Hannifin Corporation ("Parker Hannifin") for an aggregate cash consideration of approximately $201 1 million before transaction costs.

On August 21, 1996, Cigar Holdings completed an initial public offering (the "Cigar IPO") of 6,075,000 shares of its Class A common stock (the "Cigar Common Stock") 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 Corporation ("Consolidated Cigar") In connection with the Cigar IPO, Cigar Holdings issued a



promissory note in an original principal amount of $70 million to the Company

On March 26, 1997, Cigar Holdmgs completed a public offering (the "Cigar Secondary Offering") of 5,000,000 shares of the Cigar Common Stock at an offering price of $23 75 per share All of the shares sold were owned by MC Group In addition, the underwriters have been granted an overallotment option to purchase an additional 750,000 shares, which as of the date hereof has not been exercised

On November 25, 1996, the Company sold (the "Flavors Disposition") to a subsidiary of PCT (i) all of the outstanding shares of Flavors Holdmgs 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 MC Group due to its ownership of PCT Common Stock and PCT Preferred Stock

On February 20, 1997, Mafco Consolidated Holdings entered into an Agreement and Plan of Merger (the "1997 Merger Agreement") with MC Group and MCG Acquisition, Inc , a wholly owned subsidiary of Mafco Consolidated Holdings, whereby Mafco Consolidated Holdings will acquire the remaining 15% of MC Group Common Stock that it does not already own (the "1997 Merger"). Pursuant to the 1997 Merger Agreement, each outstanding share of Company Common Stock (other than shares held by Mafco Consolidated Holdings) will be converted into the right to receive $33.50 in cash, subject to upward adjustment (the "Merger Consideration"). Additionally, on February 20, 1997, in connection with the 1997 Merger Agreement, MC Group declared a special cash dividend of $10 per share, which was paid on March 14, 1997 to stockholders of record as of the close of business on March 10, 1997.

The Merger Consideration shall be equal to the sum of (x) $33.50 plus
(y) an amount, if any (the "Additional Amount"), equal to the Excess (as defined below) multiplied by 79 7% The Additional Amount shall be payable only if the average of the per share closing prices (the "Average") of Cigar Common Stock on the New York Stock Exchange for the ten trading days ending two trading days prior to the effectiveness of the Merger, exceeds $33.00 (the amount by which the Average exceeds $33 00, the "Excess") MC Group stockholders will be entitled to receive the Merger Consideration in cash, without interest, upon surrender of the certificate formerly representing shares of Cigar Common Stock

The 1997 Merger Agreement has been unanimously approved by the Boards of Directors of each company and, in the case of MC Group, by a special committee of independent directors formed to consider the transaction The consummation of the acquisition is subject to the approval of MC Group