Mexico, the Company's radio frequency identification technologies and other intellectual properties, the brand name Amtech, and all current operations associated with the transportation business.

On July 7, 1998, the Company sold the net assets of its Cotag International ("Cotag") business unit (formerly included in the ESG) to Metric Gruppen AB ("Metric") of Solna, Sweden, effective as of June 30, 1998, for approximately \$4,400,000 and recorded a second quarter 1998 loss of \$2,700,000 from the transaction, including a \$2,800,000 write-off of intangible assets. The Company received approximately \$2,700,000 in July 1998 with the remaining \$1,700,000 to be received by January 1999. The Company may receive up to an estimated additional \$1,400,000, depending on the level and mix of Cotag revenues achieved in 1998 and 1999. Included in Metric's purchase is the brand name and intellectual property underlying Cotag's hands-free proximity technology, Cotag's manufacturing facility in Cambridge, England, and the ongoing business of the unit.

In November 1998, the Company signed a definitive agreement to sell the balance of the ESG to Johnson Controls, Inc., in an all-cash transaction valued at approximately \$41,000,000, with the final amount depending on the book value of the ESG's net assets. The sale of the ESG is estimated to result in a fourth quarter net gain of approximately \$21,000,000 to \$23,000,000, after accounting for the net book value of the assets to be sold, the tax effects of the transaction and the associated transaction costs. The transaction is scheduled to close by early December, with an effective date of November 30, 1998, and is subject to the approval of the companies' boards of directors and normal governmental clearances.

Upon the completion of the sale of the balance of the ESG, the Company will have exited the electronic identification business, its remaining revenue-generating business. As previously announced, the Company has entered the digital data distribution business, with a focus in the music arena. In connection with its entry into the digital data distribution business, the Company acquired Petabyte Corporation ("Petabyte"), a start-up enterprise founded by Mr. Cook, the Company's current chairman and chief executive officer. In consideration of the sale of Petabyte, the Company has paid Mr. Cook \$200,000 and has agreed to pay Mr. Cook four annual payments of \$200,000 each. The Company has the right to transfer the Petabyte enterprise to Mr. Cook in consideration of the cancellation of any annual payments not yet due. The Company is pursuing digital music content rights and, additionally, is evaluating other music-related Internet business opportunities.

The sales of TSG, Cotag and IDG impact the comparability of the Company's 1998 results with those of 1997.

RESULTS OF OPERATIONS

Sales for the three months and nine months ended September 30, 1998 decreased \$14,249,000 or 47% and \$7,191,000 or 9%, respectively, from the comparable periods in 1997 primarily due to the disposition of the TSG and Cotag. Sales for the ESG decreased from \$16,951,000 in the third quarter of 1997 to \$15,936,000 for the comparable period in 1998 primarily due to the sale of Cotag, and increased from \$47,652,000 in the first nine months of 1997 to \$50,151,000 for the comparable period in 1998 primarily in its U.S.-based operations. The TSG's sales in the third quarter of 1997 were \$13,122,000, and decreased from \$35,092,000 in the first nine months of 1997 to \$25,873,000 for the comparable period in 1998.

Gross profit as a percentage of sales increased from 36% in 1997 to 44% in 1998 for the three month periods and from 37% in 1997 to 42% in 1998 for the nine month periods. The increase in the three month and nine month periods is primarily due to provisions in 1997 of \$800,000 and \$1,800,000, respectively, to adjust certain IDG assets to their estimated net realizable values. Also effecting the increase in the nine month period is an increase in TSG's gross profit margin from 32% in 1997 to 39% in 1998. This increase is due in part to improved gross profit margins on systems integration services work in the first half of 1998, although revenues of \$3,000,000 from the Florida Department of Transportation electronic toll collection contract had no gross profit margin as expected. Additionally, the TSG gross profit margin in 1998 increased as a result of lower manufacturing costs due to higher sales volumes of Company-manufactured products. The ESG's gross profit margin was 44% and 42% for the three month and nine month periods in 1998, respectively, as compared to 42% in both of the 1997 periods.

Research and development for the three months and nine months ended September 30, 1998 decreased \$2,562,000 or 85% and \$3,962,000 or 45% from the comparable periods in 1997, primarily due to the dispositions of the IDG in November 1997, the TSG effective May 1998 and the Cotag business unit effective June 1998. IDG expenditures were \$194,000 and \$899,000 for the three month and nine month periods in 1997. The TSG expenditures were \$2,018,000 in 1997 for the three month period and decreased from \$5,193,000 in 1997 to \$2,688,000 in 1998 for the nine month periods. The ESG expenditures decreased from \$796,000 in 1997 to \$446,000 in 1998 for the three month periods and from \$2,688,000 in 1997 to \$2,130,000 in 1998 for the nine month periods.

Marketing, general and administrative expenses for the three months and nine months ended September 30, 1998 decreased \$3,827,000 or 40% and \$6,834,000 or 22% from the comparable periods in 1997, primarily due to the dispositions of the IDG in November 1997, the TSG effective May 1998 and the Cotag business unit effective June 1998. IDG expenditures were \$786,000 and \$3,143,000 for the three month and nine month periods in 1997, including provisions of \$750,000 and \$1,725,000, respectively, for employee severance costs, winding-up of operating activities and adjusting certain assets to their estimated net realizable values. TSG expenditures were \$2,746,000 in 1997 for the three month period and decreased from \$9,420,000 in 1997 to \$4,938,000 in 1998 for the nine month periods. These expenditure reductions were partially offset during the nine month period in 1998 by an expense charge of approximately \$1,000,000 pursuant to the provisions of the Company's former chairman, president and chief executive officer's severance agreement and various stock options.

Investment income for the three months and nine months ended September 30, 1998 increased from \$159,000 to \$582,000 and increased from \$894,000 to \$1,154,000, respectively. The increase for both periods is attributable to the increase in invested cash and short-term marketable securities resulting from the sale of the TSG and Cotag.

The income tax provision of \$76,000 and \$280,000 for the three months and nine months ended September 30, 1998 consists primarily of state and foreign income taxes. The Company has net operating loss carryforwards available in the U.S. to offset a portion of its current tax expense. In the second quarter of 1997, in light of continued operating losses, the Company determined that future taxable income in the U.S. was uncertain. As a result, the provision for income taxes in the nine months ended September 30, 1997 includes \$4,680,000, representing the effect of establishing a valuation allowance for U.S. deferred tax assets, in accordance with the requirements of Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes."

As a result of the foregoing, the Company experienced net income of \$1,267,000 and \$1,853,000 for the three months and nine months ended September 30, 1998 as compared to a net loss of \$1,667,000 and \$11,686,000 for the same periods in 1997.

#### LIQUIDITY AND CAPITAL RESOURCES

At September 30, 1998, the Company's principal source of liquidity is its net working capital position of \$48,730,000 including cash and short-term marketable securities of \$39,410,000. After the sale of the ESG, as currently anticipated, the Company should have approximately \$80,000,000 in cash or equivalents. Pending the utilization of funds in new businesses, the Company plans to invest its cash in short-term high-grade commercial paper and U.S. government and agency securities.

## THE YEAR 2000 ISSUE

The Year 2000 Issue is the result of computer programs being written using two digits rather than four to define the applicable year. Upon completion of the sale of the balance of its Electronic Security Group, the Company will have exited its remaining revenue-generating business. Management believes that the Year 2000 Issue will not have a material impact on the Company.

## BUSINESS CONSIDERATIONS

Successful development of a start-up enterprise, particularly Internet related businesses, can be difficult and costly; there are no assurances of ultimate success and a start-up enterprise involves risks and uncertainties, including the following: (1) There are no assurances that the Company will be able to successfully develop its targeted businesses, that it will be able to compete effectively against similar or alternative digital data distribution businesses, that it will gain market acceptance, that it will not be made obsolete by further technological development, that it will be able to provide or attract the necessary capital, or that it will not encounter other, and even unanticipated, risks. (2) Use of the Internet by consumers, while growing, is still at an early stage of development, and market acceptance of the Internet as a medium for entertainment, commerce and information is still subject to a high level of uncertainty. (3) The Company may decide to exit the digital data distribution business at any time.

PART II - OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company held its annual meeting of shareholders on August 31, 1998. At this meeting, the shareholders elected as directors of the Company, David P. Cook, Michael E. Keane, James S. Marston, Jack L. Martin, Antonio R. Sanchez, Jr., and Dr. Ben G. Streetman. The tabulation of votes with respect to the election of directors is as follows:

Nominee -----	Shares For -----	Shares Withheld -----
David P. Cook	12,463,111	182,995
Michael E. Keane	12,464,366	181,740
James S. Marston	12,462,236	183,870
Jack L. Martin	12,451,992	194,114
Antonio R. Sanchez, Jr.	12,411,019	235,087
Dr. Ben G. Streetman	12,451,699	194,407

The shareholders voted to amend the Company's Articles of Incorporation to change the Company's name from Amtech Corporation to CustomTracks Corporation. The tabulation of the votes with respect to the Company's name change is as follows:

For	12,454,041
Against	152,122
Abstain	39,943

ITEM 5. OTHER INFORMATION

See Note 7, "SUBSEQUENT EVENT," to Condensed Consolidated Financial Statements regarding the pending sale of the balance of the Electronic Security Group.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

The following is a list of exhibits filed as part of this Quarterly Report on Form 10-Q.

DESCRIPTION OF EXHIBITS  
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- \* 3.1 Articles of Amendment to Articles of Incorporation of Amtech Corporation d/b/a AMTC Corporation, dated August 31, 1998.
- \* 3.2 Restated Bylaws of CustomTracks Corporation, dated August 31, 1998.
- \*10.1 CustomTracks Corporation 1990 Stock Option Plan (Amended and Restated as of August 1998).
- \*27.1 Financial Data Schedule.
- \*99.1 CustomTracks Corporation Press Release, dated November 9, 1998, pertaining to the proposed sale of Cardkey Systems.

- (b) The Registrant filed Form 8-K on July 21, 1998 to report the July 7, 1998 sale of its Cotag International unit, which was effective June 30, 1998, to Metric Gruppen AB. The report included a pro forma condensed consolidated balance sheet as of March 31, 1998 and pro forma condensed consolidated statements of operations for the year ended December 31, 1997 and the three months ended March 31, 1998.

-----  
\*Filed herewith.

SIGNATURE

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

CUSTOMTRACKS CORPORATION  
(Registrant)

Date: November 16, 1998

By: /s/Steve M. York

-----

Steve M. York  
Senior Vice President, Chief Financial  
Officer, and Treasurer  
(Principal Financial Officer and  
Duly Authorized Officer)

ARTICLES OF AMENDMENT  
TO THE  
ARTICLES OF INCORPORATION  
OF  
AMTECH CORPORATION  
d/b/a AMTC CORPORATION

Pursuant to the provisions of Article 4.04 of the Texas Business Corporation Act, as amended, the undersigned corporation adopts the following Articles of Amendment to its Articles of Incorporation:

ARTICLE ONE

The name of the corporation is Amtech Corporation d/b/a AMTC Corporation.

ARTICLE TWO

The following amendment to the Articles of Incorporation was adopted by the shareholders of the corporation on August 31, 1998. The amendment alters Article I of the original Articles of Incorporation, and the full text of Article I as amended is as follows:

"ARTICLE I

The name of the corporation is CustomTracks Corporation."

ARTICLE THREE

The number of shares of the corporation outstanding at the time of the adoption of the above amendment was 14,902,609, and the number of shares entitled to vote on the amendment was 14,902,609.

ARTICLE FOUR

The number of shares of the corporation voted for the above amendment were 12,454,041, and the number of shares voted against the amendment were 152,122.

Dated: August 31, 1998

AMTECH CORPORATION  
d/b/a AMTC CORPORATION

By: /s/ Ronald A. Woessner  
-----  
Ronald A. Woessner, Secretary

RESTATED BYLAWS  
OF  
CUSTOMTRACKS CORPORATION  
AUGUST 31, 1998

RESTATED BYLAWS  
OF  
CUSTOMTRACKS CORPORATION

ARTICLE I

Offices

1. Principal Office. The principal office of the Corporation shall be located in the City of Dallas, County of Dallas, State of Texas. The Corporation also may have offices at such other places, both within and without the State of Texas, as the Board of Directors may from time to time determine or the business of the Corporation may require.

2. Registered Office. The registered office of the Corporation, required by the Texas Business Corporation Act (the "Act") to be maintained in the State of Texas, may be, but need not be, the same as its principal place of business in the State of Texas or the business office of a domestic or foreign corporation authorized to transact business in the State of Texas. The address of the registered office of the corporation may be changed from time to time by resolution of the Board of Directors.

ARTICLE II

Shareholders

1. Time and Place of Meeting. Meetings of the shareholders shall be held at such times and at such places, within or without the State of Texas, as shall be determined by the Board of Directors.

2. Annual Meetings. Annual meetings of shareholders shall be held on such date and at such time and place during the fourth month of each fiscal year (beginning in 1988) as shall be determined by the Board of Directors of the Corporation, at which they shall elect a Board of Directors and transact such other business as may properly be brought before the meeting. The date of the annual meeting of the shareholders may be a date or time different than that set forth above if the Board of Directors so determines and so states in the notice of the meeting or in a duly executed waiver thereof.

3. Special Meetings. Special meetings of the shareholders may be called at any time by the President or the Board of Directors, and shall be called by the President or the Secretary at the request in writing of a majority of the Board of Directors or at the request in writing of the holders of not less than ten percent (10%) of all the shares issued, outstanding and entitled to vote at the meeting. Such request shall state the purpose or purposes of the proposed meeting. Business transacted at special meetings shall be confined to the purposes stated in the notice of the meeting.



4. Notice. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the discretion of the President, the Secretary, or the officer or person calling the meeting, to each shareholder entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the shareholder at his address as it appears on the share transfer records of the Corporation.

5. Closing of Share Transfer Records and Fixing Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose (other than determining shareholders entitled to consent to action by shareholders proposed to be taken without a meeting of shareholders), the Board of Directors of the Corporation may provide that the share transfer records shall be closed for a stated period but not to exceed, in any case, sixty (60) days. If the share transfer records shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such records shall be closed for at least ten (10) days immediately preceding such meeting. In lieu of closing the share transfer records, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than sixty (60) days and, in the case of a meeting of shareholders, not less than ten (10) days, prior to the date on which the particular action requiring such determination of shareholders is to be taken. If the share transfer records are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof except where the determination has been made through the closing of the share transfer records and the stated period of closing has expired.

Unless a record date shall have previously been fixed or determined pursuant to this section, whenever action by shareholders is proposed to be taken by consent in writing without a meeting of shareholders, the Board of Directors may fix a record date for the purpose of determining shareholders entitled to consent to that action, which record date shall not precede, and shall not be more than ten (10) days after, the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors and the prior action of the Board of Directors is not required by this section, the record date for determining shareholders entitled to consent to action in writing without a meeting 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 by delivery to its registered office, its principal place of business, or an officer or agent of the Corporation having custody of the books in which proceedings of meetings of shareholders are recorded. Delivery shall be by hand or by certified or registered mail, return receipt requested. Delivery to the Corporation's principal place of business shall be addressed to the President. If no record date shall have been fixed by the Board of Directors and prior action of the Board of Directors is required by this section, the record date for determining shareholders entitled to consent to action in writing without a meeting shall be at the close of business on the date on which the Board of Directors adopts a resolution taking such prior action.

6. Voting List. The officer or agent of the Corporation having charge of the stock transfer books for shares of the Corporation shall make, at least ten (10) days before each meeting of the shareholders, a complete list of the shareholders entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address of and the number of voting shares held by each, which list, for a period of ten (10) days prior to such meeting, shall be kept on file at the registered office or principal place of business of the Corporation and shall be subject to inspection by any shareholder at any time during the usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original stock transfer books shall be prima facie evidence as to who are the shareholders entitled to examine such list or transfer books or to vote at any meetings of shareholders.

7. Quorum. A quorum shall be present at all meetings of shareholders for the transaction of business if the holders of a majority of the issued and outstanding shares entitled to vote are represented at the meeting in person or by proxy, unless otherwise provided in the Articles of Incorporation or the Act. However, the shareholders represented in person or by proxy at a meeting of shareholders at which a quorum is not present may adjourn the meeting until such time and to such place as may be determined by a vote of the holders of a majority of the shares represented in person or by proxy at that meeting. Once a quorum is present at a meeting of shareholders, the shareholders represented in person or by proxy at the meeting may conduct such business as may be properly brought before the meeting until it is adjourned, and the subsequent withdrawal from the meeting of any shareholder or the refusal of any shareholder represented in person or by proxy to vote shall not affect the presence of a quorum at the meeting.

8. Voting. With respect to any matter, other than the election of directors or a matter for which the affirmative vote of the holders of a specified portion of the shares entitled to vote is required by this section, the affirmative vote of the holders of a majority of the shares entitled to vote on that matter and represented in person or by proxy at a meeting of shareholders at which a quorum is present shall be the act of the shareholders.

Directors shall be elected by a plurality of the votes cast by the holders of shares entitled to vote in the election of directors at a meeting of shareholders at which a quorum is present.

Each shareholder shall at every meeting of the shareholders be entitled to one vote in person or by proxy for each share having voting power held by such shareholder, except to the extent that the voting rights of the shares of any class or classes are limited or denied by the Articles of Incorporation. At each election for directors every shareholder shall be entitled to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected and for whose election he has a right to vote. Cumulative voting is prohibited by the Articles of Incorporation. Every proxy must be executed in writing by the shareholder. A telegram, telex, cablegram, or similar transmission by the shareholder, or a photographic, photostatic, facsimile, or similar reproduction of a writing executed by the shareholder, shall be treated as an execution in writing for purposes of this section. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided therein. Each proxy shall be revocable unless expressly provided therein to be irrevocable or unless otherwise made irrevocable by law.

An irrevocable proxy, if noted conspicuously on the certificate representing the shares that are subject to the irrevocable proxy, shall be specifically enforceable against the holder of those shares or any successor or transferee of the holder. Unless noted conspicuously on the certificate representing the shares that are subject to the irrevocable proxy, an irrevocable proxy, even though otherwise enforceable, is ineffective against a transferee for value without actual knowledge of the existence of the irrevocable proxy at the time of the transfer or against any subsequent transferee (whether or not for value), but such an irrevocable proxy shall be specifically enforceable against any other person who is not a transferee for value from and after the time that the person acquires actual knowledge of the existence of the irrevocable proxy.

Shares registered in the name of another corporation may be voted by such officer, agent or proxy as the bylaws of such corporation may prescribe or, in the absence of such provisions, as the board of directors of such corporation may determine.

Shares held by an administrator, executor, guardian or conservator may be voted by him, either in person or by proxy, without a transfer of such shares into his name. Shares standing in the name of a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to vote shares held by him without a transfer of such shares into his name as trustee.

Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without being transferred into his name, if such authority is contained in an appropriate order of the court that appointed the receiver.

A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

Shares of its own stock belonging to the Corporation or held by it in a fiduciary capacity shall not be voted, directly or indirectly, at any meeting, and shall not be counted in determining the total number of outstanding shares at any given time.

9. Action by Unanimous Consent. Any action required to be taken at any annual or special meeting of shareholders, or any action which may be taken at any annual or special meeting of shareholders, 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 have been signed by the holder or holders of all the shares entitled to vote with respect to the action that is the subject of the consent.

Every written consent shall bear the date of signature of each shareholder who signs the consent. No written consent shall be effective to take the action that is the subject of the consent unless, within sixty (60) days after the date of the earliest dated consent delivered to the corporation in the manner required by this section, a consent or consents signed by the holder or holders of shares having not less than the minimum number of votes that would be necessary to take the action that is the subject of the consent are delivered to the Corporation by delivery to its registered office, its principal place of business, or an officer or agent of the corporation having custody of the books in which proceedings of meetings of shareholders are recorded. Delivery shall be by hand or certified or registered mail, return receipt requested. Delivery to the Corporation's principal place of business shall be addressed to the President.

A telegram, telex, cablegram, or similar transmission by a shareholder, or a photographic, photostatic, facsimile, or similar reproduction of a writing signed by a shareholder, shall be regarded as signed by the shareholder for purposes of this section.

Prompt notice of the taking of any action by shareholders without a meeting by less than unanimous written consent shall be given to those shareholders who did not consent in writing to the action.

If any action by shareholders is taken by written consent, any articles or documents filed with the Secretary of State of the State of Texas as a result of the taking of the action shall state, in lieu of any statement required by this section or by the Act concerning any vote of shareholders, that written consent has been given in accordance with the provisions of this section and that any written notice required by this section has been given.

10. Presence at Meetings by Means of Communication Equipment. Shareholders may participate in and hold a meeting of such shareholders 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 section shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

### ARTICLE III

#### Directors

1. Number of Directors. The number of directors of the Corporation shall be fixed from time to time by resolution of the Board of Directors. Until otherwise fixed by resolution of the Board of Directors, the number of directors shall be six. No decrease in the number of directors shall have the effect of reducing the term of any incumbent director. Directors shall be elected at the annual meeting of the holders of shares entitled to vote in the election of directors, except as provided in Section 2 of this Article III, and each director shall hold office until (i) his successor is elected and qualified, (ii) he dies, (iii) he resigns, or (iv) he is removed. Directors need not be residents of the State of Texas or shareholders of the Corporation.

2. Vacancies. Subject to other provisions of this section, any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors, though the remaining directors may constitute less than a quorum of the Board of Directors as fixed by Section 10 of this Article III. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors may be filled by unanimous vote of the existing directors; provided, however, that the Board of Directors may not fill more than two (2) such directorships during the period between any two (2) successive annual meetings of shareholders. Any vacancy occurring in the Board of Directors or any directorship to be filled by reason of an increase in the number of directors may be filled by election at an annual or special meeting of the shareholders called for that purpose. Shareholders holding a majority of the issued and outstanding shares entitled to vote may, at any time, terminate the term of office of all or any of the directors, with or without cause, by a vote at any annual or special meeting, or by written consent, signed by the holders of all of such shares, and filed with the secretary or, in his absence, with any other officer. Such removal shall be effective immediately upon such shareholder action even if successors are not elected simultaneously, and

the vacancies on the Board of Directors caused by such action shall be filled only by election by the shareholders. Furthermore, the Board of Directors may, by the vote or by the written consent of 66% or more of the entire Board of Directors, terminate the term of office of any director who was within the previous 90 day period an employee of the Corporation (or one or more of its affiliates) but who is no longer an employee of the Corporation or of any of its affiliates. Such removal shall be effective immediately upon such action by the Board of Directors even if a successor is not elected simultaneously.

3. General Powers. The business of the Corporation shall be managed by its Board of Directors, which may exercise all powers of the Corporation and do all such lawful acts and things, as are not by the Act, the Articles of Incorporation or these Bylaws directed or required to be exercised or done by the shareholders.

4. Place of Meetings. The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Texas.

5. Annual Meetings. The first meeting of each newly elected Board of Directors shall be held, without further notice, immediately following the annual meeting of shareholders at which such directors were elected, provided a quorum shall be present. In the event such meeting is not held immediately following the annual meeting, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver of notice signed by all of the directors.

6. Regular Meetings. Regular meetings of the Board of Directors shall be held without special notice at such time and at such place as shall from time to time be determined by the Board of Directors.

7. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President, and shall be called by the Secretary on the written request of a majority of the incumbent directors. The person or persons authorized to call special meetings of the Board of Directors may fix the place for holding any special meeting of the Board of Directors called by them.

8. Notice of Special Meetings. Notice of any special meetings shall be given at least forty-eight (48) hours prior thereto if given either personally (including written notice delivered personally or telephone notice) or by telegram, and at least one hundred twenty (120) hours prior thereto if given by written notice mailed to each director at the address of his business or residence. If mailed, the notice shall be deemed to be delivered when deposited in the United States mail addressed, in the above-specified manner, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice for such meeting.

9. Waiver of Notice. Any director may waive notice of any meeting, as provided in Article IV, Section 2, of these Bylaws. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

10. Quorum and Voting. At all meetings of the Board of Directors, the presence of a majority of the number of directors fixed by Article III, Section 1, of these Bylaws shall constitute a quorum for the transaction of business, and the affirmative vote of at least a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by the Act, the Articles of Incorporation or these Bylaws. If a quorum shall not be present at any meeting of the Board of Directors, a majority of the directors present thereat may adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum shall be present.

11. Committees. The Board of Directors by resolution passed by a majority of the full Board of Directors may designate an Executive Committee, to consist of two or more directors, one of whom shall be designated as Chairman and shall preside at all meetings of such Executive Committee and at least one of whom shall be a person other than an officer or employee of the Corporation or its subsidiaries. The Board of Directors may also designate one or more directors to be alternate members of such Executive Committee, who may, subject to any limitations imposed by the Board of Directors, replace absent or disqualified members at any meeting of the Executive Committee. At any meeting of the Executive Committee a majority of the members of the Executive Committee shall constitute a quorum for the transaction of business, and the act of a majority of the members present at any meeting at which a quorum is present shall be the act of the Executive Committee. To the extent provided in the resolution of the Board of Directors, the Executive Committee shall have and may exercise all of the authority of the Board of Directors, and shall have power to authorize the seal of the corporation to be affixed to all papers which may require it, subject to the limitations set forth in the Act, the Articles of Incorporation or these Bylaws; provided, however, that the Executive Committee shall not have the authority to authorize the issuance of shares of stock of the Corporation or to declare dividends with respect to shares of stock of the Corporation. The designation of such Executive Committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed upon it or him by law. Meetings of the Executive Committee may be called and notices given in the same manner as calling and giving notice of special meetings of the Board of Directors. Any member of the Executive Committee may be removed, for or without cause, by the affirmative vote of a majority of the full Board of Directors. If any permanent vacancy or vacancies occur in the Executive Committee, such vacancy or vacancies shall be filled by the affirmative vote of a majority of the full Board of Directors.

The Board of Directors by resolution passed by a majority of the full Board of Directors may designate other committees, each committee to consist of two or more directors, one of whom shall be designated as Chairman and shall preside at all meetings of such committee. The Board of Directors may also designate one or more directors to be alternate members of any committee, who may, subject to any limitations imposed by the Board of Directors, replace absent or disqualified members at any meeting of that committee. To the extent provided in the resolution of the Board of Directors, the committees shall have such power and authority and shall perform such functions as may be provided in such resolution, subject to the limitations set forth in the Act, the Articles of Incorporation or these Bylaws. At any meeting of the committee a majority of the members of the committee shall constitute a quorum for the transaction of business, and the act of a majority of the members present at any meeting at which a quorum is present shall be the act of the committee. Such committee or committees shall have such name or names as may be designated by the Board of Directors.

The Executive Committee and all other such committees shall keep regular minutes of their proceedings and report the same to the Board of Directors at the meeting of the Board of Directors next succeeding such action.

12. Compensation of Directors. Directors, as such, shall not receive any stated salary for their services, but by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board of Directors. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of any committee may, by resolution of the Board of Directors, be allowed like compensation for attending meetings of such committee.

13. Action by Unanimous Written Consent. Any action required or permitted to be taken at any meeting of the Board of Directors or of a committee designated by the Board of Directors may be taken without a meeting if a written consent, setting forth the action so taken, is signed by all the members of the Board of Directors or the committee, as the case may be, and such consent shall have the same force and effect as a unanimous vote at a meeting.

14. Presence at Meetings by Means of Communication Equipment. Members of the Board of Directors of the Corporation or any committee designated by the Board of Directors may participate in and hold a meeting of the Board of Directors or such committee 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 section shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

#### ARTICLE IV

##### Notices

1. Form of Notice. Whenever under the provisions of the Act, the Articles of Incorporation or these Bylaws, notice is required to be given to any director or shareholder, and no provision is made as to how such notice shall be given, such notice shall be given in writing, by mail, postage prepaid, addressed to such director or shareholder at such address as appears on the books of the Corporation, provided that such notice as is required to be given to any director also may be given either personally (including written notice delivered personally or telephone notice) or by prepaid facsimile. Any notice required or permitted to be given by mail shall be deemed to be given at the time when the same is deposited in the United States mail addressed in the above-specified manner, with postage thereon prepaid.

2. Waiver. Whenever any notice is required to be given to any director or shareholder of the Corporation under the provisions of the Act, the Articles of Incorporation or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated in such notice, shall be equivalent to the giving of such notice.

## ARTICLE V

### Officers

1. General. The elected officers of the Corporation shall be a President, one or more Vice Presidents, with or without such descriptive titles as the Board of Directors shall deem appropriate, a Secretary and a Treasurer. The Board of Directors by resolution may also appoint one or more Assistant Secretaries, Assistant Treasurers and such other officers and assistant officers and agents as from time to time may appear to be necessary or advisable in the conduct of the affairs of the Corporation. Any two or more offices may be held by the same person.

2. Election. The Board of Directors at its first meeting after each annual meeting of the shareholders shall elect and appoint the officers to fill the positions designated in Section 1 of this Article V. The Board of Directors may appoint such other officers and agents as it shall deem necessary and may determine the salaries of all officers and agents from time to time. The officers shall hold office until their successors are chosen and qualified. Any officer elected or appointed by the Board of Directors may be removed, for or without cause, at any time by a majority vote of the directors present at a meeting of the Board of Directors at which a quorum is present, when in its judgment the best interest of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the persons so removed. Election or appointment of an officer or agent shall not of itself create contract rights. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise shall be filled by the Board of Directors.

3. Chairman of the Board. The Chairman of the Board shall be chosen from among the non-employee directors. He shall preside at all meetings of the Board of Directors, unless he shall be absent or unless he shall, at his election, designate the President to preside in his stead, and shall have such incidental powers and duties as are related to the conduct of such meetings. The Chairman of the Board shall also be an ex-officio member of all standing committees.

4. President. The President shall be the Chief Executive Officer of the Corporation and shall be responsible for the operations and business affairs of the Corporation. He shall preside at all meetings of the shareholders and of the Board of Directors in the absence of the Chairman of the Board, unless he shall be absent or unless he shall, at his election, designate another officer to preside in his stead. He shall, in general, have supervisory power over all of the other officers and the business activities of the Corporation, subject to the direction of the Board of Directors. He shall have authority to execute bonds, deeds and contracts in the name of the Corporation and to affix the corporate seal thereto; to sign stock certificates; to cause the employment or appointment of such employees and agents of the Corporation as the proper conduct of operations may require, and to fix their compensation, subject to the provisions of these Bylaws and such resolutions as may be adopted by the Board of Directors from time-to-time; to remove or suspend any employee or agent who shall have been employed or appointed under his authority or under authority of an officer subordinate to him; to suspend for cause, pending final action by the Board of Directors which shall have supervisory power over him, any officer subordinate to him and, in general, to exercise all powers usually pertaining to the office of the President of a corporation, except as otherwise provided in these Bylaws. The President shall see that all orders and resolutions of the Board of Directors and committees thereof are carried into effect.



5. Vice Presidents. The Vice President or, if there be more than one, the Vice Presidents, shall perform all such duties and services as shall be assigned to or required of them from time to time by the Board of Directors, the Executive Committee and any officer superior to him.

6. Secretary and Assistant Secretaries. The Secretary shall attend all meetings of the Board of Directors and all meetings of the shareholders and record all proceedings of the meetings of the shareholders of the Corporation and of the Board of Directors in a book to be kept for that purpose, and shall perform like duties for the Executive Committee when required. He shall give, or cause to be given, notice of all meetings of the shareholders and meetings of the Board of Directors. He shall have charge of the seal of the Corporation and have authority to affix the same to any instrument requiring it, and when so affixed, it shall be attested by his signature or by the signature of the Treasurer, an Assistant Secretary or an Assistant Treasurer, which may be in facsimile. He shall keep and account for all books, documents, papers and records of the Corporation except those for which some other officer or agent is properly accountable. He shall have authority to sign stock certificates, and shall generally perform all the duties usually appertaining to the office of the Secretary of a corporation.

Assistant Secretaries, in the order of their seniority unless otherwise determined by the Board of Directors, shall assist the Secretary, and in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary. They shall perform such other duties and have such other powers as the Board of Directors may prescribe from time to time.

7. Treasurer and Assistant Treasurers. The Treasurer shall be the chief financial officer of the Corporation and shall have active control of and shall be responsible for all matters pertaining to the finances of the Corporation. He shall have the care and custody of all monies, funds and securities of the Corporation and shall deposit all monies and other valuable effects in the name of and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. He shall cause to be recorded a statement of all receipts and disbursements of the Corporation in order that proper entries may be made in the books of account. He shall have the power to sign stock certificates, to endorse for deposit or collection, or otherwise, all checks, drafts, notes, bills of exchange, or other commercial paper payable to the Corporation, and to give proper receipts or discharges for all payments to the Corporation. He shall be responsible for all terms of credit granted by the Corporation and for the collection of all of its accounts. If required by the Board of Directors, the Treasurer shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

Assistant Treasurers, in the order of their seniority unless otherwise determined by the Board of Directors, shall assist the Treasurer, and in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer. They shall perform such other duties and have such other powers as the Board of Directors may prescribe from time to time.

8. Bonding. If required by the Board of Directors, all or certain of the officers shall give the Corporation a bond in such form, in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors, for the faithful performance of the duties of their office and for the restoration to the

Corporation, in case of their death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in their possession or under their control belonging to the Corporation.

## ARTICLE VI

### Certificates Representing Shares

1. Form of Certificates. The Corporation shall deliver certificates representing all shares to which shareholders are entitled. Certificates representing shares of the Corporation shall be in such form as shall be determined by the Board of Directors and shall be numbered consecutively and entered in the books of the Corporation as they are issued. Each certificate shall state on the face thereof that the Corporation is organized under the laws of the State of Texas; the name of the registered holder; the number, class of shares and the designation of the series, if any, which said certificate represents; and either the par value of the shares or a statement that the shares are without par value. Each certificate shall also set forth on the back thereof, a full or summary statement of matters required by the Act or the Articles of Incorporation to be described on certificates representing shares, and shall contain a statement on the face thereof referring to the matters set forth on the back thereof. Certificates shall be signed by the President and the Secretary or any Assistant Secretary, and may be sealed with the seal of the Corporation or a facsimile thereof. If any certificate is countersigned by a transfer agent or registered by a registrar, either of which is other than the Corporation or an employee of the Corporation, the signatures of the Corporation's officers may be facsimiles. In case any officer or officers who have signed, or whose facsimile signature or signatures have been used on such certificate or certificates, shall cease to be such officer or officers of the Corporation, whether because of death, resignation or otherwise, before such certificate or certificates have been delivered by the Corporation or its agents, such certificate or certificates may be adopted, nevertheless, by the Corporation and issued and delivered as though the person or persons who signed the certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to be such officer or officers of the Corporation.

2. Restrictions on Transferability of Shares. In the event any restriction on the transfer, or registration of the transfer, of shares shall be imposed or agreed to by the Corporation, as permitted by law, each certificate representing shares so restricted shall conspicuously set forth a full or summary statement of the restriction on the face of the certificate, or shall set forth such statement on the back of the certificate and conspicuously refer to the same on the face of the certificate, or shall conspicuously state on the face or back of the certificate that such restriction exists pursuant to a specified document and that the Corporation will furnish to the holder of the certificate without charge upon written request to the Corporation at its principal place of business or registered office a copy of the specified document.

3. Lost Certificates. The Corporation may direct that a new certificate or certificates be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate to be lost or destroyed. When authorizing the issuance of a new certificate or certificates, the Board of Directors, in its discretion and as a condition precedent to the issuance thereof, may require the owner of the lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and give the Corporation a bond in such form, in such sum, and with such surety or sureties as the Corporation may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost or destroyed.

4. Transfer of Shares. Shares of stock shall be transferable on the books of the Corporation by the holder thereof in person or by his duly authorized attorney. Subject to any restrictions on transfer set forth in the Articles of Incorporation of the Corporation, these Bylaws or any agreement among shareholders to which the Corporation is a party or has notice, upon surrender to the Corporation or to the transfer agent of the Corporation of the certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation or the transfer agent of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

5. Registered Shareholders. The Corporation shall be entitled to recognize the holder of record of any share or shares of stock as the holder in fact thereof and, accordingly, 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 VII

### Indemnification

1. Indemnity. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative and including, without limitation, any "proceeding" referred to in art. 2.02-1 of the Texas Business Corporation Act (hereinafter a "proceeding"), by reason of the fact that he or she, or a person of whom he or she 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 or officer of another corporation or of a partnership, joint venture, trust, or other enterprise, including service with respect to an employee benefit plan (hereinafter an "Indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director or officer or in any other capacity while serving as a director or officer shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Texas Business Corporation Act or other applicable law of the State of Texas, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than permitted prior thereto), against all expense, liability, and loss (including, without limitation, attorneys' fees, judgments, fines, ERISA excise taxes or penalties, and amounts paid or to be paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith, and such indemnification shall continue as to an Indemnitee who has ceased to be a director or officer and shall inure to the benefit of the Indemnitee's heirs, executors, and administrators; provided, however, that, except for a proceeding brought by an Indemnitee to enforce his or her rights to indemnification, the Corporation shall indemnify any such Indemnitee in connection with a proceeding (or part thereof) initiated by such Indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. The right to indemnification conferred in this Article VII shall be a contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the Texas Business Corporation Act or other applicable law of the State of Texas requires, an advancement of expenses incurred by an Indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such Indemnitee, including,

without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking complying in all respects with the requirements of the Texas Business Corporation Act or other applicable law of the State of Texas (hereinafter an "undertaking"), by or on behalf of such Indemnatee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such Indemnatee is not entitled to be indemnified for such expenses under this Article VII or otherwise. If the Corporation makes an advancement of expenses to an Indemnatee, the Corporation shall be subrogated to every right of recovery the Indemnatee may have against any insurance carrier from whom the Corporation has purchased insurance for such purpose.

2. Remedy. If a claim under this Article VII is not paid in full by the Corporation within 60 days after a written claim has been received by the Corporation, the Indemnatee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Indemnatee shall be entitled to be paid also the expense of prosecuting or defending such suit, including, without limitation, any appeal. In (i) any suit brought by the Indemnatee to enforce a right to indemnification (but not in a suit brought by the Indemnatee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking the Corporation shall be entitled to recover such expenses upon a final adjudication that, the Indemnatee has not met the applicable standard of conduct set forth in the Texas Business Corporation Act or other applicable law of the State of Texas. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its shareholders) to have made a determination prior to the commencement of such suit that the Indemnatee met the applicable standard of conduct set forth in the Texas Business Corporation Act or other applicable law of the State of Texas, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its shareholders) that the Indemnatee has not met such applicable standard of conduct, shall create a presumption that the Indemnatee has not met the applicable standard of conduct or, in the case of such a suit brought by the Indemnatee, be a defense to such suit. In any suit brought by the Indemnatee to enforce a right to indemnification or to an advancement of expenses or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the Indemnatee is not entitled to be indemnified, or to such advancement of expenses, under this Article VII or otherwise, shall be on the Corporation.

3. Employees and Agents. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article VII with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

4. Partial Indemnification; Interest.

(A) If it is determined pursuant to the provisions of the Texas Business Corporation Act or other applicable law of the State of Texas, or by the court before which such action was brought, that an Indemnatee is entitled to indemnification as to some claims, issues, or matters, but not as to other claims, issues, or matters, involved in any action, no matter by whom brought, the person or persons making such determination (or the court) shall authorize the reasonable proration of such expenses, judgments, penalties, fines, and amounts incurred in settlement with respect to which indemnification is sought by the Indemnatee, among such claims, issues, or matters as the person or persons making such determination (or

the court) shall deem appropriate in light of all of the circumstances of such action.

(B) If it is determined pursuant to the provisions of the Texas Business Corporation Act or other applicable law of the State of Texas, or by the court before which such action was brought, that certain amounts incurred by the Indemnitee are, for whatever reason, unreasonable in amount, the person or persons making such determination (or the court) shall authorize indemnification to be paid by the Corporation to the Indemnitee for only such amounts as the person or persons making such determination (or the court) shall deem reasonable in light of all of the circumstances of such action.

(C) To the extent deemed appropriate pursuant to the provisions of the Texas Business Corporation Act or other applicable law of the State of Texas, or by the court before which such action was brought, interest shall be paid by the Corporation to the Indemnitee, at a reasonable interest rate, for amounts for which the Corporation indemnifies the Indemnitee.

5. Nonexclusivity. The right to indemnification and advancement of expenses provided to an Indemnitee pursuant to this Article VII shall not be deemed exclusive of any other rights to which the Indemnitee may be entitled under any charter provision, bylaw, agreement, resolution, vote of shareholders or disinterested directors, or otherwise, including, without limitation, under the Texas Business Corporation Act or other applicable law of the State of Texas, as then in effect, both as to acts in his or her official capacity and as to acts in any other capacity.

6. Insurance.

(A) The Corporation may purchase and maintain insurance on behalf of an Indemnitee against any liability asserted against him or her or incurred by or on behalf of him or her whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of this Article VII or under the Texas Business Corporation Act or other applicable law of the State of Texas, as then in effect. The purchase and maintenance of such insurance shall not in any way limit or affect the rights and obligations of the Corporation or an Indemnitee under this Article VII and the adoption of this Article VII by the Corporation shall not in any way limit or affect the rights and obligations of the Corporation or of the other party or parties thereto under any such policy or agreement of insurance.

(B) If the Indemnitee shall receive payment from any insurance carrier or from the plaintiff in any action against the Indemnitee in respect of indemnified amounts after payments on account of all or part of such indemnified amounts have been made by the Corporation pursuant to this Article VII, the Indemnitee shall promptly reimburse the Corporation for the amount, if any, by which the sum of such payment by such insurance carrier or such plaintiff and payments by the Corporation to the Indemnitee exceeds such indemnified amounts; provided, however, that such portions, if any, of such insurance proceeds that are required to be reimbursed to the insurance carrier under the terms of its insurance policy, such as deductible or coinsurance payments, shall not be deemed to be payments to the Indemnitee hereunder. In addition, upon payment of indemnified amounts under this Article VII, the Corporation shall be subrogated to the Indemnitee's rights against any insurance carrier in respect of such indemnified amounts and the Indemnitee shall execute and deliver any and all instruments and documents and perform any and all other acts and deeds that the Corporation deems reasonably necessary or advisable to secure such rights.

7. Witness Expenses. Upon an Indemnitee's written request, the Corporation shall pay (in advance or otherwise) or reimburse any and all expenses reasonably incurred by the Indemnitee in

connection with his or her appearance as a witness in any proceeding at a time when he has not been formally named a defendant or respondent to such a proceeding.

8. Contribution. If the indemnity provided for in this Article VII is unavailable to an Indemnatee for any reason whatsoever, the Corporation, in lieu of indemnifying the Indemnatee, shall contribute to the amount reasonably incurred by or on behalf of the Indemnatee, whether for judgments, fines, penalties, amounts incurred in settlement, or for expenses in connection with any proceeding, no matter by whom brought, in such proportion as deemed fair and reasonable, by the person or persons entitled to make the determination as to whether the Indemnatee has met the requisite standard of conduct under the Texas Business Corporation Act or other applicable law of the State of Texas, or by the court before which such proceeding was brought, taking into account all of the circumstances of such proceeding, in order to reflect (i) the relative benefits received by the Corporation and the Indemnatee as a result of the event or transaction giving cause to such proceeding; and (ii) the relative fault of the Corporation (and its other directors, officers, employees, and agents) and the Indemnatee in connection with such event or transaction.

9. Severability. If any provision of this Article VII shall be deemed invalid or inoperative, or if a court of competent jurisdiction determines that any of the provisions of this Article VII contravenes public policy, this Article VII shall be construed so that the remaining provisions shall not be affected, but shall remain in full force and effect, and any such provisions that are invalid and inoperative or contravene public policy shall be deemed, without further action or deed on the part of any person, to be modified, amended, or limited, but only to the extent necessary to render the same valid and enforceable, and the Corporation shall indemnify the Indemnatee as to expenses, judgments, fines, and amounts incurred in settlement with respect to any proceeding, no matter by whom brought, to the full extent permitted by any applicable provision of this Article VII that shall not have been invalidated and to the full extent otherwise permitted.

#### ARTICLE VIII

##### General Provisions

1. Dividends. Dividends upon the outstanding shares of the Corporation, subject to the provisions of the Act, the Articles of Incorporation and any agreements or obligations of the Corporation, if any, may be declared by the Board of Directors at any regular or special meeting. Dividends may be declared and paid in cash, in property, or in shares of the Corporation, provided that all such declarations and payments of dividends shall be in strict compliance with all applicable laws and the Articles of Incorporation. The Board may fix in advance a record date for the purpose of determining shareholders entitled to receive payment of any dividend, such record date to be not more than fifty (50) days prior to the payment of such dividend. In the absence of any action by the Board of Directors, the date upon which the Board of Directors adopts the resolution declaring such dividend shall be the record date.

2. Reserves. There may be created by resolution of the Board of Directors out of the earned surplus of the Corporation such reserve or reserves as the Board of Directors from time to time, in its absolute discretion, deems proper to provide for contingencies, or to equalize dividends, or to repair or maintain any property of the Corporation, or for such other proper purposes as the Board of Directors shall deem beneficial to the Corporation, and the Board of Directors may modify or abolish any reserve in the same manner in which it was created.

3. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

4. Seal. The Corporation shall have a seal which may be used by causing it or a facsimile thereof to be impressed on, affixed to, or in any manner reproduced upon, instruments of any nature required to be executed by its proper officers.

5. Annual Statement. The Board of Directors shall present at each annual meeting and when requested to do so by shareholders holding at least one third (1/3) of the outstanding shares, a full and clear statement of the business and condition of the Corporation.

6. Checks. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may designate from time to time.

7. Voting Securities Owned by Corporation. Voting securities in any other corporation held by this Corporation shall be voted by the President or any Vice President, unless the Board of Directors confers authority to vote with respect thereto, which may be general or confined to specific investments, upon some other person or officer. Any person authorized to vote securities shall have the power to appoint proxies with the general power of substitution.

8. Resignation. Any director, officer, employee or agent of the Corporation may resign by giving written notice to the President or the Secretary. The resignation shall take effect at the time specified therein, or immediately if no time is specified therein. Unless specified in such notice, the acceptance of such resignation shall not be necessary to make it effective.

#### ARTICLE IX

#### AMENDMENTS TO BYLAWS

These Bylaws may be altered, amended, modified or repealed, or new Bylaws may be adopted at any meeting of the Board of Directors at which a quorum is present by the affirmative vote of a majority of the directors present at such meeting.

#### CERTIFICATE

The foregoing Bylaws were adopted by the Board of Directors of the Corporation effective August 31, 1998.

/s/ Ronald A. Woessner

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Ronald A. Woessner, Secretary

CUSTOMTRACKS CORPORATION

1990 STOCK OPTION PLAN  
(Amended and Restated as of August 1998)

1. Purpose. The purpose of the Plan is to benefit the Company and its Subsidiaries by offering certain present and future Employees a favorable opportunity to acquire shares of Stock of the Company over a period of years, thereby giving such Employees a permanent stake in the growth and prosperity of the Company, encouraging such Employees to continue their services with the Company and its Subsidiaries, and motivating such Employees to devote their best efforts to the business and profitability of the Company and its Subsidiaries.

2. Definitions. As used herein, the following definitions shall apply:

(a) An "Acquiring Person" shall mean any Person (including any "person" as such term is used in Sections 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that, together with all Affiliates and Associates of such Person, is the beneficial owner (as the term "beneficial owner" is defined under Rule 13d-3 or any successor rule or regulation promulgated under the Exchange Act) of 10% or more of the outstanding Common Stock. The term "Acquiring Person" shall not include the Company, any subsidiary of the Company, any employee benefit plan of the Company or subsidiary of the Company, any Person to the extent such Person is holding Common Stock for or pursuant to the terms of any such plan, or Optionee or any Affiliate or Associate of Optionee. For the purposes of this Plan, a Person who becomes an Acquiring Person by acquiring beneficial ownership of 10% or more of the Common Stock at any time after the date of this Agreement shall continue to be an Acquiring Person whether or not such Person continues to be the beneficial owner of 10% or more of the outstanding Common Stock.

(b) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Exchange Act in effect on the date of this Agreement.

(c) "Board" shall mean the Board of Directors of the Company.

(d) "Change of Control" shall mean the occurrence, with respect to an Option held by Employees of a Subsidiary, at any time during the specified term of such Option, of any of the following events:

- (1) The Company is merged or consolidated or reorganized into or with another Person and as a result of such merger, consolidation or reorganization less than seventy-five percent (75%) of the outstanding voting securities or other material capital interests of the surviving, resulting or acquiring Person are owned in the aggregate by Persons who were shareholders of the Company immediately prior to such merger, consolidation or reorganization;



- (2) The Company sells all or substantially all of its business or assets to any other Person, less than seventy-five percent (75%) of the outstanding voting securities or other material capital interests of which are owned in the aggregate by Persons who were shareholders of the Company, directly or indirectly, immediately prior to such sale; or
- (3) Any Person (or group of Persons acting in concert), other than the Company, becomes the beneficial owner, directly or indirectly, of thirty-five percent (35%) or more of the issued and outstanding shares of voting securities of the Company.

(e) "Change of Control" shall mean the occurrence, with respect to an Option held by Employees of the Company, at any time during the specified term of such Option, of any of the following events:

- (1) (a) Any Sale of the Company or (b) any Sale of any Material Subsidiary for consideration valued at \$300 million or more; or
- (2) Any Acquiring Person has become the beneficial owner of securities which, when added to any securities already owned by such person, would represent in the aggregate 25% or more of the then-outstanding securities of the Company that are entitled to vote to elect any class of directors;
- (3) If at any time, the Continuing Directors then serving on the Board of Directors of the Company cease for any reason to constitute at least a majority thereof; or
- (4) Any occurrence that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A or any successor rule or regulation promulgated under the Exchange Act.

(f) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(g) "Company" shall mean CustomTracks Corporation, a Texas corporation.

(h) A "Continuing Director" shall mean a director of the Company who (i) is not an Acquiring Person or an Affiliate or Associate thereof, or a representative of an Acquiring Person or nominated for election by an Acquiring Person, and (ii) was either a member of the Board of Directors of the Company on the date of this Agreement or subsequently became a director of the Company and whose initial election or initial nomination for election by the Company's shareholders was approved by a majority of the Continuing Directors then on the Board of Directors of the Company.

(i) "Date of Grant" shall mean, with respect to each Option granted by the Plan Administrator pursuant to the Plan, the date specified in Section 1 of the Option Agreement relating to such Option.

(j) "Director" shall mean any duly elected and qualified member of the Board.

(k) "Disability" shall mean any medically determinable physical or mental impairment that, in the opinion of the Plan Administrator, based upon medical reports and other evidence satisfactory to the Plan Administrator, can reasonably be expected to prevent an Employee from performing substantially all of his customary duties of employment for a continuous period of not less than twelve (12) months.

(l) "Employee" shall mean any salaried employee of the Company or any Subsidiary, except a salaried employee who is serving as a Director.

(m) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(n) "Fair Market Value" shall mean the closing price of the Stock as quoted on NASDAQ/NMS on the last business day immediately preceding the date on which the Option is granted or the date of exercise, as the case may be.

(o) A "Material Subsidiary" shall mean any majority-owned subsidiary of the Company that is material to the business of the Company, taken as a whole, and that is engaged in the digital data distribution business or other business involving a concept primarily fostered by Mr. David P. Cook.

(p) "NASDAQ/NMS" shall mean the NASDAQ National Market System.

(q) "Option" shall mean any right to purchase Stock that has been granted pursuant to the Plan.

(r) "Option Agreement" shall mean an agreement executed by an officer of the Company and an Optionee evidencing the grant of an Option pursuant to the Plan.

(s) "Optionee" shall mean any Employee who receives an Option or any Person who acquires an Option by reason of the death of an Employee.

(t) A "Person" shall mean an individual, a corporation, a partnership, an association, a joint-stock company, a trust, an incorporated organization, or a government or political subdivision thereof and any other entity. A Person, together with that Person's Affiliates and Associates, and any Persons acting as a partnership, limited partnership, joint venture, association, syndicate, or other group (whether or not formally organized), or otherwise acting jointly or in concert or in a coordinated or consciously parallel manner (whether or not pursuant to any express agreement), for the purpose of acquiring, holding, voting, or disposing of securities of the Company with that Person, shall be deemed a single "Person."

(u) "Plan" shall mean this CustomTracks Corporation 1990 Stock Option Plan.

(v) "Plan Administrator" shall mean the Board or, in the alternative, any committee of Directors authorized by the Board to administer the Plan.

(w) "Resignation" shall mean the voluntary termination by an Employee of his or her employment relationship with the Company or its Subsidiaries under circumstances other than voluntary Retirement.

(x) "Retirement" shall mean the termination of an Employee's employment in accordance with the requirements of a written retirement plan, policy or rule of the Company or its Subsidiaries which has been duly adopted by the Board.

(y) "Rule 16b-3" shall mean Rule 16b-3 of the rules and regulations under the Exchange Act as it may be amended from time-to-time and any successor provision to Rule 16b-3 under the Exchange Act.

(z) A "Sale" occurs with respect to the Company or a Material Subsidiary, as applicable, if it engages in a merger, consolidation, recapitalization, reorganization, or sale, lease, license, transfer, or other effective disposition of all or substantially all of the Company's or Material Subsidiary's assets and the Company or its shareholders or Affiliates immediately before such transaction beneficially own, immediately after or as a result of such transaction, equity securities of the surviving or acquiring corporation or such corporation's parent corporation possessing less than fifty one percent (51%) of the voting power of the surviving or acquiring Person or such Person's parent corporation, provided that a Sale shall not be deemed to occur upon any public offering or series of such offerings of securities of the Company or a Material Subsidiary that results in any such change in beneficial ownership.

(aa) "Securities Act" shall mean the Securities Act of 1933, as amended.

(bb) "Stock" shall mean the \$.01 par value Common Stock of the Company.

(cc) "Subsidiary" shall mean any corporation in an unbroken chain of corporations beginning with the Company in which each of the corporations (other than the last corporation) in the unbroken chain owns shares of capital stock possessing fifty percent (50%) or more of the total combined voting power of all classes of capital stock of one of the other corporations in such chain at the date of grant of an Option.

3. Shares Subject to the Plan. Except as otherwise required by the provisions of Section 9 hereof, the aggregate number of shares of Stock issuable upon the exercise of Options granted pursuant to the Plan shall not exceed 345,045 shares. Such shares may either be authorized but unissued shares or treasury shares.

The exercise price of each Option granted pursuant to the Plan shall be determined by the Plan Administrator and, subject to the provisions of Section 9 hereof, shall be not less than the Fair Market Value, at the time the Option is granted, of the shares of Stock subject to the Option.

Subject to the limitations provided above, if an Option should expire or become unexercisable for any reason without having been exercised in full, the unpurchased shares of Stock that were subject thereto shall, unless the Plan shall have terminated, be available for the grant of other Options under the Plan.

4. Administration of the Plan. The following provisions shall govern the administration of the Plan:

(a) The Plan shall be administered by the Plan Administrator.

(b) The Plan Administrator is authorized (but only to the extent not contrary to the express provisions of the Plan) to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan and to the Options granted under the Plan, to determine the form and content of Options to be issued under the Plan (including the exercise price, the exercise period and the exercise increments of each such Option) and to make such other determinations and exercise such other powers and authority as may be necessary or advisable for the administration of the Plan. Each Option granted pursuant to the Plan shall be evidenced by the Option Agreement in such form as may be determined by the Plan administrator.

(c) A majority of the members of the Plan Administrator eligible to act shall constitute a quorum for purposes of acting with respect to the Plan, and the action of a majority of the members present who are eligible to act at any meeting at which a quorum is present shall be deemed the action of the Plan Administrator.

(d) All decisions, determinations and interpretations of the Plan Administrator with respect to the Plan and Option Agreements executed pursuant thereto shall be final and conclusive on all persons affected thereby.

(e) Neither the Plan Administrator nor any member thereof shall be liable for any act, omission, interpretation, construction or determination made in connection with the Plan in good faith, and the members of the Plan Administrator shall be entitled to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including counsel fees) arising therefrom to the full extent permitted by law. The members of the Plan Administrator shall be named as insureds under any directors and officers liability insurance coverage that may be in effect from time to time.

5. Eligibility. All Employees of the Company and its Subsidiaries are eligible to receive Options under the Plan. The Plan Administrator is authorized to select from the Employees who are eligible to receive Options under the Plan the particular Employees who will receive Options and to determine the number of Options and the number of shares of Stock under each Option. In granting Options, the Plan Administrator shall take into consideration the contribution an Employee has made or may make to the success of the Company or its Subsidiaries and such other factors as the Plan Administrator shall determine. The Plan Administrator shall also have the authority to consult with and receive recommendations from Directors and Employees of the Company and its Subsidiaries with regard to these matters. In no event shall any Employee or his legal representatives, heirs, legatees, distributees or successors

have any right to participate in the Plan except to such extent, if any, as the Plan Administrator shall determine.

6. Term of the Plan. The Plan shall continue in effect until terminated pursuant to Section 15; provided, however, that all Options granted pursuant to the Plan must be granted within 10 years from the effective date of the Plan.

7. Termination of Employment - Exercise Thereafter. In the event of termination of an Optionee's employment due to death, Retirement, Resignation, Disability or termination by the Company for any reason other than "cause" (such five events each being a "Qualified Termination"), the Option may be exercised by the Optionee or his estate, personal representative or beneficiary to the full extent that the Optionee was entitled to exercise the same on the day immediately prior to such termination (i) at any time within the one-year period commencing on the day next following such termination if such termination is due to death of the Optionee; (ii) at any time within the thirty-day period commencing on the day next following the effective date of such termination if such termination is due to the Resignation of the Optionee; or (iii) at any time within the six-month period commencing on the day next following such termination in the case of any other Qualified Termination. In the event that the Optionee's employment is terminated for any reason other than a Qualified Termination, the Option shall automatically expire simultaneously with such termination. For purposes of this Section, "cause" shall mean (x) the failure, in the sole opinion of the Company or the Subsidiary which employs Optionee, of Optionee to adequately perform the duties assigned to Optionee (other than any such failure resulting from Optionee's Disability); (y) the engagement by Optionee in misconduct which, in the sole opinion of the Company or the Subsidiary which employs Optionee, is or may have the effect of being materially injurious to the Company or its Subsidiaries; or (z) the conviction of Optionee of any felony or crime of moral turpitude.

8. Transferability. An Option granted pursuant to the Plan shall not be transferable by the Optionee otherwise than by will or the laws of descent and distribution, and the Option shall be exercisable, during the Optionee's lifetime, only by Optionee or Optionee's legal representative or guardian. More particularly (but without limiting the generality of the foregoing), an Option may not be assigned, transferred (except as aforesaid), pledged or hypothecated in any way (whether by operation of law or otherwise), and shall not be subject to execution, attachment or similar process, without the prior written consent of the Company. Any attempted assignment, contrary to the provisions hereof, and the levy of any attachment or similar process upon the Option, which would otherwise affect a change in the ownership of the Option, shall terminate the Option.

9. Adjustment. The number of shares subject to the Plan and to Options granted pursuant to the Plan shall be adjusted as follows: (a) in the event that the outstanding Stock is changed by reason of a stock dividend, stock split, recapitalization or combination of shares, the number of shares of Stock subject to the Plan and to Options granted pursuant to the Plan shall be proportionately adjusted; or (b) in the event of any merger, consolidation or reorganization of the Company with any other corporation or corporations, there shall be substituted for each share of Stock then subject to the Plan and to Options granted pursuant to the Plan the number and kind of shares of stock or other securities to which the holders of shares of Stock will be entitled

pursuant to the transaction. In the event of any such adjustment, the purchase price per share shall be proportionately adjusted.

10. Change of Control. Any Option previously granted under the Plan to an Optionee who is an Employee on the date of a Change in Control shall become exercisable in full on such date and, except in the case of a termination of employment for cause in conjunction with or following the Change of Control, may be exercised by the Optionee at any time during the remainder of the term of the Option, without regard to any exercise increments established pursuant to any applicable Option Agreement. In the case of a termination of employment for cause in conjunction with or following a Change of Control, the Option may be exercised by the Optionee at any time within a period of not less than six months nor more than three (3) years (the length of which period shall be within the discretion of the Plan Administrator and shall be evidenced conclusively by the giving of appropriate and timely notice to the Optionee in accordance with the terms of the applicable Option Agreement) after the date of such termination.

11. Exercise of Option. An Option may be exercised by giving written notice to the Company, attention of the Treasurer. The notice shall (i) state the election to exercise the Option and the number of shares in respect of which it is being exercised; (ii) be signed by the Optionee; and (iii) be accompanied by the representation and covenant required under Section 12 hereof and any other written representations, covenants, and undertakings that the Company may prescribe to satisfy securities laws and regulations or other requirements. In addition, the notice shall be accompanied by (a) cash in an amount equal to the full purchase price of the shares to be purchased, a certified or bank cashier's check payable to the order of the Company in an amount equal to the full purchase price of the shares to be purchased, shares of Stock or a combination of these methods of payment; or (b) if the shares to be purchased are covered by an effective registration statement under the Securities Act, a written statement signed by the Optionee that the exercise is a "cashless exercise" through a brokerage firm in accordance with Section 220.3(e)(4) of Regulation T issued by the Board of Governors of the Federal Reserve System ("Reg T") pursuant to the Exchange Act, in which latter event the Company will use its best efforts to comply with the requirements of Reg T. In the event that shares of Stock are used as a method of payment, the per share value of Stock shall be the Fair Market Value on the date of exercise. The certificate or certificates for the shares as to which the Option shall have been so exercised shall be registered in the name of the Optionee or his designee and shall be delivered to or upon the written order of the Optionee. If applicable, the Company shall be entitled to place the following legend (or a legend which is substantially similar to the following legend) upon, and to issue appropriate stop transfer instructions with respect to, the certificate or certificates representing the shares issued upon exercise of the Option:

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY APPLICABLE STATE SECURITIES LAWS (THE "STATE LAWS"), AND SUCH SHARES MAY NOT BE TRANSFERRED UNLESS (A) A REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND APPLICABLE STATE LAWS COVERING SUCH TRANSFER IS THEN IN EFFECT; OR (B) AN OPINION OF

COUNSEL, SATISFACTORY TO THE ISSUER, HAS BEEN FURNISHED STATING THAT SUCH TRANSFER IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE LAWS."

All shares of Stock issued as provided herein shall be duly and validly issued, fully paid and non-assessable.

12. Securities Law Restrictions. The Company shall not be obligated to issue any shares purchased upon exercise of an Option until, in the opinion of the Company and its counsel, such issuance will not involve any violation of applicable federal and state securities laws, the rules and regulations promulgated thereunder and the requirements of any stock exchange upon which the Stock may then be listed. Acceptance of an Option by an Optionee shall constitute the Optionee's agreement that any shares of Stock purchased upon the exercise of the Option shall be acquired for the Optionee's own account and not with a view to distribution and that each notice of the exercise of any portion of the Option shall be accompanied by a written representation and covenant signed by the Optionee, in such form as may be specified by the Company, confirming such agreement and containing such other provisions as may be prescribed by the Company. The Company may, at its election, release an Optionee from the Optionee's agreement to take for the Optionee's own account and not with a view to distribution of the shares of Stock purchased upon exercise of the Option, if in the opinion of the Company such covenant ceases to be necessary for compliance with the applicable federal and state securities laws (including the rules and regulations promulgated thereunder) and the requirements of any stock exchange upon which the Stock may be then listed.

13. Listing or Registration of Stock. Each Option granted pursuant to the Plan is subject to the requirement that, if at any time the Board shall determine, in its discretion, that the listing, registration or qualification of the shares of Stock subject to the Option upon any securities exchange or under any state or federal law, or the consent or approval of any government regulatory body, is necessary or desirable as a condition of, or in connection with, the granting or exercise of the Option or the issue or purchase of shares under the Option, the Option may not be exercised in whole or in part until such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board. The Company shall be under no obligation to effect or obtain any such listing, registration, qualification, consent or approval if the Board shall determine, in its discretion, that such action would not be in the best interests of the Company. The Company shall not be liable for damages due to a delay in the delivery or issuance of any stock certificates for any reason whatsoever, including, but not limited to, a delay caused by listing, registration or qualification of the shares of Stock subject to an Option upon any securities exchange or under any federal or state law or the effecting or obtaining of any consent or approval of any governmental body with respect to the granting or exercise of the Option or the issue or purchase of shares under the Option.

14. Modification of Options. At any time and from time to time the Plan Administrator may execute an instrument providing for modification, extension, or renewal of

any outstanding Option, provided that no such modification, extension or renewal shall (i) impair the Option in any respect without the consent of the holder of the Option or (ii) conflict with the provisions of Rule 16b-3.

15. Amendment and Termination of the Plan. The Board may alter, suspend or discontinue the Plan, except that no action of the Board may increase the benefits accruing to Employees under the Plan, increase (other than as provided in Section 9) the maximum number of shares permitted to be issued upon the exercise of Options granted pursuant to the Plan or materially modify the requirements as to eligibility for participation in the Plan unless such action of the Board shall be subject to approval by the shareholders of the Company.

16. Shareholder Rights. The holder of an Option shall have none of the rights of a shareholder with respect to the shares of Stock subject to the Option until such shares shall have been issued to him upon the due exercise of the Option.

17. Withholding of Taxes. The Plan Administrator may make such provisions and take such steps as it may deem necessary or appropriate for the withholding of any taxes which the Company or any Subsidiary is required by any law or regulation of any governmental authority, whether federal, state or local, domestic or foreign, to withhold in connection with any Option, including, but not limited to, the withholding of the issuance of all or any portion of the shares of Stock subject to the Option until the Optionee reimburses the Company or the applicable Subsidiary for the amount the Company or the applicable Subsidiary is required to withhold with respect to such taxes, canceling any portion of the issuance in an amount sufficient to reimburse the Company or the applicable Subsidiary for the amount it is required to so withhold, or taking any other action reasonably required to satisfy the withholding obligation of the Company or the applicable Subsidiary.

18. Restrictions on Stock. The Plan Administrator may impose such restrictions on the ownership and transfer of shares of Stock issued upon exercise of Options granted pursuant to the Plan as it deems desirable and any such restrictions shall be set forth in the Option Agreement evidencing the Options; provided, however, that any such restrictions shall not be materially more burdensome than the restrictions imposed upon the other outstanding, unregistered shares of Stock.

19. Reservation of Stock. The Company during the term of the Plan will reserve and keep available such number of shares of Stock as shall be sufficient to satisfy the requirements of the Plan.

20. Continued Employment. Not Presumed. Nothing in the Plan or any document describing it nor the grant of an Option shall give an Optionee the right to continue in employment with the Company or any of its Subsidiaries or affect the right of the Company or a Subsidiary to terminate the employment of any Optionee with or without cause.



AMENDED AND RESTATED as of August 31, 1998. The new definitions incorporated in this Plan by virtue of this amendment and restatement shall apply to Options outstanding on the date hereof, as well as Options hereinafter granted under this Plan.

CUSTOMTRACKS CORPORATION

By: /s/ Ronald A. Woessner

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Ronald A. Woessner  
Secretary

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NEWS RELEASE  
FOR IMMEDIATE RELEASE  
PAGE 1 OF 2

[LETTERHEAD OF CUSTOMTRACKS APPEARS HERE]

Contact: Beverly V. Fuortes (972) 702-7057 fax: (972) 702-7056  
invest@customtracks.com www.stockprofiles.com/cust

CUSTOMTRACKS SELLS CARDKEY SYSTEMS TO JOHNSON CONTROLS, INC.

DALLAS November 9, 1998 CustomTracks Corporation (NASDAQ: CUST) announced today that it has signed a definitive agreement to sell Cardkey Systems, a leading provider of electronic security systems, to Johnson Controls, Inc. (NYSE: JCI) in an all-cash transaction valued at approximately \$41 million, with the final amount depending on the book value of Cardkey Systems' net assets. The transaction, which is scheduled to close within 30 days, with an effective date of November 30, 1998, is subject to the approval of the two companies' boards of directors and normal governmental clearances.

"Johnson Controls is a fine company and will be able to provide the marketing and support resources required for Cardkey to reach its maximum potential," said David P. Cook, chairman and chief executive officer of CustomTracks Corporation. "This sale concludes our planned exit from the electronic identification business. CustomTracks is continuing to pursue digital music content rights and, additionally, is evaluating other music-related Internet business opportunities."

Johnson Controls, Inc. is an international company and global market leader in automotive systems and facility management and control, with headquarters in Milwaukee and \$12.6 billion in annual revenues. Cardkey has major operations located in the United States and the United Kingdom and employs approximately 350 people.

Steve York, senior vice president and chief financial officer of CustomTracks, commented, "We estimate that the sale of Cardkey Systems under the definitive agreement would result in a fourth-quarter net gain of approximately \$21 - 23 million, after accounting for the net book

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value of the assets to be sold, the tax effects of the transaction, and the associated transaction costs. After completion of the transaction, including allowance for payment of transactional tax costs, we should have approximately \$80 million in cash or equivalents."

CustomTracks Corporation (NASDAQ: CUST) plans to develop music-related Internet businesses. Prior to September 1, 1998, CustomTracks Corporation was known as Amtech Corporation (NASDAQ: AMTC). CustomTracks' headquarters is in Dallas. For further information about CustomTracks, visit the company's investor Web site at [www.stockprofiles.com/cust](http://www.stockprofiles.com/cust) or contact investor relations at (972) 702-7057.

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