All of the Company's common stock is indirectly owned by PCT. Mafco owns approximately 29% of the outstanding shares of PCT common stock. Mafco is 85% owned by Holdings and the sole stockholder of Holdings is Ronald O. Perelman, who is Chairman of the Board and Chief Executive Officer of Holdings and certain of its subsidiaries. The principal executive offices of Holdings are located at 35 East 62nd Street, New York, NY 10021.

### *ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS*

TRANSFER AGREEMENT. In connection with the Abex Merger and the related Transfer of substantially all of Abex's consolidated assets and liabilities to a subsidiary of Mafco with the remainder being retained by the Company, the Company, PCT, a subsidiary of Mafco and another subsidiary of Abex entered into the Transfer Agreement. The Transfer Agreement provides for appropriate transfer, indemnification and tax sharing arrangements, in a manner consistent with applicable law and existing contractual arrangements.

The Transfer Agreement requires such subsidiary to undertake certain administrative and funding obligations with respect to certain asbestos claims and other liabilities retained by the Company. The Company will be obligated to make reimbursement for the amounts so funded only when amounts are received by the Company under related indemnification and insurance arrangements. Such administrative and funding obligations would be terminated as to asbestos products claims in the case of a bankruptcy of Pneumo Abex or PCT or of certain other events affecting the availability of coverage for such claims from third party indemnitors and insurers. The Transfer Agreement further provides for certain funding indemnification and cooperation arrangements between the Company and such subsidiary in respect of certain liabilities which may arise under the Employee Retirement Income Security Act of 1974 in respect of the sale of Abex Friction Products on November 21, 1994.

INCOME TAXATION. On November 14, 1996, the Company and PCT entered into a Tax Sharing Agreement pursuant to which the Company agrees to pay to PCT amounts equal to the taxes that the Company would otherwise have to pay if it were to file separate income tax returns. Under existing federal regulations the Company is liable for the consolidated federal income taxes of PCT for any taxable year in which it is a member of the consolidated group of which PCT is the common parent.

LICENSE AGREEMENT. Pursuant to the License Agreement, Holdings has licensed to the Company, on a royalty-free basis, the right to use the name "MacAndrews & Forbes" until November 12, 1997.



*PART IV*

### *ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K*

(A) (1 and 2) Financial statements and financial statement schedule II. See Index to Consolidated Financial Statements and Schedule which appears on page F-1 herein.

(3) Exhibits

| EXHIBIT NO. | DESCRIPTION |
|---|---|
| 1.1 | Underwriting Agreement among Bear, Stearns & Co. Inc. and Morgan Stanley & Co. Incorporated and the Company. |
| 2.1 | Master Asset Purchase Agreement, dated as of January 15, 1996, as amended, by and among the Company, PCT and Parker |