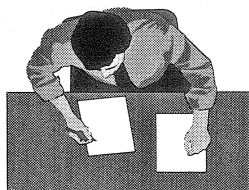


CROWN CRITER

Since 1971

Crown International, Inc. Employee Newsletter

Feb./Mar. 1999



CEO's Memo...

Making the most of our time at work

We all spend too much time "on the job" to not do everything we can to make this time enjoyable and positive. Knowing how to deal with issues is essential. In today's world we are constantly hearing "the only thing we can be sure of is change." We must understand and identify that in today's environment constant changes are often stressful and make effective communications challenging.

At Crown, we use several means to promote effective communications including Wednesday Assembly, Crown Crier, bulletin boards, and the direct line. However, it's unrealistic to think that there will never be miscommunications, disagreements, or differences of opinion. Working through issues in an open environment of trust and respect is a must. It's taking care of our "Human Resources" and promoting good employee relations. That is why we are so committed to an open door policy and working issues out at the lowest, informal level. Supervisors and Managers must be able to effectively work through and resolve problems with and on behalf of their employees.

To ensure that each of us has an alternative in the event of an unresolved issue

after exhausting informal measures, the resolution process, which is the formal route, is available for employees to use.

How does it work? Before we explore this much further, each of us must be assured that this process can be used in strict confidence with no fear of recrimination. Employees will not be penalized for proper use of the resolution procedure. Written records of resolutions are filed separately from an employee's personnel file.

What do we mean by "proper use"? An employee expressing his or her feelings of dissatisfaction concerning any of the following examples would be properly using the resolution process:

- Application of company policies, practices, rules, regulations, and procedures believed to be to the detriment of an employee.
- Treatment considered unfair by an employee, such as coercion, reprisal, harassment, intimidation, or alleged discrimination because of race, color, sex, age, religion, national origin, marital status, or disability.
- Improper or unfair administration of employee benefits or conditions of employment, such as vacations, fringe benefits, promotions, holidays, performance review, and salary.

With the ground rules established, it's important for everyone to start with the in-

formal resolution process: Employees are expected to talk to their immediate supervisor in an attempt to resolve work-related issues. When this attempt is not successful, then the formal resolution process should be used.

To initiate the formal resolution process, an employee must contact the Human Resources Employee Relations Department. The employee will be asked to submit in writing the nature of the problem, grievance, or complaint, using the Employee Resolution Process Form.

The employee's supervisor is then responsible for investigating the complaint and for attempting to resolve the issue. If the employee is not satisfied with the supervisor's decision, they may appeal the decision to the next level of management. The appeal process is repeated until resolution is reached or until, when necessary, a binding decision by the President is made.

Our employee handbook spells out this process in detail.

It is always best when we can resolve any issue at the lowest level. This is true whether it is with family members, friends, fellow co-workers or supervisors. It is our commitment at Crown to provide an environment of trust and respect as we work together to achieve our mission.

by Richard A. Newberry



Faithful Service

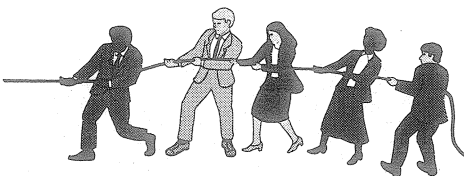
Name	Years of Service
Tom Szerencse	30 Years (February 18)
James Bontrager	25 Years (February 28)
James Putz	25 Years (March 28)
Carol McQueen	20 Years (February 26)
Tom Sneddon	15 Years (February 20)

Lynn Etherington	10 Years (February 8)
Ed Collins, Jr.	10 Years (February 14)
Susan Whitfield	10 Years (February 20)
Sharon Klinedinst	10 Years (February 27)
Sylvia Canell	10 Years (February 27)
Mary Ellen Florea	10 Years (March 5)
Lorain Cook	10 Years (March 21)
Erica Spencer	5 Years (February 14)
Brook Ferguson	5 Years (February 14)

Linda Perry	5 Years (February 28)
Staci Rayle	5 Years (March 7)
Edita Temim	5 Years (March 7)
Cheryl Burns	5 Years (March 7)
Tammie Brown	5 Years (March 8)
Kristine Magbee	5 Years (March 15)
Kip Whitehead	5 Years (March 21)
Stefan Cramer	5 Years (March 28)
Marilyn Watson	5 Years (March 28)



Exceptional Teamwork!



From working hard to keep the focus on what is best for our customers, and mutually best for our business, to "out-of-the-box" thinking, exceptional teamwork made our September 1998 Crown Rep Council meetings a great success, and resulted in some very positive changes that will help us all become more successful!

What is a "Rep"? For those of you not familiar with how our amplifiers are distributed to the marketplace, we have territories headed by firms that represent Crown ("Reps") in distributing Crown amplifiers to local dealers. The reps do not take ownership of our products and resell them to dealers. They simply help us with support and selecting the right distribution for Crown.

Before I get into the changes that were made, I think it would be helpful to review the distribution philosophies that I outlined this past summer.

First, the competitive and free market that we live in will not tolerate a strategy of "protection". In the past, our distribution philosophies were designed to protect the

Crown name, rather than leverage it, and to protect our dealers from a free market. We, as a supplier, cannot protect ourselves or anyone else from a free market. Instead, we will put our resources, time and energy in developing astounding products that delight our customers, and then provide them with exceptional service and support. I believe that the changes resulting from the September Rep Council meeting will help us to become more agile in this free market.

Secondly, distribution is king, and we will support successful distribution. We have to be prepared to work with the dealers where the end-user likes to shop, then support those dealers who are successful at getting our product to the end-user.

Below is a summary of the key changes that resulted from our meeting.

Advertising Policies – In the past, Crown had several restrictions on advertising Crown. We have modified our policies to make it easier for our dealers to advertise Crown products.

Selling via the Internet – The general consensus was that selling at retail on

the Internet would yield little sales, and the gain would not out-weigh the pain involved. Therefore, Crown will use the Internet to generate leads and better steer end-users to our dealers, but will not sell products or the extended warranty over the Internet.

Market Development Fund – To be implemented in 1999, and to be based on a 2% price increase. 50% of the fund will be available for the reps to use in supporting their local market, with the other half available for Crown to support market development projects that have national impact.

Pricing programs and price sheets – Have been simplified. We are eliminating separate price sheets for microphones, contractors and retailers— all products will appear on one price sheet. Additionally, we are considering adding a new rebate program that rewards growth, rather than just subsidizing size.

Monthly newsletter for Reps – Will serve as a communication vehicle to keep them informed as to what is going on at Crown.

by Scott Robbins
Director of Sales, Americas



Benefits News

**Want to save taxes in 1999?
Increase the amount of
your 401(k) contribution.**



ing the last six months of the Plan Year due to death, disability, or retirement after age 65.

Your 401(k) dollars are not subject to tax until you withdraw the funds. This provides an excellent opportunity to decrease your Federal, State and County taxes. The money you put in through the 401(k) grows on a tax-free basis. What a great opportunity to reduce your taxes in 1999...increase your election now!

In addition, the company will provide a matching contribution and a profit sharing contribution based on the company profits during the year. The match will be determined after the official year-end audit is completed, and the contribution will be made by the due date of the Federal Income Tax return.

The matching contribution is based on the amount of your 401(k) contributions up to 6% of your compensation and is 100% vested. In order to be entitled to a matching contribution, you must be employed on December 31, 1999; unless you terminate dur-

A profit sharing contribution of up to 3% of your compensation, in addition to the match, will also be made based upon exceeding the approved Financial Plan. The profit sharing contribution is subject to the five (5) year Graded Vesting Schedule. In order to be entitled to this profit sharing contribution, you must be employed on December 31, 1999, and have 1,000 hours of service in the Plan Year. You will also receive an allocation of a company profit sharing contribution if you terminate during the last six months of the Plan Year due to death, disability or retirement after age 65. The contribution will be determined and made at the same time as the matching contribution indicated above.

For additional detailed information, please refer to the revised 401(k) Profit Sharing and Salary Reduction Plan Summary.

Plan today to have a wonderful retirement for your future!

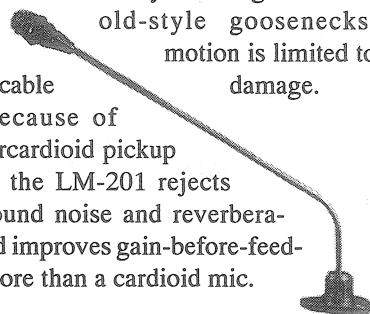
by Ann Frantz, Benefits Manager

New Product Spotlight

LM-201 Lectern Mic Ignores Thumps

The Crown Microphone Department is happy to introduce the LM-201 lectern mic with internal shock mounting. The mic capsule "floats" in a soft rubber suspension, which isolates it from lectern thumps and handling noise. Featuring a new low-noise mic capsule, the LM-201 is intended for use on lecterns, pulpits, and similar applications. Its unique ball-and-socket swivel lets it be adjusted without any creaking — unlike the old-style goosenecks. Swivel motion is limited to prevent cable damage.

Because of its supercardioid pickup pattern, the LM-201 rejects background noise and reverberation, and improves gain-before-feedback, more than a cardioid mic.



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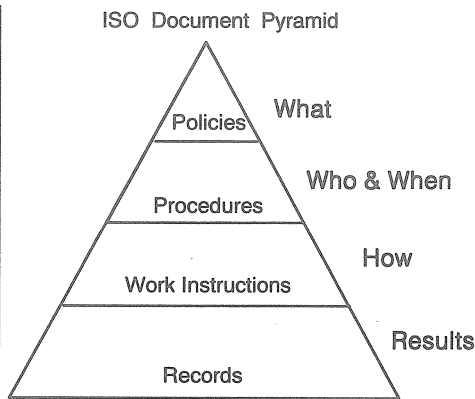
Developing Excellence

Have you ever been to Egypt? One of the first things that comes to mind when I think of Egypt is pyramids. Pyramids are an icon for Egypt. With all the focus on ISO, that icon is beginning to mean something else to me. ISO also has a pyramid. It's called the document pyramid.

The document pyramid should not represent a big pile of paper and hopefully not a dusty old pile of stone with little utility today. What it does represent is a structure for management system documentation in an organization.

If you could imagine the pyramid divided equally from top to bottom in four equal layers, at the very top are the *policies*. These are general brief statements describing 'WHAT' is expected to occur. They are basically a restatement of the 20 ISO element requirements identifying Crown's approach and responsibility toward the standard. Once established, these rarely, if ever change. Policies do not address WHO, WHEN, or HOW the WHAT will be completed. Using our football analogy of past issues, the general manager and owner may decide their policy is to assemble the talent and resources to win division and superbowl titles.

The WHO and WHEN are addressed in the layer next to the top. These are called the *procedures*. These again should be brief



and may change occasionally as improvements are made in the system. In a football organization, the procedures may detail responsibilities for recruiting efforts, organization of players and practices, and staff relationships necessary to win their division and the superbowl. All with a focus on who will be responsible, and when, for executing the identified tasks.

The third layer from the top addresses HOW the "who and when" will do the "what". These are called *work instructions*. Work instructions focus on how we do our jobs. The focus should be on standards so employees know if their work is being done correctly, and if it isn't, the actions required to correct it. In football practices, it may detail how the team returns punts or kick-offs or how the line coach would train line-

men to protect the passer from a blitzing linebacker. The training of the people involved and complexity of the task dictate the detail required.

The bottom layer of the pyramid upon which all other layers rest is called the *records*. Records may be various types of documents reporting RESULTS of the system. Examples include forms, process sheets, test & inspection sheets. Without records, there is no evidence that policies, procedures, and work instructions are being executed according to plan. In football, these are the stats. How many wins, losses, yards rushed, passes completed and intercepted are examples. If a team didn't have these you would have to assume they didn't play any games or question whether they really existed. That's how ISO auditors view records. Without them, we don't have a Quality System.

Some of you may wonder where we are on this ISO Journey. To date, the Policy Manual and Procedures Manual is being edited. We plan to start Internal Auditing and general ISO training in late January and early February. Work instructions and records still need to be identified and developed where they do not already exist. And of course, training and lots of audit practice are yet to come.

by Larry Kauffman, Corporate Quality Manager



Safety On & Off The Job



The Importance of Hand Washing

With the common cold and flu season upon us, many have already spent a couple or more days "under the weather." It's at this time of year that we can benefit from a reminder of the most simple measure there is for the prevention of infection and disease transmission (a measure all of us have known since childhood): Hand washing.

A recent observational survey conducted in public restrooms by the Allegheny County Health Dept., Pittsburgh, PA, showed that 46% of males and 17% of females didn't wash their hands at all. And among those who did, a significant number did not do so properly. The most common omissions were not using soap (as in "splash'n go"), and insufficient time spent hand washing. Let's take a look at exactly why hand washing is so important:

1. As stated above, it is the single most important measure you can take to prevent the spread of the germs that cause common colds and flu. Doctors now confirm it. Mom was right: cover your mouth, and wash your hands!

2. For job positions that use solder paste or other chemicals, it is also the single most effective measure against accidental ingestion exposure (which occurs when a chemical that is used is inadvertently transferred from hand to mouth). After any chemical handling, hand washing should be the first step at the start of breaks or lunch or before eating, drinking, smoking, chewing gum or applying cosmetics, *even if no known skin contact with the chemical has occurred.*

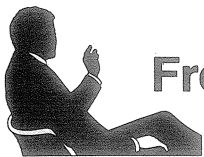
3. Finally, hand washing prevents accidental exposure to many microorganisms commonly associated with public health problems, such as coliform bacteria. Hand to mouth-contact is the route of entry of these

substances into the body, and they can be transferred from person to person without proper hand washing. Hand washing prevents these germs from getting the chance to do their dirty work.

According to the Centers for Disease Control, proper hand washing must include soap and at least 20-30 seconds of time spent lathering, before thorough rinsing and drying. To teach children proper hand washing, one local pediatrician advises her patients to lather their hands for as long as it takes them to sing their ABC's. If you will be away from sink facilities for any length of time, consider one of the new antibacterial hand sanitizers that can be simply applied to the skin and allowed to dry. These principles are just as important off the job, where we interact with those closest to us, and set an example for our children to follow.

by Carmen Wegener, Environmental, Health, and Safety Specialist





From Where I Sit...

In business, just as in our personal lives, the beginning of the New Year is a good time to perform an honest assessment of our strengths, weaknesses, and goals. Crown's greatest strength in the marketplace has been, and continues to be, our reputation for quality and reliability.

Unfortunately, as we begin 1999, we must accept that our reputation is in jeopardy because we do not have a quality system that allows us to consistently meet or exceed our customer's expectations. The good news is that by honestly assessing our current performance, we are ready to move quickly to protect our hard-earned reputation.

The solution is clear: We must aggressively implement a quality system that allows us to Delight our Customers and outperform the competition. This is why one of Crown Manufacturing's most important goals for 1999 is implementation of an ISO 9002-approved quality system. ISO 9002 certification is not an end in itself, but rather an important first step to improve quality and secure Crown's reputation as the quality leader in the marketplace.

The full potential of the ISO 9002 quality system will be realized only if every employee assumes his or her key role in the development and maintenance of the quality system. As Plant Manager, ensuring employee involvement at all levels is one of my highest priorities.

Below, I have highlighted four key areas where we must maximize your involvement.

Development of work instructions. Work instructions document how specific tasks or operations are performed. Those of you actually performing the tasks need to

be heavily involved in developing the work instructions used in your work area. This direct involvement will lead to work instructions that are accurate, used properly, and ISO 9002 compliant.

Root cause corrective action. Our quality system must provide an official method for all employees to identify quality problems, offer potential corrective actions, and be supplied proper feedback. You, the 475 employees on the manufacturing floor, possess a vast knowledge of the products being assembled, their related problems, and potential corrective actions. To be effective, our quality system must utilize your input on a continuous basis.

New Product Development. As new products are developed, we must be able to take full advantage of the product and process knowledge of the manufacturing staff. Input from assembly operators, supervisors, and manufacturing engineers during the new product design cycle is required in order to optimize the manufacturing process.

Benchmarking other quality systems. It is important for all employees to understand the motivation for the quality systems and improved manufacturing processes that we are implementing. Understanding our customer's expectations, as well as what other companies are doing, will help everyone gain a better understanding of the quality system that is required.

The ISO 9002 quality system is a great opportunity for all employees to take an active role in the improvement and continued success of Crown International. Your involvement is the only way we will realize our full potential. I'm looking forward to working with you during 1999 to make it happen.

by Ed Revak, Plant Manager



Welcome!

Employees that have joined Crown since November 1998:

Modules

Carol Casto
Tina Crenshaw

Line 9

Laura Harroff
Audio Amplifier Engineering
Marc Kellom
Audio Microphone Engineering
Robert Chadderdon
Broadcast Engineering
Don Briehler
Audio Technical Service Support
Gary Lavengood



Continued from page 2

The LM-201 has a smooth, wide-range frequency response for natural reproduction of the voice. Low frequencies are filtered out to reduce pickup of lectern thumps, room rumble and breath pops.

The included wire-screen grille has an internal pop filter to reject explosive breath sounds. An external foam windscreen is supplied for extra pop filtering or for outdoor use.

PZM-10LL Line Level Security Mic

Designed for security and surveillance, the new PZM-10LL features a line-level output. This Pressure Zone Mic resembles a light switch so it disappears in use. Its tubular housing mounts in a hole in a ceiling panel, wall or table.

In the PZM-10LL, low frequencies below the voice range are rolled off to reduce pickup of air-conditioning rumble. The high-frequency response is boosted to help articulation. Because of its tailored response and PZM construction, the PZM-10LL picks up conversation or other desired sounds with extra clarity and definition.

by Bruce Bartlett, Senior Microphone Design Engineer



The Crown Crier is a communication medium published by the Human Resources Department to promote the Company's mission and guiding principles, share management information about the company, and celebrate significant employee accomplishments and events.



Innovation Determination Agility Speed

1718 West Mishawaka Road, Elkhart, IN

Employee Committee Financial Report

Balance as of 1/7/99:

Checking	\$5,082.47
Savings	\$2,000.91
Total	\$7,083.38