

-----  
OMB APPROVAL  
-----

OMB Number: 3235-0145  
Expires: October 31, 1997  
Estimated average burden  
hours per response...14.90  
-----

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934  
(Amendment No. 1 )\*  
---

SELAS CORPORATION OF AMERICA  
-----

(Name of Issuer)

Common Stock, \$1.00 par value per share  
-----

(Title of Class of Securities)

816119  
-----

(CUSIP Number)

William J. Cosgriff, Doherty, Rumble & Butler Professional Association  
2800 MN World Trade Center, St. Paul, Minnesota 55101 (612-291-9333)  
-----

(Name, Address and Telephone Number of Person Authorized to Receive Notices and  
Communications)

June 9, 1995  
-----

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report  
the acquisition which is the subject of this Schedule 13D, and is filing this  
schedule because of Rule 13d-1(b)(3) or (4), check the following box .

Check the following box if a fee is being paid with the statement . (A fee is  
not required only if the reporting person: (1) has a previous statement on file  
reporting beneficial ownership of more than five percent of the class of  
securities described in Item 1; and (2) has filed no amendment subsequent  
thereto reporting beneficial ownership of five percent or less of such  
class.) (See Rule 13d-7.)

Note: Six copies of this statement, including all exhibits, should be filed with  
the Commission. See Rule 13d-1(a) for other parties to whom copies are to be  
sent.

\* The remainder of this cover page shall be filled out for a reporting person's  
initial filing on this form with respect to the subject class of securities,  
and for any subsequent amendment containing information which would alter  
disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed  
to be "filed" for the purpose of Section 18 of the Securities Exchange Act of  
1934 ("Act") or otherwise subject to the liabilities of that section of the Act  
but shall be subject to all other provisions of the Act (however, see the  
Notes).

-----  
1 NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Mark Stephen Gorder

-----  
2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a)   
(b)

-----  
3 SEC USE ONLY

-----  
4 SOURCE OF FUNDS\*  
00

-----  
5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED  
PURSUANT TO ITEMS 2(d) or 2(e)

-----  
6 CITIZENSHIP OR PLACE OF ORGANIZATION  
United States

-----  
NUMBER OF 7 SOLE VOTING POWER  
SHARES 219,800  
-----  
BENEFICIALLY 8 SHARED VOTING POWER  
OWNED BY -0-  
-----  
EACH 9 SOLE DISPOSITIVE POWER  
REPORTING 219,800  
-----  
PERSON 10 SHARED DISPOSITIVE POWER  
WITH -0-  
-----

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
219,800

-----  
12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\*

-----  
13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
6.3%

-----  
14 TYPE OF REPORTING PERSON\*  
IN

This statement amends, restates and supplements the statement on Schedule 13D filed with the Securities and Exchange Commission by Mark Stephen Gorder ("Mr. Gorder") with respect to beneficial ownership of Common Stock, \$1.00 par value per share (the "Shares"), of Selas Corporation of America, a Pennsylvania corporation (the "Issuer"). For purposes of this statement, the term "subject Shares" refers to the Shares of the Issuer reported herein as being beneficially owned by Mr. Gorder other than such Shares that are beneficially owned by virtue of Rule 13d-3(d)(1) of the Securities Exchange Act of 1934. See Items 4 and 5.

Item 1. Security and Issuer.

-----  
This statement relates to certain Shares of the Issuer, the principal executive offices of which are located at 2034 Limekiln Pike, Dresher, Pennsylvania 19025.

Item 2. Identity and Background.

-----  
This statement is being filed by and on behalf of Mr. Gorder, a natural person and citizen of the United States whose current business address is 1260 Red Fox Road, Arden Hills, Minnesota 55112. Mr. Gorder is presently employed by Resistance Technology, Inc., a Minnesota corporation ("RTI"), and serves as president and chief executive officer of RTI. RTI is primarily engaged in the manufacture and distribution of microminiature components used by hearing instrument manufacturers. RTI also manufactures and distributes custom molded plastic parts for use by the telecommunication and medical equipment industries. The address of RTI's principal executive offices is 1260 Red Fox Road, Arden Hills, Minnesota 55112. During the last five years, Mr. Gorder has not (i) been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors), or (ii) been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration.

-----  
The subject Shares of the Issuer were acquired by Mr. Gorder by Mr. Gorder's relinquishing of his right to \$2,303,250 in cash to which he otherwise would have been entitled in respect of a portion of the common shares, \$.10 par value per share, of RTI which were owned by Mr. Gorder and which were transferred by Mr. Gorder to the Issuer at a closing under the Stock Purchase

and Sale Agreement dated September 27, 1993 (the "Stock Purchase Agreement") among the Issuer, RTI and all the shareholders of RTI pursuant to which the Issuer acquired all of the issued and outstanding capital stock of RTI.

Item 4. Purpose of Transaction.

-----  
The subject Shares of the Issuer were acquired for investment purposes. Mr. Gorder may dispose of the subject Shares from time to time in the open market or otherwise, subject to market conditions and other factors. See Item 6. Mr. Gorder may purchase additional Shares of the Issuer from time to time in the open market or otherwise, subject to market conditions and other factors. However, there is no assurance that Mr. Gorder will actually purchase additional Shares.

At the closing under the Stock Purchase Agreement, Mr. Gorder was

granted options to purchase 27,000 Shares of the Issuer. Such options become exercisable as to 20% of the aggregate on each of the first five anniversaries of the closing under the Stock Purchase Agreement. From and after the time such options become exercisable, Mr. Gorder may exercise some or all of them, depending on, among other things, the market value of the Shares subject to such options at such time as compared to the exercise price of the options relating to such Shares. See Item 6. Following any such exercise, Mr. Gorder may dispose of Shares so acquired from time to time in the open market or otherwise, subject to market conditions and other factors.

Except as set forth in this Item 4, Mr. Gorder has no plan or proposal that relates to or would result in any of the actions specified in clauses (a) through (j) of Item 4 of Schedule 13D.

Item 5. Interest in Securities of the Issuer.  
- -----

(a) As of the date on which this statement is executed, Mr. Gorder beneficially owns 219,800 Shares, constituting 6.3% of the Issuer's issued and outstanding Shares, based upon an aggregate of 3,460,050 Shares of the Issuer issued and outstanding (as set forth in the Issuer's Quarterly Report on Form 10-Q for the quarter ending March 31, 1995). Of the 219,800 Shares beneficially owned, 214,400 represent Shares currently issued and outstanding and 5,400 represent Shares with respect to which there is a right of acquisition within 60 days within the meaning of Rule 13d-3(d)(1) under the Securities Exchange Act of 1934 by virtue of

Page 5 of 33 Pages

Mr. Gorder's ownership of 5,400 options to purchase Shares that are currently exercisable.

(b) Mr. Gorder has sole power to vote or direct the vote and sole power to dispose or to direct the disposition of the subject Shares.

(c) During the past sixty days, Mr. Gorder effected nine transactions in the Shares of the Issuer. On April 18, 1995, Mr. Gorder sold in the open market 2,000 Shares for \$8.50 per share for a total consideration of \$17,000. On April 20, 1995, Mr. Gorder sold in the open market 2,000 Shares for \$8.75 per share for a total consideration of \$17,500. On April 27, 1995, Mr. Gorder sold in the open market 1,000 Shares for \$9.00 per share for a total consideration of \$9,000. On May 23, 1995, Mr. Gorder sold in the open market 1,000 Shares for \$8.75 per share for a total consideration of \$8,750. On May 24, 1995, Mr. Gorder sold in the open market 300 Shares for \$8.75 per share for a total consideration of \$2,625. On May 24, 1995, Mr. Gorder sold in the open market 1,000 Shares for \$8.875 per share for a total consideration of \$8,875. On May 31, 1995, Mr. Gorder sold in the open market 1,000 Shares for \$9.00 per share for a total consideration of \$9,000. On June 5, 1995, Mr. Gorder sold in the open market 1,000 Shares for \$8.875 per share for a total consideration of \$8,875. On June 9, 1995, Mr. Gorder sold in the open market 500 Shares for \$8.625 per share for a total consideration of \$4,312.50.

(d) Mr. Gorder has pledged 60,000 of the subject Shares (representing less than 5% of the Shares of the Issuer issued and outstanding) as described in Item 6 below. Other than the rights of the pledgee of such Shares, no person other than Mr. Gorder has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the Shares of the Issuer described in response to Item 5(a) hereof.

(e) Inapplicable.

Item 6. Contracts, Arrangements, Understandings or Relationship  
- -----  
-----

In accordance with the Stock Purchase Agreement, Mr. Gorder was granted at the closing under the Stock Purchase Agreement and pursuant to the Issuer's 1985 Stock Option Plan, as amended, options to purchase 27,000 Shares of the Issuer at an exercise price equal to the fair market value of such Shares as of the date of grant. Such options become exercisable as to 20% of the aggregate on each of the first five anniversaries of the closing under the Stock

Purchase Agreement. In addition, at closing under the Stock Purchase Agreement, Mr. Gorder and the Issuer entered into a Registration Rights Agreement ("Registration Rights Agreement") pursuant to which the Issuer agreed, at Mr. Gorder's request (which Mr. Gorder made on October 20, 1993), to use its best efforts to cause a registration statement under the Securities Act of 1933, as amended, to be filed and become effective, for the period there stated, to permit secondary sales by Mr. Gorder of the Shares of the Issuer acquired by Mr. Gorder in exchange for common shares of RTI owned by Mr. Gorder. The Registration Rights Agreement is included in this filing as Exhibit A hereto and the above description is

Page 6 of 33 Pages

qualified in its entirety by reference to the Agreement. In addition to the terms of the Registration Rights Agreement described above, the Registration Rights Agreement contains other provisions normally found in agreements of this type. On June 1, 1994, the Securities and Exchange Commission issued an order declaring the registration statement filed by the Issuer in accordance with the Registration Rights Agreement to be effective.

Pursuant to the Second Amended and Restated Pledge Agreement dated as of December 22, 1994 (the "Pledge Agreement") between Mr. Gorder and First Trust National Association, as indenture trustee (the "Pledgee"), Mr. Gorder pledged 60,000 of the subject Shares to the Pledgee as security for certain pre-existing loan obligations of Mr. Gorder to the Pledgee. Prior to default, the Pledge Agreement does not grant to the Pledgee the power to vote or to direct the vote of the pledged Shares or the power to dispose or direct the disposition of the pledged securities. The Pledge Agreement is included in this filing as Exhibit B hereto and the above description is qualified in its entirety by reference to the Pledge Agreement. In addition to the terms of the Pledge Agreement described above, the Pledge Agreement contains other provisions normally found in agreements of this type.

Item 7. Material To Be Filed as Exhibits.

(a) Registration Rights Agreement dated October 20, 1993 between Mr. Gorder and the Issuer; and

(b) Second Amended and Restated Pledge Agreement dated as of December 22, 1994 between Mr. Gorder and the Pledgee.

SIGNATURE

-----

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

/s/ Mark Stephen Gorder

June 13, 1995

\_\_\_\_\_  
Mark Stephen Gorder

Page 7 of 33 Pages

Exhibit Index  
to  
Amendment No. 1 to  
Schedule 13D of  
Mark Stephen Gorder

-----

Exhibit  
-----

Page of Filing  
-----

A. Registration Rights Agreement  
dated October 20, 1993 between Mark  
S. Gorder and Selas Corporation of  
America.

page 8 of 33 pages

B. Second Amended and Restated Pledge  
Agreement dated as of December 22,  
1994 between Mark S. Gorder and  
First Trust National Association.

page 22 of 33 pages

REGISTRATION RIGHTS AGREEMENT

AGREEMENT made and entered into this \_\_\_\_ day of October, 1993 between Selas Corporation of America, a Pennsylvania corporation (the "Company"), and Mark S. Gorder ("Gorder").

BACKGROUND

-----

This Agreement is made in connection with the Stock Purchase and Sale Agreement dated September 27, 1993 (the "Stock Purchase Agreement") among the Company, Resistance Technology, Inc., a Minnesota corporation ("RTI"), Gorder and the other shareholders of RTI pursuant to which the Company agreed to purchase all of the outstanding common shares of RTI. The Stock Purchase Agreement provides that Gorder will exchange a portion of his common shares of RTI for Common Shares, \$1.00 par value per share, of the Company (the "Shares") and in connection therewith the Company agreed to enter into this Agreement.

The Shares will be issued and delivered by the Company in reliance upon the exemption from registration under the Securities Act (as hereinafter defined) found in Section 4(2) thereof as an offering described in Regulation D under the Securities Act, based in part on the representations of Gorder contained herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and Gorder, intending to be legally bound, hereby agree as follows:

1. REGISTRATION RIGHTS.

(a) Registration Upon Request. (i) At any time from the date hereof,

-----

Gorder may request in writing that the Company effect the registration (the "Demand Registration") under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "Securities Act") of such of the Registrable Securities (as hereinafter defined) as he shall specify in such request. The Company shall thereupon use its best efforts to register such Registrable Securities under the Securities Act covering the offering and sale of the Registrable Securities by Gorder in "brokers' transactions" or in transactions directly with a "market maker" as defined in paragraphs (f) and (g) of Rule 144 under the Securities Act (collectively, "Brokers Transactions") and to cause such registration statement to be declared effective as soon as practicable thereafter. The Company shall not be required to effect more than one Demand Registration for Gorder pursuant to this Section 1(a). An exercise of the Demand Registration will not count as the use of such right unless the registration

statement to which it relates is declared effective under the Securities Act, except that such exercise shall count if such registration statement is withdrawn because Gorder determines not to proceed with such registration for any reason other than the default of the Company hereunder.

(ii) As used in this Agreement, the term "Registrable Securities" means any and all (i) Shares and (ii) any other securities issued or issuable with respect to any of the Shares by way of a stock dividend or stock split or in connection with a combination, exchange, reorganization, recapitalization or reclassification of Company securities, or pursuant to a merger, consolidation or other similar business combination transaction involving the Company.

(iii) As to any particular Registrable Securities, such securities shall cease to constitute Registrable Securities when (a) a registration statement with respect to the sale of such securities shall have been declared effective under the Securities Act and such securities shall have been disposed

of in accordance with the methods contemplated by the registration statement, (b) such securities shall have been sold in satisfaction of all applicable conditions to the resale provisions of Rule 144 under the Securities Act (or any successor provision thereto), (c) such securities shall have been transferred, new certificates evidencing such securities without legends restricting further transfer shall have been delivered by the Company, and subsequent public distribution of such securities shall neither require registration under the Securities Act nor qualification (or any similar filing) under any state securities or "blue sky" law then in effect, or (d) such securities shall have ceased to be issued and outstanding.

(iv) The Company shall have the right to defer the filing of or effectiveness of a registration statement relating to the Demand Registration for a reasonable period of time not to exceed 90 days after such request if (A) the Company is, at such time, working on an underwritten public offering of Common Shares and is advised by its managing underwriter(s) that such offering would in its or their opinion be adversely affected by such filing or (B) the Company in good faith determines that any such filing or the offering of any Registrable Securities would materially impede, delay or interfere with any proposed financing, offer or sale of securities, acquisition, corporate reorganization or other significant transaction involving the Company.

(b) Registration Procedures. If and whenever the Company is required  
-----  
by the provisions of this Agreement to effect or cause the Demand Registration as provided in this Agreement, the Company shall:

-2-

Page 10 of 33 Pages

(i) as expeditiously as practicable, prepare and file with the Securities and Exchange Commission (the "Commission"), a registration statement on Form S-3 (or other form selected by the Company appropriate for distributions through Brokers Transactions) and use its best efforts to cause such registration statement to become and remain effective under the Securities Act for not less than a period of three years; provided, however, that at such time  
-----

as the number of Registrable Securities is not more than the number of shares that Gorder would then be permitted to sell or dispose of pursuant to Rule 144 under the Securities Act and such Rule 144 is otherwise applicable to (and available for) such sale or disposition, the Company shall no longer be required to file or maintain the effectiveness of a registration statement with respect to such Registrable Securities.

(ii) prepare and file with the Commission such amendments, post-effective amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for such period of time as is necessary to complete the offering and the distribution of the securities covered thereby (but, in no event, longer than three years) in each case exclusive of any period during which the prospectus used in connection with such registration statement shall not comply with the requirements of Section 10 of the Securities Act; and to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement during the period during which any such registration statement is required to be effective;

(iii) furnish to Gorder (A) such number of copies (including manually executed and conformed copies) of such registration statement and of each such amendment thereof and supplement thereto (including all annexes, appendices, schedules and exhibits), (B) such number of copies of the prospectus used in connection with such registration statement (including each preliminary prospectus and any summary prospectus and the final prospectus filed pursuant to Rule 424(b) under the Securities Act), and (C) such number of copies of other documents, as Gorder may reasonably request;

(iv) use its best efforts to register or qualify the Registrable Securities covered by such registration statement under the securities or "blue sky" laws of such jurisdictions as Gorder shall reasonably request, and do any and all other acts and things which may be necessary or desirable to enable Gorder to consummate the offering and disposition of Registrable Securities in such jurisdictions; provided, however, that the Company shall not be required to  
-----  
qualify generally to do business as a foreign corporation, subject itself to



taxation, or consent to general service of process, in any jurisdiction

-3-

Page 11 of 33 Pages

wherein it would not, but for the requirements of this Section 1(b), be obligated to be qualified;

(v) use its best efforts to cause the Registrable Securities covered by such registration statement to be registered with, or approved by, such other public, governmental or regulatory authorities as may be necessary to facilitate the disposition of such Registrable Securities;

(vi) notify Gorder promptly and, if requested by Gorder, confirm such notification in writing, (A) when a prospectus or any prospectus supplement has been filed with the Commission, and, with respect to a registration statement or any post-effective amendment thereto, when the same has been declared effective by the Commission, (B) of any request by the Commission for amendments or supplements to a registration statement or related prospectus, or for additional information, (C) of the issuance by the Commission of any stop order or the initiation of any proceedings for such or a similar purpose, (and the Company shall make every reasonable effort to obtain the withdrawal of any such order at the earliest possible moment), (D) of the receipt by the Company of any notification with respect to the suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, (and the Company shall make every reasonable effort to obtain the withdrawal of any such suspension at the earliest possible moment), (E) of the occurrence of any event which requires the making of any changes to a registration statement or related prospectus so that such documents will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (and the Company shall promptly prepare and furnish to Gorder a reasonable number of copies of a supplemented or amended prospectus such that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading), and (F) of the Company's determination that the filing of a post-effective amendment to the Registration Statement shall be necessary or appropriate. Upon the receipt of any notice from the Company of the occurrence of any event of the kind described in clause (E) of this Section 1(b)(vi), Gorder shall forthwith discontinue his offer and disposition of Registrable Securities pursuant to the registration statement covering such Registrable Securities until Gorder shall have received copies of a supplemented or amended prospectus which is no longer defective as contemplated by clause (E) of this Section 1(b)(vi) and, if so directed by the Company, shall deliver to the Company, at the Company's expense, all

-4-

Page 12 of 33 Pages

copies (other than permanent file copies) of the defective prospectus covering such Registrable Securities which are then in Gorder's possession. If the Company shall provide any notice of the type referred to in the preceding sentence, the period during which the registration statements are required to be effective shall be extended by the number of days from and including the date such notice is provided, to and including the date when Gorder shall have received copies of the corrected prospectus contemplated by clause (E) of this Section 1(b)(vi); and

(vii) otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, as the same may hereafter be amended.

(c) Registration Expenses. Whether or not any registration statement  
-----  
prepared and filed pursuant to this Section 1 is declared effective by the Commission (except where a Registration is terminated, withdrawn or abandoned at the written request of Gorder), the Company shall pay (A) all Commission and any NASD registration and filing fees and expenses; (B) any and all expenses incident to its performance of, or compliance with, this Agreement, including,

without limitation, any allocation of salaries and expenses of Company personnel or other general overhead expenses of the Company, or other expenses for the preparation of historical and pro forma financial statements or other data normally prepared by the Company in the ordinary course of its business; (C) all listing, transfer and/or exchange agent and registrar fees; (D) fees and expenses in connection with the qualification of the Registrable Securities under securities or "blue sky" laws; (E) printing and delivery expenses; and (F) fees and out-of-pocket expenses of counsel for the Company and its independent certified public accountants and other persons, including special experts, retained by the Company. Notwithstanding the foregoing, the Company shall not be required to pay fees and out-of-pocket expenses of such counsel, if any, as Gorder determines to retain in connection with such offering, any fees or disbursements of brokers-dealers or any discounts, commissions or fees of selling brokers and dealers relating to the distribution of the Registrable Securities.

(d) Indemnification; Contribution.  
-----

(i) The Company hereby indemnifies, to the fullest extent permitted by law, Gorder, against all losses, claims, damages, liabilities (or proceedings in respect thereof) and expenses (under the Securities Act, common law and otherwise) which arise out of or are based upon (A) any untrue statement or alleged untrue statement of a material fact contained in any registration statement, prospectus, preliminary prospectus, any amendment or supplement thereto or any document incorporated by reference or in any filing made in connection with the registration or qualification of the offering under "blue sky" or

other securities laws of jurisdictions in which the Registrable Securities are offered, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and the Company shall, and it hereby agrees to, reimburse Gorder for any legal or other expenses reasonably incurred by him in connection with investigating or defending any such loss, claim, damage, liability or proceeding, (B) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus, if used prior to the effective date of such registration statement (unless such statement is corrected in the final prospectus and the Company has previously furnished copies thereof to Gorder), or contained in the final prospectus (as amended or supplemented if the Company shall have filed with the Commission any amendment thereof or supplement thereto) if used within the period during which the Company is required to keep the registration statement to which such prospectus relates current, or the omission or alleged omission to state therein a material fact necessary in order to make the statements therein in light of the circumstances under which they were made, not misleading; provided, however, that such indemnification shall not extend to any

-----  
such losses, claims, damages, liabilities (or proceedings in respect thereof) or expenses which are caused by any untrue statement or alleged untrue statement contained in, or by any omission or alleged omission from, information furnished in writing to the Company by Gorder specifically and expressly for use in any such registration statement or prospectus.

(ii) In connection with any Demand Registration, Gorder shall furnish to the Company in writing such information regarding Gorder and the intended method of distribution as shall be reasonably requested by the Company and as required by law or the Commission for use in any such registration statement or prospectus and Gorder hereby indemnifies, to the fullest extent permitted by law, the Company, its officers and directors and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act, against any losses, claims, damages, liabilities (or proceedings in respect thereof) and expenses resulting from any untrue statement or alleged untrue statement of a material fact or any omission or alleged omission of a material fact required to be stated or necessary to make the statements in the registration statement or prospectus, or any amendment thereof or supplement thereto, not misleading; provided, however, that

-----  
Gorder shall be liable hereunder if and only to the extent that any such loss, claim, damage, liability (or proceeding in respect thereof) or expense arises

out of or is based upon an untrue statement, or alleged untrue statement or omission or alleged omission, made in reliance upon and in conformity with information pertaining to Gorder, which is furnished in writing to the Company by Gorder specifically and

-6-

Page 14 of 33 Pages

expressly for use in any such registration statement or prospectus.

(iii) Any person seeking indemnification under the provisions of this Section 1(d) shall, promptly after receipt by such person of notice of the commencement of any action, suit, claim or proceeding, notify the other party against whom indemnification is to be sought in writing of the commencement thereof; provided, however, that the failure so to notify an indemnifying party

-----  
shall not relieve the indemnifying party from any liability which it may have under this Section 1(d) (except to the extent that it has been prejudiced in any material respect by such failure) or from any liability which the indemnifying party may otherwise have. In case any such action, suit, claim or proceeding is brought against any indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent it may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party. Notwithstanding the foregoing, the indemnified party shall have the right to employ its own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (A) the employment of such counsel shall have been authorized in writing by the indemnifying party in connection with the defense of such suit, action, claim or proceeding, (B) the indemnifying party shall not have employed counsel (reasonably satisfactory to the indemnified party) to take charge of the defense of such action, suit, claim or proceeding within a reasonable time after notice of commencement of the action, suit, claim or proceeding, or (C) such indemnified party shall have reasonably concluded, based on the advice of counsel, that there may be defenses available to which are different from or additional to those available to the indemnifying party which, if the indemnifying party and the indemnified party were to be represented by the same counsel, could result in a conflict of interest for such counsel or materially prejudice the prosecution of the defenses available to such indemnified party. If any of the events specified in clauses (B) or (C) of the preceding sentence shall have occurred shall otherwise be applicable, then the fees and expenses of one counsel or firm of counsel selected by the indemnified party shall be borne by the indemnifying party. If, in any case, the indemnified party employs separate counsel, the indemnifying party shall not have the right to direct the defense of such action, suit, claim or proceeding on behalf of the indemnified party. Anything in this paragraph to the contrary notwithstanding, an indemnifying party shall not be liable for the settlement of any action, suit, claim or proceeding effected without its prior written consent (which consent in the case of an action, suit, claim or proceeding exclusively seeking monetary

-7-

Page 15 of 33 Pages

relief shall not be unreasonably withheld or delayed). Such indemnification shall remain in full force and effect irrespective of any investigation made by or on behalf of an indemnified party.

(iv) If the indemnification from the indemnifying party as provided in this Section 1(d) is unavailable or is otherwise insufficient to hold harmless an indemnified party in respect of any losses, claims, damages, liabilities or expenses referred to therein, then the indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and indemnified parties in connection with the actions which resulted in such losses, claims, damages, liabilities or expenses. The relative fault of such indemnifying party shall be determined by reference to, among other things, whether any action in question, including any untrue (or alleged untrue) statement of a material fact or omission (or alleged omission) to state a

material fact, has been made, or relates to information supplied by such indemnifying party or such indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include, subject to the limitations set forth in Section 1(d)(iv) hereof, any legal or other fees or expenses reasonably incurred by such party in connection with any such investigation or proceeding.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 1(d) were determined by pro rata allocation or by any other method of allocation other than as described above. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

If, however, indemnification is available under this Section 1(d), the indemnifying party shall indemnify each indemnified party to the fullest extent provided in Sections 1(d)(i) through 1(d)(iv) hereof without regard to the relative fault of said indemnifying party or indemnified party or any other equitable consideration.

## 2. INVESTMENT REPRESENTATIONS AND COVENANTS OF GORDER.

(a) Gorder acknowledges (subject to the express obligation of the Company to register the Shares as provided herein) that the Shares be issued to him in connection with the Stock Purchase Agreement will not be registered under the

-8-

Page 16 of 33 Pages

Securities Act on the grounds that the issuance of the Shares is exempt from registration pursuant to Section 4(2) of the Securities Act or Regulation D promulgated under the Securities Act, and that the reliance of the Company on such exemptions is predicated in part on Gorder's representations, warranties, covenants and acknowledgements set forth in this section.

(b) Gorder represents and warrants that he is an "accredited investor" as defined in Rule 501 promulgated under the Securities Act.

(c) Gorder represents and warrants that the Shares will be acquired by him for his own account, not as a nominee or agent, and without a view to resale or other distribution within the meaning of the Securities Act, and the rules and regulations thereunder except as contemplated hereunder, and Gorder will not distribute any of the Shares in violation of the Securities Act.

(d) Gorder (i) acknowledges that the Shares are not registered under the Securities Act and the Shares must be held indefinitely by him unless they are subsequently registered under the Securities Act or an exemption from registration is available, (ii) is aware that any routine sales of Shares made under Rule 144 of the Securities and Exchange Commission under the Securities Act may be made only in limited amounts and in accordance with the terms and conditions for that Rule and that in such cases where the Rule is not applicable, compliance with some other registration exemption will be required, and (iii) is aware that Rule 144 is not presently available for use by Gorder for resale of the Shares.

(e) Gorder represents and warrants to the Company that he is well versed in financial matters, has had dealings over the years in securities, including "restricted securities," and is fully capable of understanding the type of investment being made in the Shares and the risks involved in connection therewith.

(f) Gorder acknowledges that he has received and read the Company's 1992 Annual Report on Form 10-K, its proxy statement for its 1993 Annual Meeting and its Form 10-Q Reports for the first two quarters of 1993 and confirms that the Company has made available to him the opportunity to ask questions of and receive answers from the Company's officers and directors concerning the terms and conditions of the investment and the business and financial condition of the Company, and to acquire, and Gorder has received to his satisfaction, such additional information, in addition to that set forth herein, about the business and financial condition of the Company and the terms and conditions of the

offering as he has requested.

-9-

Page 17 of 33 Pages

(g) In order to ensure compliance with the provisions of subparagraph (c) above, Gorder will not sell or otherwise transfer or dispose of any of the Shares or any interest therein (unless such Shares have been registered under the Securities Act) without first having complied with either of the following conditions:

(i) the Company shall have received a written opinion of counsel to Gorder in form and substance satisfactory to the Company, in the exercise of its reasonable judgment, or a copy of a "no-action" or interpretive letter of the Commission, specifying the nature and circumstances of the proposed transfer and indicating that the proposed transfer will not be in violation of any of the registration provisions of the Securities Act and the rules and regulations promulgated thereunder; or

(ii) the Company shall have received an opinion from its own counsel to the effect that the proposed transfer will not be in violation of any of the registration provisions of the Securities Act and the rules and regulations promulgated thereunder.

Gorder acknowledges that the certificates representing the Shares may contain a restrictive legend noting the restrictions on transfer described in this section and required by federal and applicable state securities laws, and that appropriate "stop-transfer" instructions will be given to the Company's stock transfer agent, provided that this paragraph (g) shall not be applicable to the Registrable Securities registered hereunder for so long as such registration statement remains in effect.

(h) Following the filing of a registration statement in connection with the Demand Registration and during any period that such registration statement is effective, Gorder shall:

(i) not effect any stabilization transactions or engage in any stabilization activity in connection with Common Shares of the Company in contravention of Rule 10b-7 under the Securities Exchange Act of 1934, as amended (the "Exchange Act");

(ii) furnish each broker through whom Gorder offers Registrable Securities such number of copies of the Prospectus as the broker may require and otherwise comply with prospectus delivery requirements under the Securities Act;

(iii) report to the Company each month all sales, pledges and other dispositions of Registrable Securities made by Gorder during said month;

(iv) not, and shall not permit any Affiliated Purchaser (as that term is defined in Rule 10b-6 under the Exchange Act) to, bid for or purchase for any account in which

-10-

Page 18 of 33 Pages

Gorder has a beneficial interest, or attempt to induce any other person to purchase, any Common Shares of the Company in contravention of Rule 10b-6 under the Exchange Act;

(v) not offer or agree to pay, directly or indirectly, to anyone any compensation for soliciting another to purchase, or for purchasing (other than for Gorder's own account), any securities of the Company on a national securities exchange in contravention of Rule 10b-2 under the Exchange Act;

(vi) cooperate with the Company as the Company fulfills its obligations hereunder;

(vii) sell Registrable Securities only in Brokers Transactions;  
and

(viii) not sell any Shares during any period beginning seven days

before the anticipated effective date of any registration statement registering the sale of equity securities for the Company's account (as the Company advises) and ending 90 days thereafter without the Company's consent.

3. NOTICES.

Except as otherwise provided below, whenever it is provided in this Agreement that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon either of the parties hereto, or whenever either of the parties hereto, desires to provide to or serve upon the other party any other communication with respect to this Agreement, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and either shall be delivered in person or sent by telecopy, addressed as follows:

(a) If to the Company, to:

-----

Selas Corporation of America  
2034 Limekiln Pike  
Dresher, PA 19025

Attention: President

With a copy to:

Drinker Biddle & Reath  
1345 Chestnut Street  
Philadelphia, PA 19107

Attention: Robert E. Shields, Esq.

-11-

Page 19 of 33 Pages

(b) If to Gorder, to:

-----

Mark S. Gorder  
1029 Grand Avenue  
St. Paul, Minnesota 55105

With a copy to:

Doherty, Rumble & Butler  
Professional Association  
2800 Minnesota World Trade Center  
30 East Seventh Street  
St. Paul, Minnesota 55101-4999

Attention: William J. Cosgriff, Esq.

or at such other address as may be substituted by notice delivered as provided herein. The furnishing of any notice required hereunder may be waived in writing by the party entitled to receive such notice. Every notice, demand, request, consent, approval, declaration or other communication hereunder shall be deemed to have been duly furnished or served on the party to which it is addressed, in the case of delivery in person or by telecopy, on the date when sent. Failure or delay in delivering copies of any notice, demand, request, consent, approval, declaration or other communication to the persons designated above to receive copies shall in no way adversely affect the effectiveness of such notice, demand, request, consent, approval, declaration or other communication.

4. ENTIRE AGREEMENT.

This Agreement and the Stock Purchase Agreement represent the entire agreement and understanding among the parties hereto with respect to the subject matter hereof and supersede any and all prior oral and written agreements, arrangements and understandings among the parties hereto with respect to such subject matter; and this Agreement can be amended, supplemented or changed, and any provision hereof can be waived, only by a written instrument making specific

reference to this Agreement signed by the Company and Gorder.

5. SUCCESSORS.

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and personal representatives. Gorder may not assign, delegate or otherwise transfer any of his rights or obligations under this Agreement without the prior written consent of the Company.

-12-

Page 20 of 33 Pages

6. PARAGRAPH HEADINGS.

The paragraph headings contained in this Agreement are for general reference purposes only and shall not affect in any manner the meaning, interpretation or construction of the terms or other provisions of this Agreement.

7. APPLICABLE LAW.

This Agreement shall be governed by, construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania, applicable to contracts to be made, executed, delivered and performed wholly within such state and, in any case, without regard to the conflicts of law principles of such state.

8. SEVERABILITY.

If at any time subsequent to the date hereof, any provision of this Agreement shall be held by any court of competent jurisdiction to be illegal, void or unenforceable, such provision shall be of no force and effect, but the illegality or unenforceability of such provision shall have no effect upon and shall not impair the enforceability of any other provision of this Agreement.

9. EQUITABLE REMEDIES.

The parties hereto agree that irreparable harm would occur in the event that any of the agreements and provisions of this Agreement were not performed fully by the parties hereto in accordance with their specific terms or conditions or were otherwise breached, and that money damages are an inadequate remedy for breach of this Agreement because of the difficulty of ascertaining and quantifying the amount of damage that will be suffered by the parties hereto in the event that this Agreement is not performed in accordance with its terms or conditions or is otherwise breached. It is accordingly hereby agreed that the parties hereto shall be entitled to an injunction or injunctions to restrain, enjoin and prevent breaches of this Agreement by the other parties and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction, such remedy being in addition to and not in lieu of, any other rights and remedies to which the other parties are entitled to at law or in equity.

10. NO WAIVER.

The failure of any party at any time or times to require performance of any provision hereof shall not affect the right at a later time to enforce the same. No waiver by any party of any condition, and no breach of any provision, term,

-13-

Page 21 of 33 Pages

covenant, representation or warranty contained in this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be construed as a further or continuing waiver of any such condition or of the breach of any other provision, term, covenant, representation or warranty of this Agreement.

11. COUNTERPARTS.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same original instrument.

IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the date first above written.

SELAS CORPORATION OF AMERICA

By:

-----

Name: Robert W. Ross  
Title: Vice President and  
Treasurer

-----

Mark S. Gorder



SECOND AMENDED AND RESTATED

PLEDGE AGREEMENT

BY AND BETWEEN

MARK S. GORDER

AND

FIRST TRUST NATIONAL ASSOCIATION

AS OF DECEMBER 22, 1994

TABLE OF CONTENTS

	PAGE
	----
1. TERMS OF THE PLEDGE .....	3
1.1 The Pledge .....	3
1.2 Secured Obligations .....	4
1.3 Adjustment Collateral .....	5
1.4 Proxies, Stock Powers and Other Endorsements .....	5
1.5 Voting, Dividend and Other Rights .....	5
1.6 Duty of Pledges .....	5
1.7 Security Interest is Continuing .....	6
1.8 Actions Not Affecting Pledge .....	6
1.9 Notification .....	6
1.10 Pledgor's Obligations .....	6
2. WARRANTIES AND REPRESENTATIONS OF PLEDGOR .....	6
2.1 Power and Authority to Pledge .....	6
2.2 Enforceability .....	7
2.3 Title to Collateral .....	7
2.4 Shares Fully Paid .....	7
2.5 No Restrictions .....	7
2.6 Pledged SCA Stock .....	7
3. EVENTS OF DEFAULT AND REMEDIES .....	7
3.1 Events of Default .....	7
3.2 Pledgee's Right to Sell Collateral .....	8
3.3 Waiver of Redemption; No Liability for Value Decline ....	8
3.4 Application of Sales Proceeds .....	8
3.5 Rights Cumulative .....	9
4. MISCELLANEOUS .....	9
4.1 Limitation on Amendments to Registration Agreement .....	9
4.2 Registration of Stock .....	9
4.3 Agreement Binding .....	9
4.4 Severability .....	9
4.5 Survival of Representations .....	9
4.6 Notices .....	10
4.7 Governing Law; Jurisdiction .....	10
4.8 Joint and Several Liability .....	11

SECOND AMENDED AND RESTATED  
PLEDGE AGREEMENT

THIS SECOND AMENDED AND RESTATED PLEDGE AGREEMENT ("Second Amended and Restated Pledge Agreement") is entered into effective the \_\_\_ day of December 1994, by and between MARK S. GORDER ("Pledgor") and FIRST TRUST NATIONAL ASSOCIATION, as indenture trustee and not in its individual capacity ("Pledgee").

RECITALS  
-----

FIRST: Pledgor and Pledgee were parties to a Purchase and Forbearance Agreement dated as of January 31, 1991, as amended by the First Amendment to Purchase and Forbearance Agreement dated as of April 30, 1991, and as amended by the Second Amendment to Purchase and Forbearance Agreement dated May 15, 1994 (collectively, the "Forbearance Agreement") pursuant to which Pledgee agreed (a) to forbear from executing on Judgments in favor of Pledgee and against Pledgor and (b) to sell certain real property to Pledgor on a Contract for Deed dated as of January 31, 1991 (the "Contract"). Pledgee had personal recourse against Pledgor for a portion of the principal of the Contract.

SECOND: Concurrent with the execution of this Second Amended and Restated Pledge Agreement, Pledgee has delivered to Pledgor a Secured Promissory Note for \$125,000 of even date herewith ("Note") as payment in full for the accrued interest under said Contract and a Confession of Judgment and Warrant of Attorney related thereto of even date herewith related to said Note.

THIRD: Concurrent with the execution of this Agreement, Pledgor has delivered to Pledgee Satisfactions of the Judgments referenced in the First Recital herein in exchange for a Secured Promissory Note for \$385,000 of even date herewith ("Note") and a Confession of Judgment and Warrant of Attorney of even date herewith related to said Note.

FOURTH: Concurrent with the execution of this Agreement, Pledgee has delivered to Pledgor a Limited Warranty Deed pursuant to the terms of said Contract for which Pledgor has paid Pledgee \$625,000 as payment in full of a principal amount under said Contract.

FIFTH: As a result of the foregoing matters relating to the Contract and the Judgments, Pledgor and Pledgee have entered into a Termination of Purchase and Forbearance Agreement of even date herewith whereby the Forbearance Agreement has been terminated.

SIXTH: To induce Pledgee to enter into the Forbearance Agreement and the Contract, Pledgor executed and delivered to Pledgee a Pledge Agreement dated January 31, 1991, a copy of which is attached hereto as EXHIBIT A (the "Pledge Agreement").

SEVENTH: Pursuant of the Pledge Agreement, Pledgor pledged to Pledgee a security interest in certain shares of common stock of Resistance Technology Inc., as more particularly described in Exhibit A to the Pledge Agreement (the "RTI Stock").

EIGHTH: Subsequent to entering into the Pledge Agreement Pledgor informed Pledgee that he desired to sell the RTI Stock and requested Pledgee to release its security interest in the RTI Stock and to accept substitute

collateral therefor.

NINTH: Pledgee was willing to accept substitute collateral under the  
-----  
terms and subject to the conditions of the Pledge Agreement, that certain  
Reaffirmation and Release Agreement dated October 20, 1993, between Pledgor and  
Pledgee, a copy of which is attached hereto as EXHIBIT B and made a part hereof  
("Reaffirmation Agreement") and that certain Amended and Restated Pledge  
Agreement dated October 20, 1993, attached hereto as EXHIBIT C and made a part  
hereof.

TENTH: As a result of the foregoing matters, Pledgor and Pledgee have  
-----  
entered into a Termination of Reaffirmation and Release Agreement of even date  
herewith whereby the Reaffirmation and Release has been terminated.

ELEVENTH: To induce Pledgee to enter into the Termination of Purchase  
-----  
and Forbearance Agreement, the Termination of Reaffirmation Agreement, to  
deliver the Limited Warranty Deed under the Contract, to deliver Satisfactions  
of the aforementioned Judgments, to accept the Secured Promissory Note for  
\$125,000 and the Secured Promissory Note for \$385,000, and to accept the  
Confessions of Judgment, Pledgor has agreed to enter into this Second Amended  
and Restated Pledge Agreement.

NOW, THEREFORE, in consideration of the promises and other good and  
valuable consideration, the receipt and sufficiency of which are hereby  
acknowledged, Pledgor hereby agrees with Pledgee and amends and restates the  
Amended and Restated Pledge Agreement in its entirety as follows:

1. TERMS OF THE PLEDGE.  
-----

1.1. The Pledge. Pledgor hereby pledges and grants and hereby  
-----  
reaffirms its prior pledge and grant under the Amended and Restated Pledge  
Agreement to Pledgee a continuing security interest in all of the following  
described property (the "Collateral"):

(a) 60,000 shares of the common stock of Selas Corporation of  
America ("SCA"), owned by Pledgor, more particularly described  
on Exhibit B attached to the Amended and Restated Pledge  
-----

Agreement, attached hereto as EXHIBIT C ("Pledged SCA  
Stock");

(b) All Additional Collateral delivered to Pledgee in  
accordance with Section 1.3 herein;

(c) All securities, instruments and other property, rights or interests  
of any kind or description, at any time issued or issuable as an  
addition to, and substitution or exchange for, or with respect to, the  
items described in subsections (a) and (b) above, including, without  
limitation, shares issued as dividends or as the result of any  
reclassifications, split-up or other corporate reorganization;

(d) All cash, proceeds, revenues, profits, dividends, interest or other  
income or property, accrued and hereafter accruing, received, receivable  
or otherwise distributed in respect of, in exchange for, or upon the sale  
or other disposition of any or all of the property described in  
subsections (a), (b) and (c) above;

(e) All records, books, ledgers, computer tapes or disks, printouts and  
other information in whatsoever form regarding the collateral described  
in subsections (a), (b), (c) and (d) above; and

(f) All right, title and interest at any time held by Pledgor pursuant

to the Registration Rights Agreement dated October 20, 1993, between Pledgor and SCA, the Assignment of Registration Rights Agreement by Pledgor to Pledgee dated as of October 20, 1993 and the Reaffirmation of Assignment of Registration Rights Agreement by Pledgor or to Pledgee of even date herewith (the "Registration Agreement").

1.2 Secured Obligations. The pledge and security interest granted herein

-----  
is given to secure payment and performance of all and singular of the following (all of which are referred to herein collectively as the "Secured Obligations").

(a) All indebtedness, obligations and liabilities of Pledgor pursuant to the Secured Promissory Note for \$125,000, a copy of which is attached hereto as EXHIBIT D attached hereto and made a part hereof, and the Confession of Judgment and Warrant of Attorney related thereto, a copy of which is attached hereto as EXHIBIT D-1 and made a part hereof;

(b) All indebtedness, obligations and liabilities of Pledgor pursuant to the Secured Promissory Note for \$385,000, a copy of which is attached hereto as EXHIBIT E and made a part hereof, and the Confession of Judgment and Warrant of Attorney related thereto, a copy of which is attached hereto as EXHIBIT E-1 and made a part hereof; and

(c) All amounts expended or incurred by Pledgee in exercising any rights or remedies consequent upon any default hereunder including, without limitation, court costs, and attorneys fees and expenses of counsel for the

Pledgee incurred in connection with the enforcement of this Second Amended and Restated Pledge Agreement whether or not suit has been filed.

1.3 Adjustment Collateral. Commencing January 15, 1995, and on each

-----  
January 15, April 15, July 15 and October 15 thereafter until the Secured Obligations are paid in full, Pledgor shall deliver a certificate to Pledgee stating the value of the Collateral then held by Pledgee (taking into account the effect on the value of the Collateral of restrictions, if any, on sale of the same). In the event that the value of the Collateral, either as certified by Pledgor or as reasonably determined by Pledgee, does not equal or exceed \$510,000, Pledgor shall within ten (10) days after notice from Pledgee, deliver to Pledgee additional property in the nature of securities, instruments or cash or cash equivalents having a value, as reasonably determined by Pledgee, which when added to the value of the Collateral already held by Pledgee pursuant to this Second Amended Restated Pledge Agreement shall be equal to or exceed \$510,000.

Pledgor and Pledgee agree that at the time Pledgor has paid in full the Secured Promissory Note for \$125,000, Collateral in excess of the balance due on any remaining Secured Obligations shall be returned to Pledgee.

Pledgor and Pledgee agree that at the time Pledgor has paid in full the Secured Promissory Note for \$385,000, Collateral in excess of the balance due on any remaining Secured Obligations shall be returned to Pledgee.

1.4 Proxies, Stock Powers and Other Endorsements. At the time of the

-----  
delivery of any Collateral to Pledgee, Pledgor shall deliver to Pledgee undated stock powers executed in blank and a Uniform Commercial Code Financing Statement duly executed by Pledgor pertaining to the Collateral, the foregoing in form satisfactory to Pledgee, or if all or a portion of the Collateral is uncertificated securities, Pledgor shall execute and deliver to Pledgee such notices or requests for pledge addressed to the issuer of the Collateral or any third party custodian thereof, requesting that the pledge granted hereunder be registered on the books and records of said issuer or third party custodian. Pledgor agrees to deliver promptly to Pledgee, in the exact form received, all securities and other property which comes into the possession, custody or control of Pledgor or an agent thereof which has been issued or given as an addition to, in substitution or exchange for, as proceeds of or with respect

to, the Collateral. Upon demand, Pledgor shall execute, assign and endorse to Pledgee all proxies, endorsements, applications, acceptances, stock powers, documents, instruments or other evidences of payment or writing constituting or relating to any of the Collateral. All such assignments and endorsements shall be in form and substance satisfactory to Pledgee and its counsel.

1.5 Voting, Dividend and Other Rights. As long as no Event of Default

-----  
hereunder has occurred and is continuing, Pledgor

Page 28 of 33 Pages

shall retain all rights and privileges to vote the shares of stock representing Collateral and to receive dividends thereon.

1.6 Duty of Pledges. Pledgee shall not be obligated to take any action

-----  
to exercise any rights, warrants or options with respect to any of the Collateral, to present any coupon(s) for payment, to effect redemption of, or to make any presentment, protest, notice of protest or to otherwise protect any optional right(s) thereon. Pledgee shall be deemed to have exercised all due care with respect to any Collateral in its possession by accounting for all moneys and things of value received by it upon respect thereof.

1.7 Security Interest is Continuing. Pledgor agrees and acknowledges

-----  
that the pledge and security interest granted hereby is a continuing security interest and shall continue in full force and effect until all Secured Obligations are paid in full.

1.8 Actions Not Affecting Pledge. Pledgee may (and Pledgee is hereby

-----  
authorized to make from time to time, without notice to anyone) without impairing or affecting the pledge and security interest granted hereby:

(a) Sell, pledge, surrender, compromise, settle, release, renew, extend, grant an indulgence, alter, substitute, change, modify, or otherwise dispose of any of the Secured Obligations or any contract evidencing the same or any part thereof or any security interest therefor;

(b) Accept additional security for or additional parties or other guarantors upon any of the Secured Obligations or release any portion of the Collateral or any maker, endorser, security or guarantor or other party liable on any portion of the Secured Obligations; and

(c) Apply any and all payments it receives on account of the Secured Obligations and the proceeds of the Collateral or any other security therefor against any item or items of Secured Obligations as Pledgee, in its sole discretion, may determine, whether the same shall then be due or not.

1.9 Notification. Pledgor has previously notified Pledgee of the

-----  
effective date of registration of the Pledged SCA Stock and has delivered and shall continue to deliver to Pledgee all notices, registration statements, amendments, supplements, prospectuses and all other documents and agreements delivered to Pledgor by SCA.

1.10 Pledgor's Obligations. Nothing contained in this Second Amended

-----  
and Restated Pledge Agreement (a) shall relieve Pledgor from performing any covenant, agreement or obligation to be performed by him or from observing any condition to which he may be subject under or in respect of the Registration Agreement,

(b) impose any liability on Pledgee for Pledgor's acts or omissions under or in respect of the Registration Agreement, or (c) impose on Pledgee the obligation to perform any of Pledgor's covenants, agreements or obligations under or in respect of the Registration Agreement or to observe any conditions to which

Pledgor may be subject under or in respect of the Registration Agreement.

2. WARRANTIES AND REPRESENTATIONS OF PLEDGOR.  
-----

2.1 Power and Authority to Pledge. Pledgor has full power and authority  
-----

to execute and deliver this Second Amended Pledge Agreement and to perform his obligations hereunder.

2.2 Enforceability. This Second Amended Pledge Agreement is the legal,  
-----

valid and binding obligation of Pledgor, enforceable against Pledgor according to its terms, subject only to bankruptcy, insolvency, moratorium, reorganization or similar laws, rulings or decisions at the time in effect affecting the enforceability of rights of creditors generally and to applicable equitable principles.

2.3 Title to Collateral. Pledgor warrants and represents to Pledgee that  
-----

he holds title to the Collateral free and clear of any liens, pledges or encumbrances, except liens, pledges or encumbrances in favor of Pledgee, and no financing statement or registration of pledge covering all or any part of the Collateral is on file in any public office or private office, except those in favor of Pledgee.

2.4 Shares Fully Paid. The Collateral which is stock is fully paid and  
-----

non-assessable.

2.5 No Restrictions. Subject to the limitations specified in the  
-----

Registration Agreement, the Collateral is not subject to a stockholder agreement, option agreement, buy-sell agreement or other restriction of any kind upon the sale thereof. If all or any portion of the Collateral is subject to any stockholder agreement, buy-sell agreement, option agreement or other agreement of any kind, Pledgor shall furnish to the Pledgee copies of all such agreements and any amendments, modifications, or supplements thereto.

2.6 Pledged SCA Stock. The Pledged SCA Stock was purchased by Pledgor  
-----

for value on October 20, 1993.

3. EVENTS OF DEFAULT AND REMEDIES.  
-----

3.1 Events of Default. The occurrence of one or more of the following  
-----

shall constitute an "Event of Default" hereunder:

(a) An event of default should occur in any document or agreement evidencing, governing or securing any of the Secured Obligations, including, without limitation, any failure by Pledgor to perform under the Secured Promissory Note for \$125,000, the Confession of Judgment

Page 30 of 33 Pages

and Warrant of Attorney related thereto, the \$385,000 Secured Promissory Note and the Confession of Judgment and Warrant of Attorney related thereto;

(b) Breach of any covenant, warranty or agreement of Pledgor contained in this Second Amended and Restated Pledge Agreement; or

(c) Pledgor shall become a bankrupt or insolvent, or admit in writing his inability to pay his debts as they mature, or make an assignment for the benefit of creditors; or Pledgor shall apply for or consent to the appointment of any receiver, trustee, or similar officer for him or for all or any substantial part of his property; or such receiver, trustee or similar officer shall be appointed without the application or consent of Pledgor; or Pledgor shall institute (by petition, application, answer, consent or otherwise) any bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding under the laws of any jurisdiction; or any such proceeding shall be instituted (by petition, application or

otherwise) against Pledgor; or any judgment, writ, warrant or attachment or execution or similar process shall be issued or levied against a substantial part of the property of Pledgor.

3.2 Pledgee's Right to Sell Collateral. Subject to the limitations  
-----

specified in the Registration Agreement, upon the occurrence of an Event of Default, Pledgee shall be entitled to sell any or all of the Collateral without notice to Pledgor, to the extent allowed by law, at public auction or private sale. Pledgee may, in its sole discretion, cause all or any portion of the Collateral to be registered in its name and to receive all dividends, interest and other distributions thereon and apply the same to the Secured Obligations in such order as it shall deem appropriate and to exercise Pledgor's rights under the Registration Agreement. Pledgee may limit sales to purchasers who are acquiring for investment and not with any view to distribution and may condition any sale or sales upon restriction against future transfers to the extent that Pledgee or counsel for Pledgee shall deem necessary to protect Pledgee from any liability under the Securities Act of 1933, the Securities Exchange Act of 1934, the Minnesota securities laws, and any like or similar laws now or thereafter in effect.

3.3 Waiver of Redemption; No Liability for Value Decline. Any and all  
-----

sale(s) of the Collateral held by Pledgee pursuant to Section 3.2 herein shall be free from any right of redemption, which is hereby expressly waived by Pledgor. In addition, Pledgee shall have no liability for any increase or decrease in the value of any of the Collateral at any time.

3.4 Application of Sales Proceeds. The proceeds of the sale(s) of the  
-----

Collateral under Section 3.2 herein shall be applied as follows:

- (a) First, to the payment of all expenses incurred by Pledgee hereunder, including all costs and expenses of collection, whether or not a suit has been filed, including, but not limited to, all sales commissions, brokers' fees and reasonable attorneys' fees;
- (b) Second, to the satisfaction of the Secured Obligations in such order as Pledgee in its sole discretion shall determine;
- (c) Third, to the payment of any other amounts required by applicable law (including, but without limitation, Section 336.9-504(1)(c) of the Minnesota Uniform Commercial Code); and
- (d) Fourth, any balance then remaining shall be paid to Pledgor, unless it is the subject of tax lien or levy, attachment, restraining order, injunction or other such distraint.

3.5 Rights Cumulative. All remedies of Pledgee hereunder are in addition  
-----

to remedies afforded Pledgee under any other document evidencing or securing any Secured Obligation or any other document or under law. All remedies are cumulative and may be exercised by Pledgee concurrently or consecutively. No failure or omission of Pledgee to exercise any such right or remedy shall constitute a waiver thereof.

4. MISCELLANEOUS.  
-----

4.1 Limitation on Amendments to Registration Agreement. Pledgor  
-----

represents and warrants to Pledgee that the form of Registration Agreement delivered to Pledgee embodies the entire undertaking and agreement between Pledgor and SCA with respect to the subject matter thereof and is in full force and effect. No further amendments or modifications of the Registration Agreement shall be deemed to affect Pledgee's rights and remedies under this Second Amended and Restated Pledge Agreement without Pledgee's prior written consent.

4.2 Registration of Stock. Pledgor represents and warrants that he  
-----

has exercised his right to Demand Registration under the Registration Agreement with respect to all the Pledged SCA Stock in accordance with the provisions of the Registration Agreement and that the Pledged SCA Stock has been registered.

4.3 Agreement Binding. This Second Amended and Restated Pledge  
-----

Agreement shall be binding upon the beneficiaries, heirs, estates, personal representatives, successors and assigns of Pledgor and the death, insolvency, bankruptcy, release of Pledgor shall not release or discharge any other borrower, pledgor, endorser, or guarantor from liability hereunder; provided,

however  
-----

Page 32 of 33 Pages

that the rights of any of Pledgor hereunder may not be assigned without the prior written consent of Pledgee.

4.4 Severability. In the event that one or more provisions of this  
-----

Second Amended and Restated Pledge Agreement should be declared to be invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, the validity, legality and enforceability of the remaining provisions herein shall not in any way be affected or impaired thereby.

4.5 Survival of Representations. All covenants, agreements,  
-----

representations and warranties made herein shall survive the execution and delivery of this Second Amended and Restated Pledge Agreement.

4.6 Notices. Any notice required hereunder shall be deemed to be given  
-----

after deposit in the U.S. Mail, certified mail, return receipt requested and addressed to Pledgor and to Pledgee at the addresses stated below, upon receipt if delivered manually or from the date of sending thereof if sent by facsimile transmission:

The Pledgor: Mark S. Gorder  
-----  
24 North Deep Lake Road  
North Oaks, Minnesota 55127  
Tele. No.: (612) 483-8577

With copy to: Doherty, Rumble & Butler  
Professional Association  
2800 Minnesota World Trade Center  
30 East Seventh Street  
St. Paul, Minnesota 55101-4999  
  
Attention: William J. Cosgriff, Esq.  
Tele. No.: (612) 291-9333  
Telecopy No.: (612) 291-9313

The Pledgee: First Trust National Association  
-----  
180 East Fifth Street  
P.O. Box 64111  
St. Paul, Minnesota 55164-0111  
  
Attention: \_\_\_\_\_  
Tele. No.: (612) 244-6000  
Telecopy No.: (612) 244-0712

With copy to: Dorsey & Whitney  
220 South Sixth Street  
Minneapolis, Minnesota 55402  
  
Attention: Diane D. Malfeld, Esq.  
Tele. No.: (612) 340-2600  
Telecopy No.: (612) 340-2643

Any changes in a party's address may be made by giving written notice to the other parties pursuant to this Section.



4.7 Governing Law; Jurisdiction. This Second Amended and Restated

-----  
Pledge Agreement shall be construed, interpreted and governed according to the laws of the State of Minnesota. Pledgor hereby consents to the personal jurisdiction of the state and federal courts located in the State of Minnesota in connection with any controversy related to this Second Amended and Restated Pledge Agreement, waives any argument that venue in such forums is not convenient and agrees that any litigation instigated by Pledgor against the Pledgee in connection herewith shall be venued in either the District Courts of Washington County or Ramsey County, Minnesota or the United States District Court for the District of Minnesota, Third Division.

4.8 Joint and Several Liability. If this Second Amended and Restated

-----  
Pledge Agreement is executed by more than one pledgor, the liability of such parties hereunder shall be joint and several and Pledgee, upon a default, may sell all or any portion of the Collateral in such order as Pledgee in its sole discretion shall elect.

IN WITNESS WHEREOF, Pledgor has executed this Second Amended and Restated Pledge Agreement as of the day and year first above written.

/s/ Mark S. Gorder  
-----  
Mark S. Gorder

STATE OF MINNESOTA        )  
                                  ) SS  
COUNTY OF RAMSEY        )

The foregoing instrument was acknowledged before me this 22 day of December, 1994, by MARK S. GORDER.

/s/ Karen R. Kees  
-----  
Notary Public  
Ramsey County, Minnesota  
My Commission Expires: \_\_\_\_\_

NOTARIAL SEAL

Accepted this 22 day of  
December, 1994 by

[SEAL APPEARS HERE]  
KAREN R. KEES  
NOTARY PUBLIC--MINNESOTA  
DAKOTA COUNTY  
My Comm. Expires Mar. 17, 1997

FIRST TRUST NATIONAL  
ASSOCIATION, as Trustee

By: /s/ L. Howard            L. Howard  
-----  
Its: Assistant Vice President  
-----