On July 17, 1995, pursuant to a securities purchase agreement dated as of June 26, 1995, MC Group purchased from Libra Invest & Trade Ltd ("Libra") for approximately $63.9 million, including expenses, 5,939,400 shares of PCT Common Stock, 5,939,400 Abex VSRs, and 1,484,850 shares of MC Group Common Stock (the "Libra Purchase") Of the total purchase price of approximately $63 9 million, approximately $29 9 million was allocated to the purchase of 1,484,850 shares of MC Group Common Stock and is classified as treasury stock In connection with such purchase, the Company entered into an agreement with PCT which, subject to certain exceptions, will limit the Company's ability to dispose of its shares of PCT Preferred Stock and PCT Common Stock for a period of three years. As a result of this transaction, the Company's investment in PCT increased to approximately 29% of PCT Common Stock (36% on a fully diluted basis).

The Company accounts for its investment in PCT on the equity method. At December 31, 1996, PCT had total assets, total liabilities, redeemable convertible preferred stock, and stockholders' equity of $318.1 million, $132 1 million, $20.0 million and $166 0 million, respectively At December 31, 1995, PCT had total assets, total liabilities, redeemable preferred stock and stockholders' equity of $51.3 million, $8.8 million, $20.0 million and $22 5 million, respectively. For the year ended December 31, 1996, PCT had income from continuing operations, income from discontinued operations and net income of $10.4 million, $158.1 million and $168.5 million, respectively. For the year ended December 31, 1995, PCT had a loss from continuing operations, income from discontinued operations and net income of $4.0 million, $16 9 million and $11 3 million, respectively. At December 31, 1996 the market value of PCT Common Stock owned by the Company was $44 5 million.

On April 15, 1996, PCT sold its aerospace operations, including substantially all of its assets, to Parker Hannifin Corporation ("Parker Hannifin") for an aggregate cash consideration of approximately $201.1 million before transaction costs and recognized a gain in discontinued operations of $153.7 million

On August 21, 1996, Cigar Holdings completed an initial public offering of 6,075,000 shares of its Class A common stock (the "Cigar IPO") The net proceeds to Cigar Holdings from the Cigar IPO of approximately $127 8 million were paid as a dividend to the Company As a result of the Cigar IPO, the Company beneficially owns 80 2% of the outstanding shares of capital stock of Cigar Holdings (representing approximately 97 6% of the combined voting power), which owns 100% of the outstanding shares of capital stock of Consolidated Cigar In connection with the Cigar IPO, the Company recorded a gain of $127 8 million

On November 25, 1996, the Company sold (the "Flavors Disposition") to a subsidiary of PCT (i) all of the outstanding shares of Flavors common stock and (ii) 23,156,502 Value Support Rights ("VSRs") for aggregate consideration of approximately $297 3 million, consisting of $180.0 million in cash, the assumption of approximately $110 1 million of indebtedness and deferred cash payments to the Company of $3.7 million payable on June 30, 1997 and $3 5 million payable on December 31, 1997. The VSRs were subsequently distributed to PCT shareholders, including 8,439,400 to the Company due to its ownership of PCT Common Stock and PCT Preferred Stock.

Each VSR, subject to certain limitations, entitles its holder to receive a payment, if any, of up to $3 25 per VSR if the 30-Day Average Market Price (as defined in the VSR Agreement) of PCT Common Stock is below $11 00 per share, subject to adjustment, on January 1, 1999, provided, however, the