Inc ("PCT"), (ii) the recapitalization of the capital stock of PCT into shares of common stock, par value $.01 per share (the "PCT Common Stock") and shares of Series A 8% Convertible Redeemable Preferred Stock (the "PCT Preferred Stock") with an aggregate liquidation preference of $20 0 million and is convertible, at the option of MC Group, into 2 5 million shares of PCT Common Stock, subject to adjustments and (iii) the merger (the "Merger") of Abex and C&F Merger Inc. ("C&F"), a wholly owned subsidiary of Mafco Holdings which owned indirectly 100% of the outstanding stock of Consolidated Cigar Holdings Inc. ("Cigar Holdings"), and Flavors Holdings Inc ("Flavors") with Abex, which was renamed Mafco Consolidated Group Inc ("MC Group" or the "Company"), as the surviving corporation in the Merger. Cigar Holdings and Flavors conduct their business operations through their respective wholly owned subsidiaries, Consolidated Cigar Corporation ("Consolidated Cigar") and Mafco Worldwide Corporation ("Mafco Worldwide") As a result of the Merger, the Company acquired certain non-aerospace assets and assumed certain liabilities of Abex as well as acquired an interest in the PCT Preferred Stock. PCT, which became a separate publicly-traded company, continued to operate the aerospace business until April 1996 (See Note 3).

Pursuant to the Merger, Abex's stockholders immediately prior to the effective time of the Merger (the "Effective Time"), received for each share of common stock, par value $ 01 per share, of Abex (the "Abex Common Stock") held, in cancellation thereof, (a) one-quarter of one share of common stock of the Company, par value $ 01 per share (the "MC Group Common Stock") and, where applicable, cash in lieu of a fractional share of MC Group Common Stock, (b) one share of PCT Common Stock, and (c) one value support right ("Abex VSR") issued by MVR Inc ("MVR"), a wholly-owned subsidiary of the Company, and guaranteed by the Company Shares of MC Group Common Stock were also issued upon cancellation of restricted units of Abex (the "Restricted Units") outstanding under Abex's Restricted Unit Plan for Non-Employee Directors immediately prior to the Effective Time, and shares of PCT Common Stock were also issued upon cancellation of Restricted Units and stock appreciation rights of Abex (the "SARs") outstanding under the 1992 Stock Plan for Executive Employees of Abex and its Subsidiaries immediately prior to the Effective Time. On an aggregate basis, Abex's stockholders and the holders of Restricted Units and SAR's received 100% of the shares of PCT Common Stock and Abex VSRs; Abex's stockholders and the holders of Restricted Units received 20% of the shares of MC Group Common Stock, and Mafco Consolidated Holdings Inc , formerly known as C&F (Parent) Holdings Inc. ("Mafco Consolidated Holdings"), a wholly owned subsidiary of Mafco Holdings, received 80% of the shares of MC Group Common Stock, in each case the percentages reflecting the amount outstanding immediately following completion of the Merger.

As part of the Merger Agreement, Mafco Worldwide paid a dividend of $9 0 million and Consolidated Cigar paid a dividend of $5 0 million which were distributed to Mafco Holdings immediately before the Merger.

The Merger was accounted for as a purchase of certain assets and the assumption of certain liabilities of Abex, with C&F treated as the acquiror for accounting purposes Beginning June 15, 1995, the date of the Merger, the financial statements of the Company reflect the consolidated results of Flavors through November 25, 1996, the date of the Flavors Disposition, as described below, Cigar Holdmgs and the assets and liabilities of Abex acquired in the Merger For all periods from March 3, 1993, the first date that Flavors and Cigar Holdings were under the common control of Mafco Holdings, to June 15, 1995, the financial statements reflect the combined results of Flavors and Cigar Holdings. In connection with