SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

_____

SCHEDULE 13D
UNDER THE SECURITIES EXCHANGE ACT OF 1934

ZAPATA CORPORATION
(NAME OF ISSUER)

COMMON STOCK
$.25 PAR VALUE
(TITLE OF CLASS OF SECURITIES)

989070R017
(CUSIP NUMBER)

_____

RONALD C. LASSITER
1717 ST. JAMES PLACE, SUITE 550
HOUSTON, TEXAS 77056
TELEPHONE NO. (713) 940-6100

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TELEPHONE NO. (713) 221-1315
(NAME, ADDRESS AND TELEPHONE NUMBER OF
PERSON AUTHORIZED TO RECEIVE NOTICES AND COMMUNICATIONS)

JUNE 4, 1996
(DATE OF EVENT WHICH REQUIRES FILING OF THIS STATEMENT)

IF THE FILING PERSON HAS PREVIOUSLY FILED A STATEMENT ON SCHEDULE 13G TO REPORT THE ACQUISITION WHICH IS THE SUBJECT OF THIS SCHEDULE 13D, AND IS FILING THIS SCHEDULE BECAUSE OF RULE 13D-1(B)(3) OR (4), CHECK THE FOLLOWING:[ ]

CHECK THE FOLLOWING BOX IF A FEE IS BEING PAID WITH THIS STATEMENT:[X]

CUSIP NO. 989070R017

(1)	Names of reporting persons. . . . . S.S. or I.R.S. Identification Nos. of above persons	Ronald C. Lassiter 456482612
(2)	Check the appropriate box if a member of a group (see instructions)	(a) (b) X
(3)	SEC use only.	
(4)	Source of funds (see instructions)	00(1)
(5)	Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e).	
(6)	Citizenship or place of organization. . . .	United States
	Number of shares beneficially owned by each reporting person with:	
(7)	Sole voting power	78,477
(8)	Shared voting power	10,395,384
(9)	Sole dispositive power.	78,477
(10)	Shared dispositive power.	-0-
(11)	Aggregate amount beneficially owned by each reporting person.	10,473,861
(12)	Check if the aggregate amount in Row (11) excludes certain shares (see instructions).	X
(13)	Percent of class represented by amount in Row (11).	35.4%
(14)	Type of reporting person (see instruction).	IN

(1)No funds required.

CUSIP NO. 989070R017

(1)	Names of reporting persons. . . . . S.S. or I.R.S. Identification Nos. of above persons	Robert V. Leffler, Jr. 184344765
(2)	Check the appropriate box if a member of a group (see instructions)	(a) (b) X
(3)	SEC use only.	
(4)	Source of funds (see instructions)	00(1)
(5)	Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e).	
(6)	Citizenship or place of organization. . . .	United States
	Number of shares beneficially owned by each reporting person with:	
(7)	Sole voting power	6,666
(8)	Shared voting power	10,395,384
(9)	Sole dispositive power.	6,666
(10)	Shared dispositive power.	-0-
(11)	Aggregate amount beneficially owned by each reporting person.	10,402,050
(12)	Check if the aggregate amount in Row (11) excludes certain shares (see instructions).	X
(13)	Percent of class represented by amount in Row (11).	35.2%
(14)	Type of reporting person (see instruction).	IN

(1)No funds required.

CUSIP NO. 989070R017

(1)	Names of reporting persons. . . . . S.S. or I.R.S. Identification Nos. of above persons	W. George Loar 499185371
(2)	Check the appropriate box if a member of a group (see instructions)	(a) (b) X
(3)	SEC use only.	
(4)	Source of funds (see instructions)	00(1)
(5)	Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e).	
(6)	Citizenship or place of organization. . . .	United States
	Number of shares beneficially owned by each reporting person with:	
(7)	Sole voting power	6,666
(8)	Shared voting power	10,395,384
(9)	Sole dispositive power.	6,666
(10)	Shared dispositive power.	-0-
(11)	Aggregate amount beneficially owned by each reporting person.	10,402,050
(12)	Check if the aggregate amount in Row (11) excludes certain shares (see instructions).	X
(13)	Percent of class represented by amount in Row (11).	35.2%
(14)	Type of reporting person (see instruction).	IN

(1)No funds required.

Item 1. Security and Issuer

This Schedule 13D relates to the common stock, par value $.25 per share ("Common Stock"), of Zapata Corporation, a Delaware corporation ("Zapata"), whose principal executive offices are located at 1717 St. James Place, Suite 550, Houston, Texas 77056.

Item 2. Identity and Background

This Schedule 13D is filed by the members of the Special Committee of the Board of Directors of Zapata ("Committee"). See Item 4.

The members of the Committee, all of whom are members of the Board of Directors of Zapata ("Members"), are:

Mr. Ronald C. Lassiter, Chairman, Mr. Robert V. Leffler, Jr. and Mr. W. George Loar.

Appendix A sets forth, to the extent applicable, the name, citizenship, residence or business address, present principal occupation or employment and the name, principal business and address of any corporation or other organization in which such employment is conducted by each Member.

To the best knowledge of each Member, during the last five years such Member has not been convicted in any criminal proceeding (excluding traffic violations or similar misdemeanors) or was not a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration

Malcolm I. Glazer, individually and as trustee of the Malcolm I. Glazer Trust ("Glazer"), owns beneficially 10,408,717 shares of Common Stock (including 13,333 shares issuable upon the exercise of currently exercisable options) ("Glazer Shares"), representing approximately 35.2% of the outstanding Common Stock. The Members may be deemed to own beneficially the Glazer Shares solely because of their power to vote such shares that are issued and outstanding pursuant to an irrevocable proxy under the limited circumstances described in Item 4. No funds or other consideration was paid by or on behalf of the Members in connection with the grant of the irrevocable proxy.

Item 4. Purpose of Transaction

Creation of Committee

In September 1995, Zapata's Board of Directors ("Board") established the Committee for the purpose of investigating the legal and financial considerations of one or more merger or acquisition transactions involving Zapata and Houlihan's Restaurant Group, Inc. ("Houlihan's") and Speciality Equipment Companies, Inc. ("Specialty"). Glazer beneficially owns approximately 73% and 45% of the outstanding common stock of Houlihan's and Specialty, respectively, and Glazer and other members of his family serve as directors of both of these companies and of Zapata. The Committee was ultimately empowered to negotiate and authorize the terms of an acquisition of Houlihan's by Zapata, to engage investment bankers and legal counsel, to authorize the issuance of Common Stock in connection with the acquisition of Houlihan's and to take such other action as it deemed appropriate under the circumstances.

Letter of Intent and Standstill Agreement

Following an evaluation of Houlihan's by the Committee and its financial advisor, on May 1, 1996 Zapata and Houlihan's announced that they had entered into a letter of intent relating to Zapata's acquisition of Houlihan's for a combination of cash and Zapata stock amounting to $8.00 per share. In the announcement, Zapata disclosed that on April 30, 1996, Zapata and Glazer had entered into a Standstill Agreement ("Agreement") which restricts Glazer and his affiliates from acquiring, selling, voting and otherwise dealing with their current and future Zapata stockholders during the term of the Agreement.

Under the Agreement Glazer has agreed, on behalf of himself and other members of the Glazer family and entities controlled by him, not to increase his ownership of voting securities of Zapata beyond 49.9% of Zapata's outstanding voting securities, unless, among other things, such increases are approved by a majority of the directors of the Zapata Board who are not members of the Glazer family or are made in response to a tender offer or similar proposal by others to acquire more than 20% of Zapata's outstanding voting securities. Further, Glazer may exceed the 49.9% limitation if a holder of greater than 5% of Zapata's outstanding voting securities discloses an intent to acquire control of Zapata.

So long as the Agreement remains in effect, Glazer has a right of first purchase to maintain his proportionate ownership position in Zapata. Generally, the Agreement provides that Zapata has a right to acquire any voting securities sought to be transferred by Glazer. Glazer is permitted under the Agreement to sell his voting securities free of Zapata's right of first refusal in a number of circumstances, including sales or transfers to purchasers that agree to be bound by the terms of the Agreement, pursuant to a public distribution, in response to a tender offer by an unaffiliated third party for at least 14.9% of Zapata's outstanding voting securities, in connection with corporate reorganizations or upon conversion, exchange or exercise of outstanding

securities. The Agreement prohibits Zapata from soliciting proposals for the acquisition of Zapata so long as Glazer holds more than 9.9% of Zapata's outstanding voting securities; however, Zapata has reserved the right to respond to unsolicited proposals from other parties.

If the Zapata Board decides to pursue a combination between Zapata and any entity in which Glazer owns 15% or more of the voting equity, such as Houlihan's, the Zapata Board is required under the Agreement to appoint a special committee which will negotiate and approve the transaction. In the event of a proposed acquisition of any such Glazer controlled entity, Glazer has agreed to grant the special committee evaluating such acquisition an irrevocable proxy to vote all of Glazer's Zapata shares in such manner as a majority of the committee members may determine.

The Agreement terminates upon, among other events, the first to occur of 18 months after Zapata's acquisition of Houlihan's, Zapata's announcement that it does not intend to acquire Houlihan's, the acquisition by another party of securities representing 20% or more of the voting power attributable to Zapata's outstanding capital stock, a breach of the Agreement by Zapata or Glazer's acquisition of more than 50% of Zapata's outstanding voting securities in accordance with the terms of the Agreement. In the event that Zapata announces its intention to acquire another entity controlled by Glazer prior to the expiration of the Agreement, the Agreement's termination date will be automatically extended until the first to occur of 18 months after the acquisition of such entity or Zapata's announcement that it does not intend to acquire such entity.

The Agreement is filed as Exhibit 1 to this Schedule and is incorporated by reference herein. The foregoing description is qualified in its entirety by reference to such Exhibit.

Merger Agreement

On June 4, 1996, Zapata and Houlihan's announced that they had entered into a definitive Plan and Agreement of Merger ("Merger Agreement") providing for Zapata's previously announced acquisition of Houlihan's for a combination of cash and stock amounting to $8.00 per share. The Merger Agreement was approved by the Committee and by a special committee of the directors of Houlihan's who were not members of the Malcolm Glazer family. The Merger Agreement was also approved by the board of directors of Houlihan's.

The Merger Agreement provides that Houlihan's will be merged into a newly organized subsidiary of Zapata. Holders of Houlihan's common stock may elect to receive for their shares (i) $8.00 in cash, without interest, (ii) $8.00 in market value of Common Stock, (iii) a combination of $4.00 in cash, without interest, and $4.00 in market value of Common Stock or (iv) a residual combination of cash and Common Stock (aggregating $8.00 in value) determined so that the aggregate merger consideration to all holders of Houlihan's common stock is equally divided between cash and Common Stock. Glazer has agreed to elect to receive the residual combination of cash and stock with respect to the shares owned by him and his affiliates. In the

event that stockholders not affiliated with Glazer as a group exercise elections to receive such an amount of cash in the merger that the aggregate ownership of Common Stock by Glazer and his affiliates after the merger would exceed 49.9% of Zapata's then outstanding Common Stock, the cash elections of the unaffiliated stockholders will be reduced pro rata, and the cash portion of the residual elections will be increased pro rata, to assure that the foregoing 49.9% ownership threshold is not exceeded. The market value of Common Stock will be equal to the average of the closing price of Common Stock for the 20 trading days beginning on the second trading day prior to the date of the meeting of Houlihan's stockholders to be held to approve the transaction.

The merger is subject to, among other things, approval by the stockholders of both companies, compliance with the Hart-Scott-Rodino Antitrust Improvements Act, registration of the Common Stock issuable in the merger under the Securities Act of 1933 and receipt of consent from Houlihan's lending bank or the refinancing of Houlihan's outstanding bank debt. Subject to the satisfaction of these conditions, it is expected that the transaction will close in August 1996.

The Merger Agreement is filed as Exhibit 3 hereto and is incorporated herein by reference. The foregoing descriptions are qualified in their entirety by reference to such Exhibit.

Irrevocable Proxy

Substantially contemporaneously with the execution of the Merger Agreement, Glazer, as required by the terms of the Agreement, executed and delivered an irrevocable proxy to the Members dated June 4, 1996 ("Irrevocable Proxy"). A copy of the Irrevocable Proxy is filed as Exhibit 4 hereto and is incorporated herein by reference. The following description of the Irrevocable Proxy is qualified in its entirety by reference to such Exhibit.

Under the terms of the Irrevocable Proxy, the Members of the Committee and each of them are authorized to vote all Glazer Shares at the annual meeting of Zapata scheduled to be held on August 22, 1996, and any adjournment thereof ("Meeting"), with respect to the issuance of Zapata Common Stock in connection with Zapata's acquisition of Houlihan's pursuant to the Merger Agreement ("Stock Issuance"). The Irrevocable Proxy empowers the Members to vote the Glazer Shares only on the Stock Issuance. The Irrevocable Proxy is deemed to be coupled with an interest and is irrevocable under the terms of the Agreement until the first to occur of (a) the adjournment of the Meeting at which the Stock Issuance is considered by the Zapata shareholders or (b) Zapata's publicly announced abandonment of the Houlihan's acquisition. Upon termination of the Merger Agreement or the Agreement, the Irrevocable Proxy shall be deemed to be revoked.

Under the Irrevocable Proxy, each Member has complete discretion to take such action or to refrain from taking such action as he deems necessary, appropriate or desirable under the circumstances, subject only to the caveat that no Member is authorized or empowered to engage

in intentional misconduct or action that otherwise constitutes gross negligence ("Standard of Care"). Any action taken by a Member pursuant to the terms of the Agreement shall be conclusively presumed to comply with the Standard of Care. Any action taken by a Member pursuant to the Irrevocable Proxy upon the written advice of stipulated legal counsel shall also be conclusively presumed to comply with the Standard of Care. All reasonable fees and expenses of any such legal counsel shall be paid directly by Zapata.

On June 13, 1996, a majority of the Members met and determined to vote the shares of Common Stock subject to the Irrevocable Proxy with respect to the Stock Issuance in the following manner:

(a) if a majority of the shares present and voting at the Meeting (other than the Glazer Shares) are voted in favor of the Stock Issuance, all shares subject to the Irrevocable Proxy will be voted in favor of the Stock Issuance, and

(b) if a majority of the shares present and voting at the Meeting (other than the Glazer Shares) are voted in opposition to the Stock Issuance, all shares subject to the Irrevocable Proxy will be voted in opposition to the Stock Issuance.

Other Matters

Except as related to the matters set forth herein or otherwise disclosed in the Agreement or the Merger Agreement, at present the Members, as such, have no other specific plans or proposals which would relate to or would result in:

(a) The acquisition by any person of additional securities of Zapata, or the disposition of securities of Zapata;

(b) An extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving Zapata or any of its subsidiaries;

(c) A sale or transfer of a material amount of assets of Zapata or any of its subsidiaries;

(d) Any change in the present board of directors or management of Zapata, including any plans or proposals to change the number or term of directors or to fill any existing vacancies on the board;

(e) Any material change in the present capitalization or dividend policy of Zapata;

(f) Any other material change in Zapata's business or corporate structure;

(g) Changes in Zapata's charter, bylaws or instruments corresponding thereto or other actions which may impede the acquisition of control of Zapata by any person;

(h) A class of securities of Zapata being delisted from a national securities exchange or ceasing to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association;

(i) A class of equity securities of Zapata becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934, as amended ("Act"); or

(j) Any action similar to any of those enumerated above.

Item 5. Interest in Securities of the Issuer

Messrs. Lassiter, Leffler, and Loar own beneficially 78,477, 6,666 and 6,666 shares of Common Stock, respectively, representing in the aggregate less than 1% of Zapata's outstanding Common Stock. All shares of Common Stock beneficially owned by Messrs. Leffler and Loar are represented by the portions of their 20,000-share stock options that are currently exercisable.

While pursuant to Rule 13d-5(b)(1) under the Act, each Member may be deemed to own beneficially the Glazer Shares because of the existence of the Irrevocable Proxy, each Member expressly declares that the filing of this Schedule 13D shall not be construed as an admission that (a) he is, for the purpose of Sections 13(d) or 13(g) of the Act, the beneficial owner of any of the Glazer Shares or (b) the Members have formed a group for the purpose of acquiring, holding, voting or disposing of the Glazer Shares.

The Members have consented in writing to the joint filing of this Schedule 13D.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

Except as described in this Schedule 13D, there are no contracts, arrangements, understandings or relationships (legal or otherwise) among the persons named in Item 2 and between such persons and any persons with respect to any securities of Zapata, including but not limited to transfer or voting of the securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Except as described in this Schedule 13D, the interests of the Members in the Glazer Shares arising under the Irrevocable Proxy are not pledged or otherwise subject to a contingency the occurrence of which would give another person the right to exercise the voting power inherent therein.

Item 7. Material to be Filed as Exhibits

The following exhibits are filed herewith:

Exhibit 1	Standstill Agreement dated as of April 30, 1996 between Zapata and Glazer
Exhibit 2	Powers of Attorney and Consents to Joint Filing executed by Ronald C. Lassiter, Robert V. Leffler, Jr. and W. George Loar
Exhibit 3	Plan and Agreement of Merger dated as of June 4, 1996 by and among Zapata, Zapata Acquisition Corp. and Houlihan's
Exhibit 4	Irrevocable Proxy dated June 4, 1996 from Glazer to the Members covering the Glazer Shares

Signatures

After reasonable inquiry and to the best of the undersigneds' knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

June 14 , 1996
(Date)

Robert V. Leffler, Jr.
W. George Loar

By: /s/ Ronald C. Lassiter

Ronald C. Lassiter
Attorney-in-Fact

/s/ Ronald C. Lassiter
- ---
Ronald C. Lassiter

APPENDIX A

Item 2: Identity and Background

Members of the Committee

Name, Title and Citizenship	Residence or Business Address	Present Principal Position	Principal Business and Address of Corporate Employer
Ronald C. Lassiter Chairman and Chief Executive Officer of Zapata Protein, Inc. U.S. Citizen	1717 St. James Place Suite 550 Houston, Texas 77210	Chairman and Chief Executive Officer of Zapata Protein, Inc., a wholly-owned subsidiary of Zapata Corporation	Zapata Protein, Inc. 1717 St. James Place Suite 550 Houston, Texas 77210 A producer and processor of a variety of protein and oil products from menhaden
Robert V. Leffler, Jr. Owner of Leffler Agency U.S. Citizen	2607 North Charles Street Baltimore, Maryland 21218	Owner, Leffler Agency	Leffler Agency 2607 North Charles Street Baltimore, Maryland 21218 Advertising and marketing public relations firm that specializes in sports rental real estate and medical matters
W. George Loar Retired U.S. Citizen	Rural Route #1 Box 24A Faucett, Missouri 64488	Retired	Not applicable

INDEX TO EXHIBITS

Exhibit No.	Description
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Exhibit 1

AGREEMENT

AGREEMENT dated and effective as of April 30, 1996, between Zapata Corporation, a Delaware corporation (the "Company"), and Malcolm I. Glazer, individually and as trustee of the Malcolm I. Glazer Trust ("Glazer").

WHEREAS, as of the date of this Agreement, Glazer owns beneficially 10,408,717 shares of common stock, par value $0.25 per share ("Common Stock"), of the Company, representing approximately 35.2% of the Company's outstanding Common Stock;

WHEREAS, as of the date of this Agreement, Glazer owns beneficially 15% or more of the outstanding securities of other corporations, persons, partnerships, trusts and entities that are entitled to vote for the election of directors or others performing similar functions ("Glazer Controlled Entities");

WHEREAS, the Company has previously publicly announced its intention to explore the possible acquisition of two Glazer Controlled Entities that are engaged in the food service industry;

WHEREAS, the Board of Directors of the Company has appointed a special committee of its members ("HOL Special Committee") to evaluate the Company's possible acquisition of Houlihan's Restaurant Group, Inc. ("HOL"), one of the Glazer Controlled Entities; and

WHEREAS, as a condition to the HOL Special Committee recommending a transaction between the Company and/or a subsidiary of the Company, the HOL Special Committee has requested and Glazer has agreed to enter into this Agreement establishing certain terms and conditions concerning Glazer's acquisition and disposition of the Company's securities and certain other aspects of their relationship;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties agree as follows:

1. Certain Definitions.

"Adjusted Voting Power" shall mean, with respect to Outstanding Voting Securities, the highest number of votes that the holders of all such Outstanding Voting Securities would be entitled to cast for the election of directors or on any other matter (except to the extent such voting rights are dependent upon arrearages in the payment of dividends, events of default or bankruptcy), assuming for purposes of this computation, the conversion into or exchange for Voting Securities

or Convertible Securities and the exercise of Options for the purchase of Voting Securities or Convertible Securities, in each case to the extent that any such action would increase the number of such votes.

"Beneficial Ownership" with respect to any security shall mean, the ability, whether through contract, arrangement, understanding, relationship or otherwise, to exercise, directly or indirectly, the voting power (including the power to vote or to direct the voting) and/or the investment power (including the power to dispose or to direct the disposition) of such security. Unless the context clearly otherwise requires, the terms "own" and "hold" and their variations when used in this Agreement in conjunction with percentages of securities and the voting power associated with such securities should be read to incorporate the concept of Beneficial Ownership.

"Convertible Securities" shall mean securities of the Company which are convertible into or exchangeable for Voting Securities.

"Glazer Directors" shall mean Malcolm I. Glazer, Avram Glazer and any other member of the Glazer family serving on the Company's Board of Directors from time to time.

"Glazer Group" means Glazer and any corporation, person, partnership, trust or other entity controlled, directly or indirectly, by Glazer but does not and shall not in any circumstance include the Company.

"Glazer Public Company" shall mean any publicly held entity (other than the Company) in which Glazer holds Beneficial Ownership of less than 50% of such entity's issued and outstanding securities that are entitled to vote in the election of directors or on any other matter (except to the extent such voting rights are dependent upon arrearages in the payment of dividends, events of default or bankruptcy).

"Options" shall mean options and rights (whether presently exercisable or not) to purchase Voting Securities or Convertible Securities (except options issued under employee stock option plans); and "Outstanding Voting Securities" shall at any time mean the then issued and outstanding Voting Securities, Convertible Securities (which shall be counted at the highest conversion or exchange rate at which they can be converted or exchanged) and Options (which shall be counted at the highest rate at which they can be exercised).

"Termination Date" shall mean the date upon which this Agreement terminates pursuant to paragraph 7.

"Voting Power" shall mean, with respect to Voting Securities, the highest number of votes that the holders of all Voting Securities, issued and outstanding on the date such determination

is made, would be entitled to cast for the election of directors or on any other matter (except to the extent such voting rights are dependent upon arrearages in the payment of dividends, events of default or bankruptcy).

"Voting Securities" shall mean the Common Stock and any other securities of the Company of any kind or class having power to vote for the election of directors;

2. Limitation on Ownership of Voting Securities, Convertible Securities and Options.

(a) Except as expressly permitted by the other provisions of this Agreement, Glazer shall not, and shall not permit any other member of the Glazer Group to, acquire, without the prior consent of a majority of the Company's directors that are not Glazer Directors, Beneficial Ownership of any Voting Securities, Convertible Securities or Options (collectively, sometimes the "Regulated Securities") from the date hereof through the Termination Date, if after such acquisition the Glazer Group would hold in the aggregate either more than (i) 49.9% of the Voting Power of all Voting Securities or (ii) 49.9% of the Adjusted Voting Power of all Outstanding Voting Securities.

(b) Glazer shall be under no obligation to dispose or cause the disposition of Regulated Securities owned by the Glazer Group in excess of one of the percentage limitations set forth in subparagraph 2(a) if such excess is caused by a reduction in the Voting Power of Voting Securities or the Adjusted Voting Power of Outstanding Voting Securities, as the case may be, whether as a result of a recapitalization of the Company, a repurchase of securities by the Company or otherwise.

(c) If any member of the Glazer Group, without the prior consent of Glazer, acquires Regulated Securities the result of which is to cause the Glazer Group to exceed one of the percentage limitations set forth in subparagraph 2(a), Glazer shall not be deemed to be in breach of this paragraph 2 if he shall promptly take all reasonable steps to cause a member of the Glazer Group to dispose of the Regulated Securities owned by it in excess of such percentage limitation; provided, however, that in the case of a Glazer Public Company, Glazer shall only be required to take reasonable good faith efforts to cause such Glazer Public Company to dispose of the Regulated Securities owned by it in excess of such percentage limitation.

(d) Notwithstanding any other provisions of this paragraph 2, Glazer or any member of the Glazer Group designated by Glazer shall have the right (upon receipt by the Company of written notice to such effect) to acquire additional Regulated Securities or to make a tender offer (whether for cash of otherwise) for any and all Outstanding Voting Securities of the Company, provided such acquisition or tender offer is commenced:

(i) within 90 days after the announcement by any person, entity or group

(other than a member of and without any solicitation, promotion, arrangement or assistance by any member of the Glazer Group) that such person, entity or group intends to commence a tender offer for Outstanding Voting Securities if after the completion of such proposed tender offer such person, entity or group, together with all persons and entities controlling, controlled by or under common control or in a group with it, would, if such tender offer were to be successful, own 14.9% or more of the Adjusted Voting Power of all Outstanding Voting Securities; or

(ii) at any time any person, entity or group (other than a member of and without any solicitation, promotion, arrangement or assistance by any member of the Glazer Group) holds 14.9% or more of the Adjusted Voting Power of all Outstanding Voting Securities, or within 90 days after the filing (without any solicitation, promotion, arrangement or assistance by any member of the Glazer Group), by any person, entity or group (other than a member of the Glazer Group) owning 5% or more of the Adjusted Voting Power of all Outstanding Voting Securities, of any document with a governmental agency (including a statement on Schedule 13D with the Securities and Exchange Commission or a notification under the Hart-Scott-Rodino Antitrust Improvements Act) to the effect that such person, entity or group intends or contemplates acquiring Outstanding Voting Securities, if after the completion of such proposed acquisition such person, entity or group, together with all persons and entities controlling, controlled by or under common control or in a group with it, would own 14.9% or more of the Adjusted Voting Power of all Outstanding Voting Securities;

and provided further that in the case of a tender offer pursuant to subparagraph 2(d), such tender offer is made either:

(x) at a price determined by an Independent Investment Banker (as hereinafter defined), selected by the member of the Glazer Group making the tender offer, to be fair to the holders of Outstanding Voting Securities (other than the Glazer Group) from a financial point of view; or

(y) if made pursuant to clause (i) of this subparagraph 2(d), but only if the announced tender offer is in fact commenced and only if after the completion of the proposed tender offer by such person, entity or group, such person, entity or group, together with all persons and entities controlling, controlled by or under common control or in a group with it, would (if such tender offer were to be successful) own 14.9% or more of the Adjusted Voting Power of all Outstanding Voting Securities, at a price higher than the price specified in such competing offer at the time of commencement of the tender offer by a member of the Glazer Group.

"Independent Investment Banker" for purposes of this paragraph means a nationally recognized investment banking firm which neither (i) had an existing client relationship, immediately prior to its retention to render an opinion in connection with a tender offer made pursuant to paragraph 2(d) with any member of the Glazer Group, nor (ii) had received fees aggregating more than $200,000 in the five years immediately prior thereto from any one or more members of the Glazer Group.

3. Transfer of Outstanding Voting Securities.

(a) Except pursuant to clause (iv) of paragraph 3(b) and except for transfers among members of the Glazer Group, notwithstanding anything to the contrary in this Agreement, Glazer shall not, and shall not permit any member of the Glazer Group to, assign, sell or otherwise transfer to any transferee (such transferee to include all persons and entities controlling, controlled by or under common control or in a group, as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, with such person in respect of Outstanding Voting Securities) in one transaction or a series of transactions whenever occurring, unless such transferee agrees to be bound by the provisions of this Agreement (it being understood that all percentage limitations shall be reduced in this Agreement and such transferee's agreement and such additional adjustments shall be made, so that the Company shall be in the same position as reasonably practicable as if the transferee were a member of the Glazer Group), more than such quantity of Regulated Securities as would result in the transferee, immediately after the transfer, holding an aggregate of more than 9.9% of the Adjusted Voting Power of all Outstanding Voting Securities or such greater percentage of the Adjusted Voting Power of all Outstanding Voting Securities, as may be approved by a majority of the Company's directors that are not Glazer Directors.

(b) In the event that Glazer or any other member of the Glazer Group wishes to transfer, assign, sell or otherwise dispose of any Outstanding Voting Securities owned by it, Glazer shall, or shall cause such other member of the Glazer Group to, do so in accordance with subparagraphs 3(d) and 3(e) below, as they are applicable; provided, however, that compliance with such subparagraphs shall not be required in the following instances: (i) a disposition pursuant to Rule 144, as in effect from time to time, under the Securities Act of 1933, as amended (the "Securities Act"), or any successors to such Rule; (ii) a disposition through a bona fide underwritten public offering; (iii) a bona fide public distribution by means of any other registration statement relating to equity securities of the Company (on appropriate forms) filed by the Company under the Securities Act; (iv) tendering all or any portion of the Common Stock or other Outstanding Voting Securities then held by it pursuant to a tender offer (other than by a member or affiliate of, and without any solicitation, promotion, arrangement or assistance by, the Glazer Group) for at least 14.9% of the outstanding shares of Common Stock or at least 14.9% of the Adjusted Voting Power of other Outstanding Voting Securities, as the case may be, provided that at the time such offer is commenced the entity making such tender offer (x) has financing or financial commitments from

responsible financial institutions sufficient to purchase all shares of Common Stock or other Outstanding Voting Securities, as the case may be, sought to be purchased pursuant to such offer and (y) commits to use its best efforts to acquire any shares of Common Stock or other Outstanding Voting Securities, as the case may be, not purchased in the tender offer at the highest price paid in the offer; (v) a merger or consolidation in which the Company is acquired or a plan of liquidation of the Company; (vi) the conversion, exchange or exercise of Convertible Securities or Options in accordance with their respective terms; or (vii) a bona fide pledge or grant of a security interest in or any other lien or encumbrance ("Lien") in such Outstanding Voting Securities, provided that any foreclosure, subsequent sale or other disposition by the holder of the Lien shall be expressly subject to the terms of this Agreement.

(c) The Company agrees, in connection with a bona fide underwritten public offering by the Glazer Group and in addition to the current shelf registration statement that it agrees to maintain during the term of this Agreement with respect to the shares of Common Stock owned by Glazer from time to time, to register under the Securities Act, at the expense of the Company, such Outstanding Voting Securities as Glazer shall designate for sale, but such obligation to register shall be limited to two registered offerings requested by Glazer separated by a period of at least one year. In connection with any such registration statement, Glazer and the Company agree to execute such underwriting agreements or other documents providing for mutual indemnification and contribution arrangements, the payment of fees and commissions and the performance of other obligations reasonably related to such transaction as are customarily included in underwriting agreements and other documents executed by sophisticated parties involved in similar transactions. Glazer agrees that he will not, and will not permit any other members of the Glazer Group to, tender its shares of Common Stock or other Outstanding Voting Securities pursuant to clause (iv) of the first sentence of this paragraph unless it has given notice to the Company and made a public announcement of its intention to tender not less than ten business days prior to the expiration of such tender offer.

(d) In the event that Glazer, or any other member of the Glazer Group, wishes to transfer, assign, sell or otherwise dispose of any or all Outstanding Voting Securities owned by it for cash only, Glazer shall, or shall cause such other member of the Glazer Group to, give to the Company notice of such member of the Glazer Group's offer to sell such Outstanding Voting Securities and the cash price and terms it is willing to accept (the "Offering Terms"). The Company shall have a period of time to accept such offer (the "Offer Period"). (i) If such offer is not accepted within the Offer Period, such member of the Glazer Group shall have a period of time (the "Selling Period") in which it shall be free to sell such Outstanding Voting Securities at the Offering Terms or at cash prices or terms more favorable to such member of the Glazer Group than the Offering Terms. (ii) If such member of the Glazer Group, within the Selling Period, wishes to accept a cash price or terms less favorable to such member of the Glazer Group than the Offering Terms, it shall notify the Company of its new cash price and terms (the "Revised Offering Terms"), in which event

(x) the Company shall have the Offer Period to accept such new offer, and (y) if such new offer is not accepted within such Offer Period, such member of the Glazer Group shall have the Selling Period in which it shall be free to sell such Outstanding Voting Securities at such Revised Offering Terms or at cash prices or terms more favorable to such member of the Glazer Group than the Revised Offering Terms. (iii) Notwithstanding clause (ii) of this subparagraph 3(d), if such member of the Glazer Group, within any Selling Period, intends to accept a firm offer of a cash price on terms less favorable to such member of the Glazer Group than the Offering Terms or Revised Offering Terms, as the case may be, it shall notify the Company of the cash price and terms of such firm offer, in which event (A) the Company shall have a different period within which to accept the revised offer (the "Reoffer Period"), and (B) if such revised offer is not accepted within such Reoffer Period, such member of the Glazer Group shall have the Selling Period in which it shall be free to sell such Outstanding Voting Securities at the cash price and on the terms of such firm offer or at a cash price or terms more favorable to such member of the Glazer Group than those of the firm offer. (iv) The closing of the sale and purchase under an offer accepted by the Company shall take place within 30 days of the date of acceptance. The Offer Period shall be 60 days from the date of notice of Offering Terms or Revised Offering Terms, as the case may be, and the Reoffer Period shall be 30 days from the date of notice of the terms of such a firm offer, except in the event that any transfer (including a transfer to a voting trust), assignment, sale or other disposition by a member of the Glazer Group governed by this subparagraph 3(d) is compelled by order of a court, administrative agency or other competent governmental authority, in which case the Offer Period and the Reoffer Period both shall be 15 business days. (v) The Selling Period shall be 180 days from the date the Offer Period or Reoffer Period, as the case may be, expires.

(e) In the event that Glazer or any other member of the Glazer Group wishes to transfer, assign, sell or otherwise dispose of any or all of the Outstanding Voting Securities owned by it solely for consideration other than cash, Glazer shall, or cause such other member of the Glazer Group to, give the Company notice at least 60 days before such member of the Glazer Group legally obligates itself to transfer, assign, sell or dispose of any such Outstanding Voting Securities, unless such transfer (including a transfer to a voting trust), assignment, sale or disposition is compelled by order of a order, administrative agency or other competent governmental authority, in which event such member of the Glazer Group shall give the Company notice at least 15 business days prior to such transfer, assignment, sale or disposition.

(f) The Company may assign its right under subparagraph 3(d) to purchase Outstanding Voting Securities of the Glazer Group; provided that such assignee agrees in writing (for the benefit of the selling member of the Glazer Group) to purchase the selling member of the Glazer Group's Outstanding Voting Securities in accordance with the provisions of subparagraph 3(d), and the Company guarantees to such member of the Glazer Group all of the assignee's obligations to such member of the Glazer Group in connection with said purchase.

(g) Notwithstanding the provisions of subparagraph 3(d), if at any time during the Selling Period a member of the Glazer Group wishes to transfer, sell, assign or otherwise dispose of its Outstanding Voting Securities solely for consideration other than cash, the provisions of subparagraph 3(d) shall not (or shall cease to) apply to such transaction and such transfer, sale, assignment, or other disposition shall be governed by the provisions of subparagraph 3(e).

(h) Notwithstanding anything herein to the contrary, subparagraphs 3(d) and 3(e) shall not apply to any sale, transfer, assignment or other disposition of a type described in subparagraph 3(b)(i) through 3(b)(viii).

4. Undertakings by the Company. So long as the Glazer Group shall hold more than 9.9% of the Voting Power of all Voting Securities, the Company agrees to take no action to solicit, promote or arrange for, or (except as required by law) assist in, the acquisition by any person, entity or group (other than a member of the Glazer Group), together with all persons and entities controlling, controlled by or under common control or in a group with it, of 14.9% or more of the Adjusted Voting Power of all Outstanding Voting Securities or of all or substantially all of the assets of the Company; provided, however, that the Company shall be free to respond to and authorize negotiations with respect to a proposed transaction initiated by a third party and not solicited by the Company subsequent to the date hereof; and provided further, that nothing herein shall prevent the Company from taking action, in accordance with the procedures set forth in the remainder of this paragraph, to solicit, promote or arrange for, or agree to or assist in, the acquisition by any person, entity or group of Outstanding Voting Securities or assets of the Company in a transaction or transactions which is to be approved in advance of the consummation of any material part of such transaction or transactions by the affirmative vote of a majority of the Outstanding Voting Securities entitled to vote thereon at an annual or special meeting called for the purpose of acting thereon. Prior to taking any action to solicit, promote or arrange for, or agree to or assist in, an acquisition pursuant to the second proviso of the next preceding sentence, the Company shall (a) give Glazer notice of its desire to do so, stating the type or types of transactions sought, and (b) if so requested by Glazer or advised by counsel, make a public announcement of its desire to do so. The Company thereafter may furnish information to and engage in discussions and negotiations with the prospective purchaser for such purposes with respect to the type or types of transactions described in the notice to Glazer. If no definitive written agreement for such acquisition subject to this paragraph 4 is executed and approved by the boards of both the Company and such a prospective purchaser within the 120-day period following the effective date of notice to Glazer, the Company's notice to Glazer shall expire and the Company may not thereafter solicit, promote or arrange for, or agree to or assist in, such acquisition unless and until a new notice is given to Glazer. Notwithstanding the foregoing, the Company may solicit, promote or arrange for, or agree to or assist in, the acquisition by any person, entity or group of Outstanding Voting Securities or assets upon the receipt by the Company of a written notice form the Glazer Group (x) pursuant to

paragraph 2(d) that it intends to commence a tender offer pursuant to such paragraph or (y) pursuant to paragraph 3(b) that it intends to tender its shares of Common Stock or other Outstanding Voting Securities pursuant to clause (iv) of such paragraph.

If a member of the Glazer Group shall make a written proposal to the Company or its Board of Directors to enter into a negotiated transaction with the Company which would result in the Glazer Group acquiring additional securities of the Company raising its holding to more than 49.9% of the Voting Power of all Voting Securities or the acquisition by the Glazer Group of substantially all the assets of the Company, in either case for a price stated in such proposal, and counsel to the Company shall advise the Company that receipt of such proposal requires the Company to make the receipt and terms thereof public, the restrictions of this paragraph 4 shall become inoperative upon receipt by Glazer of written notice form the Company to that effect. If the member of the Glazer Group that made such proposal shall subsequently withdraw the proposal by written notice to the Company, the provisions of this paragraph 4 shall thereupon be reinstated; provided that this paragraph shall not limit the Company in concluding negotiations undertaken and not terminated prior to such withdrawal.

5. Proposed Acquisition of a Glazer Controlled Entity.

(a) Prior to the commencement of any substantive negotiations that could reasonably be expected to lead to the Company's acquisition of all or a material portion of a Glazer Controlled Entity through merger, consolidation, stock purchase, asset acquisition or otherwise (an "Acquisition"), the Board of Directors of the Company shall appoint a special committee of directors ("Special Committee"). Such Special Committee shall be empowered to retain, at the sole expense of the Company, investment bankers, lawyers and other consultants and advisors to evaluate all aspects of the possible Acquisition. The members of each Special Committee shall be directors who are not Glazer Directors. Each Special Committee shall have the sole corporate power and authority to negotiate the terms of any Acquisition if permitted by law (otherwise the Special Committee shall recommend the Acquisition to the Company's entire Board of Directors), to call all regular or special meetings of stockholders, to approve the Acquisition and take all other actions reasonably related thereto on behalf of the entire Board of Directors, and to authorize officers and other representatives of the Company to sign all documents and take such other actions on behalf of the Company as may be necessary, desirable or appropriate to consummate the Acquisition. The Board of Directors has established the HOL Special Committee comprised of Ronald C. Lassiter (Chairman), Robert V. Leffler, Jr. and W. George Loar to evaluate the possible Acquisition of HOL.

(b) If any aspect of an Acquisition that has been approved by a Special Committee requires approval by the holders of outstanding Voting Securities, Glazer shall, and shall cause each member of the Glazer Group to, grant the members of the Special Committee an irrevocable proxy to vote all outstanding Voting Securities that each member of the Glazer Group

is entitled to vote on such matter, whether at a regular or special meeting of stockholders, in such manner as a majority of the members of the Special Committee shall determine in their sole discretion. The irrevocable proxy shall be in substantially the form of Exhibit A attached hereto. Each proxy granted by Glazer pursuant to this paragraph 5(b) shall be deemed to be coupled with an interest.

6. Glazer's Right of First Purchase.

(a) In the event the Company's Board of Directors proposes to offer and sell any Regulated Securities during the term of this Agreement ("New Securities"), Glazer shall have the right of first purchase to acquire his Pro Rata Share of the New Securities for the same price and on the same terms and conditions as the Company proposes to sell the New Securities to others. Glazer's Pro Rata Share shall mean the percentage of the aggregate Adjusted Voting Power of all Outstanding Voting Securities represented by the Outstanding Voting Securities owned by Glazer on the date the Board of Directors authorizes the offer and sale of the New Securities.

(b) At least 20 days prior to the date on which the Company proposes to issue and sell the New Securities, the Company shall notify Glazer in writing of the terms and conditions of the proposed offering of New Securities and its bona fide intention to offer and sell the New Securities ("Notice"). If for any reason, the sale of such New Securities is not consummated, Glazer's election to purchase such New Securities shall lapse and be of no further force and effect. Glazer may within ten days after the receipt of the Notice, elect to purchase all but not less than all of his Pro Rata Share of the issue of New Securities on the terms and conditions set forth in the Notice. The Notice shall set forth (i) the number and type of New Securities proposed to be issued and sold and the material terms of such New Securities, (ii) the proposed price or range of prices at which such New Securities are proposed to be sold and the proposed terms of payment and (iii) the proposed date of issuance and sale of such New Securities. If such right of first purchase is not timely exercised by Glazer, the right of first purchase with respect to the New Securities described in the Notice shall be extinguished, and the Company shall be permitted to sell the New Securities on the terms set forth in the Notice at any time within the 120-day period following the date of the Notice. After the expiration of such 120-day period, Glazer's right of first purchase shall be reinstated.

(c) The right of first purchase created by this paragraph 6 shall not apply to (i) New Securities issued to officers or employees of the Company and its subsidiaries pursuant to stock option or other incentive plans and arrangements that have been approved by the stockholders of the Company or (ii) New Securities sold otherwise than entirely for cash.

7. Termination. This Agreement shall extend until the earliest of the dates or events described in subparagraphs (a) through (f) below or until terminated in accordance with any other provision of this Agreement:

(a) the earlier of the last day of the eighteenth calendar month following consummation of the Acquisition of HOL, or if no such Acquisition is effected by the Company, the date upon which a public announcement is made by the Company that it has abandoned any intention to acquire HOL (such earlier termintion date being herein referred to as the "Expiration Date"); notwithstanding the foregoing, if during the term of this Agreement, the Company announces that it intends to acquire another Glazer Controlled Entity, the term of this Agreement shall not terminate on the Expiration Date but shall be automatically extended until the first to occur of (i) the last day of the eighteenth calendar month following the consummation of the acquisition of such Glazer Controlled Entity, or (ii) the date upon which a public announcement is made by the Company that it has abandoned any intention to acquire such Glazer Controlled Entity;

(b) the issuance by the Company of any new class of securities having the right to vote, separately, as a class, for directors, or to approve, separately as a class, mergers or any other major transactions involving the Company (except to the extent such voting rights are dependent on arrearages in the payment of dividends, events of default or bankruptcy); provided that, this paragraph 7(b) shall not apply to any new class of securities the issuance and specific terms of which shall have been approved in advance by the affirmative vote of a majority of the outstanding stock of the Company entitled to vote thereon at an annual or special meeting called for the purpose of acting thereon;

(c) notice that Glazer has determined to terminate this Agreement effective on a date stated in such notice, given within ninety days after the execution, approval by the Board of Directors of the Company, or announcement of an agreement, or agreement in principle, whether or not subject to approval by the Board of Directors of the Company or other corporate action, that provides for (i) the merger of the Company with and into any other entity (or of any other entity with or into the Company) and which would result in any person, entity or group (other than the Glazer Group) holding 14.9% or more of the Adjusted Voting Power of all Outstanding Voting Securities or in the percentage of Adjusted Voting Power of Outstanding Voting Securities of the surviving company (computed in the same manner as Adjusted Voting Power of Outstanding Voting Securities is computed with respect to the Company) held by the Glazer Group immediately following such merger being less than 90% of the percentage of Adjusted Voting Power of Outstanding Voting Securities held by the Glazer Group immediately prior to the merger, or (ii) any plan of reorganization or liquidation of the Company, in each case without the prior approval thereof by the affirmative vote of a majority of the outstanding stock of the Company entitled to vote thereon at an annual or special meeting called for the purpose of acting thereon;

(d) notice that Glazer has determined to terminate this Agreement effective on a date stated in such notice, at any time during which the Glazer Group holds more than (i) 49.9% of the Adjusted Voting Power of all Outstanding Voting Securities or (ii) 49.9% of the Voting Power of all Voting Securities, in each instance as a result of a tender offer made pursuant to paragraph 2(d);

(e) the final adjournment of the first annual meeting of shareholders of the Company after the Glazer Group holds more than (i) 49.9% of the Adjusted Voting Power of all Outstanding Voting Securities or (ii) 49.9% of the Voting Power of all outstanding Voting Securities, in each instance as a result of a tender offer made pursuant to paragraph 2(d); and

(f) the first day on which any person, entity or group, as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended, announces or otherwise discloses that it has Beneficial Ownership of 20% or more of the Adjusted Voting Power of all Outstanding Voting Securities or 20% or more of the Voting Power of all Voting Securities.

Either party may terminate this Agreement prior to any stated termination date if the other defaults in any material respect in its obligations hereunder and if such default, providing it is of a nature that may be cured by the defaulting party, is not cured within ten days.

Either party may waive its right to terminate this Agreement by a written notice signed by an authorized representative expressly reciting the event or provision being waived and any conditions or limitations attaching thereto.

For the purposes of paragraph 7(a), the Company agrees to issue a public announcement promptly following the determination by a Special Committee that it has abandoned any intention to acquire HOL or any other Glazer Controlled Entity.

8. Authorization. Glazer agrees not to take, and not to permit any member of the Glazer Group to take, any action by consent pursuant to Section 228 of the Delaware General Corporation Law which is inconsistent with the terms of this Agreement; provided, however, that Glazer or any member of the Glazer Group may take any action by consent which is permitted under Section 228 of the Delaware General Corporation Law in connection with any tender offer made by a member of the Glazer Group which is permitted under paragraph 2(d).

9. Composition of Board. During the term of this Agreement, Glazer shall, and shall cause the members of the Glazer Group to, take such action as may be necessary, appropriate or desirable to assure that all times (a) at least three members of the Company's Board of Directors are not Glazer Directors and (b) a majority of the members of the Company's Board of Directors are not Glazer Directors.

10. Miscellaneous.

(a) The parties acknowledge and agree that the breach of the provisions of this Agreement by Glazer or the Company would irreparably damage the other party hereto, and accordingly agree that injunctive relief and specific performance shall be appropriate remedies to enforce the provisions of this Agreement; provided, however, that nothing herein shall limit the remedies, legal or equitable, otherwise available.

(b) This Agreement shall be governed by and interpreted in accordance with the law of the State of Delaware applicable to agreements made and to be performed entirely within such state.

(c) This Agreement may be executed in several counterparts and such counterparts together shall constitute one and the same instrument.

(d) Notices given pursuant to this Agreement shall be given as follows:

If to the Company:

Zapata Corporation
1717 St. James Place, Suite 550
Houston, Texas 77056
Attention: General Counsel

If to Glazer:

Malcolm I. Glazer
1482 South Ocean Boulevard
Palm Beach, Florida 33480

with a copy to:

Avram Glazer
18 Stoney Clover Lane
Pittsford, New York 14534

Notices shall be deemed to have been given (i) if mailed, on the second day following mailing; and (ii) if hand delivered or given by telex, on the business day following receipt.

(e) The Agreement may be amended or modified by the parties hereto, provided that such amendment or modification is approved by a majority of the directors of the Company that are not Glazer Directors.

ZAPATA CORPORATION

By: /s/ JOSEPH L. von ROSENBERG III

Authorized Officer

/s/ MALCOLM I. GLAZER

Malcolm I. Glazer,
individually and as Trustee
of the Malcolm I. Glazer Trust

Exhibit A

FORM OF IRREVOCABLE PROXY

Pursuant to paragraph 5(b) of the Agreement dated and effective as of April 30, 1996 ("Agreement") between Zapata Corporation, a Delaware corporation, and Malcolm I. Glazer, individually and as trustee of the Malcolm I. Glazer Trust, the undersigned hereby agrees as follows:

1. Capitalized terms that are not defined herein shall have the meanings set forth in the Agreement.

2. The undersigned member of the Glazer Group holds Beneficial Ownership of _____ shares of Common Stock ("Stock") and is entitled to vote such shares at the Special [Annual] Meeting of Stockholders of the Company scheduled to be held on _____ __, 19__ ("Meeting") at which meeting shareholders of the Company will be asked to approve or disapprove the Company's acquisition of _____, a Glazer Controlled Entity ("Subject Acquisition").

3. The undersigned hereby revokes any proxy heretofore given and appoints _____, _____ and _____, the members of the Special Committee that evaluated the Subject Acquisition, and each one of them (with full power to each of them to act as a majority of such members shall approve), as proxies and attorneys-in-fact, in the undersigned's name, place and stead, in any and all capacities, each with full power of substitution and resubstitution (a "Proxy" or the "Proxies"), to exercise all voting authority with respect to the Stock in connection with the approval or disapproval of the Subject Acquisition pursuant to the terms of the Agreement, granting to each Proxy full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises in order to effectuate the same as fully to all intends and purposes as the undersigned might or could do if present, hereby ratifying and confirming all that a majority of the Proxies may lawfully to or cause to be done by virtue hereof. This proxy is coupled with an interest and shall be irrevocable during the term of the Agreement ("Irrevocable Proxy") until the first to occur of (a) the adjournment of the Meeting or (b) the Company's publicly announced abandonment of the Subject Acquisition. Upon termination of the Agreement, this Irrevocable Proxy shall be deemed to be revoked.

4. In exercising the voting authority referred to in paragraph 3 above, each Proxy shall have complete discretion to take such action, or refrain from taking such action, as he or she deems necessary, appropriate or desirable under the circumstances, subject only to the caveat that no Proxy shall be authorized and empowered to engage in intentional misconduct or action that otherwise

constitutes gross negligence ("Standard of Care"). Any action taken by a Proxy pursuant to the express terms of the Agreement shall be conclusively presumed to comply with the Standard of Care. Any action taken by a Proxy upon the written advice of Richards, Layton & Finger, Wilmington, Delaware, or other independent legal counsel reasonably acceptable to the Proxy, shall also be conclusively presumed to comply with the Standard of Care. All reasonable fees and expenses of such legal counsel shall be paid directly by the Company.

In Witness Whereof, this Irrevocable Proxy has been executed by the undersigned this ___ day of _____, 19__.

_____

Exhibit 2

POWER OF ATTORNEY AND CONSENT
TO JOINT FILING

The undersigned does hereby make, constitute and appoint (other than himself) Ronald C. Lassiter, Robert V. Leffler, Jr., and W. George Loar ("Members"), and each of them severally, the undersigned's true and lawful attorney or attorneys (hereinafter referred to individually as "Attorney" or collectively as "Attorneys") with power to act with or without the others and with full power of substitution and resubstitution, to execute, make, declare, certify and file with the Securities and Exchange Commission and other appropriate governmental or private entities, any statements, reports or other information required to be filed under the Securities Exchange Act of 1934, as amended, or other state or federal statutes, by the undersigned as a Proxy named in the Irrevocable Proxy dated June 4, 1996 from Malcolm I. Glazer, individually and as trustee of the Malcolm I. Glazer Trust, covering 10,408,717 shares of Common Stock $.25 par value, of Zapata Corporation. Each Attorney is specifically authorized and empowered to execute, make, declare, certify and file the Schedule 13D, all amendments to such materials and all other documents and information incidental or related to such materials required to be filed by the undersigned in such capacity, in such form and manner in which those Attorneys or any of them deem necessary or desirable to be done pursuant to and in accordance with the authorization contained in this Power of Attorney as fully and to all intents and purposes as the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts of the Attorneys and each of them.

The undersigned hereby agrees to indemnify and hold harmless the Attorneys, and each of them, from and against any and all claims, liabilities, charges, costs, damages and expenses of every kind and nature connected, directly or indirectly, with or any act or action taken or done by said Attorneys pursuant to and in accordance with this Power of Attorney.

The undersigned hereby consents to the filing of a joint Schedule 13D on behalf of all Members that contains the required information for all Members.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney on June 13, 1996.

/s/ Ronald C. Lassiter

(Name)

POWER OF ATTORNEY AND CONSENT
TO JOINT FILING

The undersigned does hereby make, constitute and appoint (other than himself) Ronald C. Lassiter, Robert V. Leffler, Jr., and W. George Loar ("Members"), and each of them severally, the undersigned's true and lawful attorney or attorneys (hereinafter referred to individually as "Attorney" or collectively as "Attorneys") with power to act with or without the others and with full power of substitution and resubstitution, to execute, make, declare, certify and file with the Securities and Exchange Commission and other appropriate governmental or private entities, any statements, reports or other information required to be filed under the Securities Exchange Act of 1934, as amended, or other state or federal statutes, by the undersigned as a Proxy named in the Irrevocable Proxy dated June 4, 1996 from Malcolm I. Glazer, individually and as trustee of the Malcolm I. Glazer Trust, covering 10,408,717 shares of Common Stock $.25 par value, of Zapata Corporation. Each Attorney is specifically authorized and empowered to execute, make, declare, certify and file the Schedule 13D, all amendments to such materials and all other documents and information incidental or related to such materials required to be filed by the undersigned in such capacity, in such form and manner in which those Attorneys or any of them deem necessary or desirable to be done pursuant to and in accordance with the authorization contained in this Power of Attorney as fully and to all intents and purposes as the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts of the Attorneys and each of them.

The undersigned hereby agrees to indemnify and hold harmless the Attorneys, and each of them, from and against any and all claims, liabilities, charges, costs, damages and expenses of every kind and nature connected, directly or indirectly, with or any act or action taken or done by said Attorneys pursuant to and in accordance with this Power of Attorney.

The undersigned hereby consents to the filing of a joint Schedule 13D on behalf of all Members that contains the required information for all Members.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney on June 11, 1996.

/s/ Robert V. Leffler, Jr.

(Name)

POWER OF ATTORNEY AND CONSENT
TO JOINT FILING

The undersigned does hereby make, constitute and appoint (other than himself) Ronald C. Lassiter, Robert V. Leffler, Jr., and W. George Loar ("Members"), and each of them severally, the undersigned's true and lawful attorney or attorneys (hereinafter referred to individually as "Attorney" or collectively as "Attorneys") with power to act with or without the others and with full power of substitution and resubstitution, to execute, make, declare, certify and file with the Securities and Exchange Commission and other appropriate governmental or private entities, any statements, reports or other information required to be filed under the Securities Exchange Act of 1934, as amended, or other state or federal statutes, by the undersigned as a Proxy named in the Irrevocable Proxy dated June 4, 1996 from Malcolm I. Glazer, individually and as trustee of the Malcolm I. Glazer Trust, covering 10,408,717 shares of Common Stock $.25 par value, of Zapata Corporation. Each Attorney is specifically authorized and empowered to execute, make, declare, certify and file the Schedule 13D, all amendments to such materials and all other documents and information incidental or related to such materials required to be filed by the undersigned in such capacity, in such form and manner in which those Attorneys or any of them deem necessary or desirable to be done pursuant to and in accordance with the authorization contained in this Power of Attorney as fully and to all intents and purposes as the undersigned might or could do in person, the undersigned hereby ratifying and approving the acts of the Attorneys and each of them.

The undersigned hereby agrees to indemnify and hold harmless the Attorneys, and each of them, from and against any and all claims, liabilities, charges, costs, damages and expenses of every kind and nature connected, directly or indirectly, with or any act or action taken or done by said Attorneys pursuant to and in accordance with this Power of Attorney.

The undersigned hereby consents to the filing of a joint Schedule 13D on behalf of all Members that contains the required information for all Members.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney on June 12, 1996.

/s/ W. George Loar

(Name)

EXHIBIT 3

EXECUTION COPY

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AGREEMENT AND PLAN OF MERGER

DATED AS OF JUNE 4, 1996

BY AND AMONG

ZAPATA CORPORATION,

ZAPATA ACQUISITION CORP.

AND

HOULIHAN'S RESTAURANT GROUP, INC.

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TABLE OF CONTENTS

SCHEDULE OF DEFINED TERMS

Defined Term	Location
Acquisition Transaction	Section 5.11
Adjusted Voting Power	Section 2.2
Aggregate Cash Amount	Section 2.2
Aggregate Stock Amount	Section 2.2
Agreement	Preamble
Beneficially Owned	Section 2.2
Cash Election	Section 2.1(c)
Certificates	Section 2.5(b)
Closing	Section 1.2
Closing Date	Section 1.2
Code	Preamble
Company	Preamble
Company Common Stock	Section 2.1(a)
Company Disclosure Schedule	Section 3.3
Company Financial Statements	Section 3.8
Company Options	Section 3.3
Company Plans	Section 3.3
Company SEC Documents	Section 3.8
Company Stockholder Meeting	Section 5.7
Compensable Expenses	Section 5.11
Confidentiality Agreement	Section 5.6
Contracts	Section 3.7(b)
Convertible Securities	Section 2.2
Costs	Section 5.10(d)(ii)
Current Employees	Section 5.10(a)
DGCL	Preamble
DGCL Interested Stockholder	Section 3.12
Dissenting Shares	Section 2.7
Effective Time	Section 1.1
Election Deadline	Section 2.3(c)
Employee Benefit Plans	Section 5.10(a)
Environmental Laws	Section 3.7(c)
ERISA	Section 3.15
Exchange Act	Section 3.7(a)
Exchange Agent	Section 2.5(a)
Exchange Fund	Section 2.5(a)
Form of Election	Section 2.3(a)
Glazer	Section 2.2
Glazer Group	Section 2.2
Glazer Shares	Section 2.2

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER, dated as of June 4, 1996 (this "Agreement"), by and among Zapata Corporation, a Delaware corporation (the "Parent"), Zapata Acquisition Corp., a Delaware corporation and a wholly owned subsidiary of the Parent (the "Sub"), and Houlihan's Restaurant Group, Inc., a Delaware corporation (the "Company").

WHEREAS, duly constituted and authorized special committees of the respective Boards of Directors of the Parent and the Company comprised of persons who are not members of the Glazer Group (as defined in Section 2.2) have, after consulting with legal counsel and investment bankers engaged for that purpose, approved the merger provided for herein ("Merger") as being in the best interests of the Parent and its stockholders and the Company and its stockholders, respectively, and have recommended that the respective stockholders of each company approve the Merger;

WHEREAS, each of the respective Boards of Directors of the Sub and the Company has determined that it is the best interests of each corporation and its respective stockholders to effect the Merger upon the terms and subject to the conditions set forth herein;

WHEREAS, in furtherance thereof, each of the respective Boards of Directors of the Sub and the Company has approved the merger of the Company into the Sub, with the Sub as the surviving corporation, all of the outstanding stock of which will be owned by the Parent in accordance with the provisions of the General Corporation Law of the State of Delaware (the "DGCL");

WHEREAS, the aforesaid special committee of the Board of Directors of the Parent, being thereunto duly authorized by the Board of Directors of the Parent, has approved the issuance of common stock of the Parent pursuant to the Merger;

WHEREAS, for federal income tax purposes, it is intended that the Merger shall qualify as a reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder ("Code");

WHEREAS, pursuant to the Merger, the stockholders of the Company shall have the right to receive common stock of the Parent and cash, on and subject to the terms and conditions set forth herein; and

WHEREAS, the Company, the Parent and the Sub desire to make certain representations, warranties, covenants and agreements in connection with this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements set forth herein, the parties hereto agree as follows:

ARTICLE I
THE MERGER

Section 1.1 Effective Time of the Merger. Upon the terms and subject to the conditions set forth in this Agreement at the Effective Time (as defined in this Section 1.1), the Company shall be merged with and into the Sub in accordance with the DGCL and the separate corporate existence of the Company shall thereupon cease. On the "Merger Filing Date" (as defined in this Section 1.1), the Parent, the Sub and the Company shall cause to be filed with the Secretary of State of the State of Delaware a properly executed certificate of merger consistent with the terms of this Agreement and the DGCL. Such certificate of merger shall state that the effective time of the Merger (the "Effective Time") shall be the close of business on the date such certificate of merger is filed (the "Merger Filing Date"), and the Merger shall be effective at that time. The Merger Filing Date shall be the same day as the Closing Date unless the parties shall otherwise agree.

Section 1.2 Closing. Unless this Agreement is terminated and the transactions contemplated herein abandoned pursuant to Section 7.1 and assuming the satisfaction or waiver of the conditions set forth in Article VI, the closing of the Merger (the "Closing") will take place at 10:00 a.m. on a date to be specified by the parties (the "Closing Date"), which will be no later than the second business day following the satisfaction or waiver of the conditions set forth in Article VI, at the offices of Baker & Botts, L.L.P., Houston, Texas, unless another date or place is agreed to in writing by the parties hereto.

Section 1.3 Effects of the Merger. The Sub shall be the surviving corporation of the Merger (the "Surviving Corporation") and shall continue its existence under the laws of the State of Delaware. The Certificate of Incorporation of the Sub in effect at the Effective Time will be amended in its entirety to read as set forth in Annex I and, as such, will be the Restated Certificate of Incorporation of the Sub, until amended in accordance with the terms thereof and the DGCL. The Bylaws of the Sub in effect at the Effective Time will be the Bylaws of the Surviving Corporation, until duly amended in accordance with the terms thereof and the DGCL. The Merger will have the effects set forth in the DGCL. Without limiting the generality of the foregoing, at the Effective Time, all the properties, rights, privileges, powers and franchises of the Company and the Sub will vest in the Surviving Corporation, and all debts, liabilities and duties of the Company and the Sub shall become the debts, liabilities and duties of the Surviving Corporation.

Section 1.4 Directors. The initial directors of the Surviving Corporation shall be Frederick R. Hipp and such other person or persons as shall be designated by the Parent, each to hold office from the Effective Time in accordance with the Certificate of Incorporation and Bylaws

of the Surviving Corporation and until his or her successor is duly elected or appointed and qualified.

Section 1.5 Officers. The officers of the Company at the Effective Time will be the initial officers of the Surviving Corporation, each to hold office from the Effective Time in accordance with the Certificate of Incorporation and Bylaws of the Surviving Corporation and until his or her successor is duly appointed and qualified.

ARTICLE II
CONVERSION OF SECURITIES; EXCHANGE OF CERTIFICATES; DISSENTING SHARES

Section 2.1 Conversion of Securities. At the Effective Time, by virtue of the Merger and without any action on the part of the Sub, the Company or the holders of any capital stock of the Sub or the Company:

(a) Each share of common stock, par value $.01 per share, of the Company ("Company Common Stock") issued and outstanding immediately prior to the Effective Time (excluding any treasury shares, shares held by the Parent and Dissenting Shares) as to which no Cash Election, Stock Election or Residual Election has been made shall be converted into the right to receive (x) $4.00 in cash, without interest, plus (y) a number of shares of common stock, par value $.25 per share ("Parent Common Stock"), of the Parent equal to $4.00 divided by the Market Value.

(b) Each share of Company Common Stock issued and outstanding immediately prior to the Effective Time as to which the holder of record thereof so elects as provided in Section 2.3 (a "Stock Election") shall be converted into the right to receive a number of shares of Parent Common Stock equal to $8.00 divided by the Market Value.

(c) Each share of Company Common Stock issued and outstanding immediately prior to the Effective Time as to which the holder of record thereof so elects as provided in Section 2.3 (a "Cash Election") shall, unless Section 2.1(e) applies, be converted into the right to receive $8.00 in cash, without interest.

(d) Each share of Company Common Stock issued and outstanding immediately prior to the Effective Date as to which the holder of record thereof so elects as provided in Section 2.3 (a "Residual Election") shall, unless Section 2.1(e) applies, be converted into the right to receive:

(x) a number of shares of Parent Common Stock equal to

$$\frac{ASA - (NES \times \$4.00) - (SES \times \$8.00)}{RES \times MV}$$

where

ASA = Aggregate Stock Amount (as defined in Section 2.2)

NES = number of shares of Company Common Stock as to which no Cash Election, Stock Election or Residual Election has been exercised, but excluding any Dissenting Shares

SES = number of shares of Company Common Stock as to which Stock Elections have been exercised

RES = number of shares of Company Common Stock as to which Residual Elections have been exercised

MV = Market Value

plus

(y) cash, without interest, in an amount equal to (i) $8.00 less (ii) the product of the number of shares of Parent Common Stock determined pursuant to the immediately preceding clause (x) and the Market Value.

(e) If immediately after the Effective Time the Glazer Group would hold in the aggregate either more than (i) 49.9% of the Voting Power of all Voting Securities of the Parent or (ii) 49.9% of the Adjusted Voting Power of all Outstanding Voting Securities of the Parent (such limits being referred to as the "Maximum Ownership Limits"), then the consideration to be received in the Merger with respect to shares of Company Common Stock covered by Cash Elections and Residual Elections shall be adjusted as follows:

The maximum number of whole shares of Parent Common Stock which can be issued to the Glazer Group in the Merger (the "Maximum Glazer Number") without the Glazer Group

holding in the aggregate more than either Maximum Ownership Limit shall be calculated assuming that a number of shares equal to the Aggregate Stock Amount divided by the Market Value is issued in the Merger.

Each share covered by a Cash Election will be converted into the right to receive:

(x) a number of shares of Parent Common Stock equal to

$$\frac{ASA - (NES \times \$4.00) - (SES \times \$8.00) - \frac{MGN \times RES \times MV}{GS}}{CES \times MV}$$

where

ASA = Aggregate Stock Amount

NES = number of shares of Company Common Stock as to which no Cash Election, Stock Election or Residual Election has been exercised, but excluding any Dissenting Shares

SES = number of shares of Company Common Stock as to which Stock Elections have been exercised

MGN = Maximum Glazer Number

RES = number of shares of Company Common Stock as to which a Residual Election has been exercised

GS = number of Glazer Shares

CES = number of shares of Company Common Stock as to which a Cash Election has been exercised

MV = Market Value

plus

(y) an amount of cash, without interest, equal to (i) $8.00 less (ii) the product of the number of shares of Parent Common Stock determined pursuant to the immediately preceding clause (x) and the Market Value.

Each share of Company Common Stock as to which a Residual Election has been exercised shall be converted into the right to receive:

(1) a number of shares of Parent Common Stock equal to

$$\frac{MGN}{GS}$$

where

MGN = Maximum Glazer Number

GS = number of Glazer Shares

plus

(2) an amount of cash, without interest, equal to (i) $8.00 less (ii) the product of the number of shares of Parent Common Stock determined pursuant to the immediately preceding clause (1) and the Market Value.

(f) At the Effective Time, all such shares of Company Common Stock shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and each certificate previously evidencing any such shares shall thereafter represent the right to receive the Merger Consideration. The holders of such certificates previously evidencing such shares of Company Common Stock outstanding immediately prior to the Effective Time shall cease to have any rights with respect to such shares of Company Common Stock except as otherwise provided herein or by law.

(g) Each share of Company Common Stock held in the treasury of the Company and each share of Company Common Stock owned by the Parent or any Subsidiary of the Parent or of the Company immediately prior to the Effective Time shall be canceled and extinguished without any conversion thereof and no payment shall be made with respect thereto. As used in this Agreement, the word "Subsidiary" means, with respect to any party, any corporation or other organization, whether incorporated or unincorporated, of which (i) such party or any other Subsidiary of such party is a general partner (excluding partnerships, the general partnership interests of which held by such party or any Subsidiary of such party do not have a majority of the voting interests in such partnership) or (ii) at least a majority of the securities or other interests having by their terms ordinary voting power to elect a majority of the Board of Directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such party, by any one or more of its Subsidiaries, or by such

party and one or more of its Subsidiaries. References to a wholly owned Subsidiary of an entity include a Subsidiary all of the securities having ordinary voting power to elect the Board of Directors or others performing similar functions of which is owned directly or through "wholly owned" Subsidiaries by such entity.

(h) Each issued and outstanding share of common stock, par value $1.00 per share, of the Sub will continue to be one fully paid and nonassessable share of common stock, par value $1.00 per share, of the Surviving Corporation.

Section 2.2 Certain Definitions.

"Adjusted Voting Power" means, with respect to Outstanding Voting Securities, the highest number of votes that the holders of all such Outstanding Voting Securities would be entitled to cast for the election of directors or on any other matter (except to the extent such voting rights are dependent upon arrearages in the payment of dividends, events of default or bankruptcy), assuming for purposes of this computation, the conversion into or exchange for Voting Securities of Convertible Securities and the exercise of Options for the purchase of Voting Securities or Convertible Securities, in each case to the extent that any such action would increase the number of such votes.

"Aggregate Cash Amount" means (a) the Outstanding Share Number multiplied by $4.00 less (b) the number of Dissenting Shares multiplied by $8.

"Aggregate Stock Amount" means the Outstanding Share Number multiplied by $4.00.

Securities are "Beneficially Owned" by a person if such person possesses the ability, whether through contract, arrangement, understanding, relationship or otherwise, to exercise, directly or indirectly, the voting power (including the power to vote or to direct the voting) and/or the investment power (including the power to dispose or to direct the disposition) of such security.

"Cash Election" means an election made pursuant to Section 2.1(c).

"Convertible Securities" means securities of a corporation which are convertible into or exchangeable for Voting Securities.

"Glazer" means Malcolm I. Glazer, individually and as trustee of the Malcolm Glazer Trust U/A dated March 23, 1990, as amended ("Trust").

"Glazer Group" means Glazer and any corporation, person, partnership, trust or other entity controlled, directly or indirectly, by Glazer.

"Glazer Shares" means shares of Company Common Stock which are owned of record or Beneficially Owned by any member of the Glazer Group.

"Market Value" means the average closing price of a share of Parent Common Stock as reported on the Composite Tape for the New York Stock Exchange, Inc. ("NYSE") for the 20 trading days immediately preceding the 2nd trading day prior to the date of the Company Stockholder Meeting (the "Meeting Date").

"Merger Consideration" means the consideration to be issued in the Merger in respect of the Company Common Stock as provided in Section 2.1.

"Options" means options and rights of a corporation (whether presently exercisable or not) to purchase Voting Securities or Convertible Securities (except options issued under employee stock option plans).

"Outstanding Share Number" means the number of shares of Company Common Stock outstanding immediately prior to the Effective Time (excluding any treasury shares and shares held by the Parent).

"Outstanding Voting Securities" at any time means the then issued and outstanding Voting Securities, Convertible Securities (which shall be counted at the highest conversion or exchange rate at which they can be converted or exchanged) and Options (which shall be counted at the highest rate at which they can be exercised) of a corporation.

"Residual Election" means an election made pursuant to Section 2.1(d).

"Stock Election" means an election made pursuant to Section 2.1(b).

"Voting Power" means, with respect to Voting Securities, the highest number of votes that the holders of all Voting Securities, issued and outstanding on the date such determination is made, would be entitled to cast for the election of directors or on any other matter (except to the extent such voting rights are dependent upon arrearages in the payment of dividends, events of default or bankruptcy).

"Voting Securities" means the common stock and any other securities of a corporation of any kind or class having power to vote for the election of directors.

Section 2.3 Elections.

(a) Cash Elections, Stock Elections and Residual Elections shall be made by holders of record of Company Common Stock by mailing to the Exchange Agent a form designated for that purpose (a "Form of Election"). The Form of Election with respect to Cash Elections and Stock Elections shall contain a certification that no shares of Company Common Stock covered by such Form of Election are owned of record or Beneficially Owned by any member of the Glazer Group. To be effective, a Form of Election must be properly completed, signed and submitted to the Exchange Agent and accompanied by the certificates representing the shares of Company Common Stock as to which the election is being made (or by the guaranty of the delivery of such certificates by an appropriate trust company in the United States or a member of a registered national securities exchange or the National Association of Securities Dealers, Inc. (the "NASD")). Holders of record of shares of Company Common Stock who hold such shares as nominees, trustees or in other representative capacities (a "Representative") may submit multiple Forms of Election, provided that such Representative certifies that each such Form of Election covers all the shares of Company Common Stock held by such Representative for a particular beneficial owner or owners. The Parent will have the discretion, which it may delegate in whole or in part to the Exchange Agent, to determine whether Forms of Election have been properly completed, signed and submitted or revoked and to disregard immaterial defects in Forms of Election. The decision of the Parent (or the Exchange Agent) in such matters shall be conclusive and binding. Neither the Parent nor the Exchange Agent will be under any obligation to notify any person of any defect in a Form of Election submitted to the Exchange Agent. The Parent shall make all computations contemplated by this Section 2.3 and all such computations shall be conclusive and binding on the holders of Company Common Stock. Glazer has agreed with the Parent pursuant to the Supplemental Agreement of even date herewith to make or cause to be made the Residual Election with respect to all shares of Company Common Stock owned of record or Beneficially Owned by him and, to the extent within his actual control, any other member of the Glazer Group.

(b) For the purposes hereof, a holder of Company Common Stock who does not submit a Form of Election which is received by the Exchange Agent prior to the Election Deadline or who holds Dissenting Shares shall not have made a Cash Election, a Stock Election or a Residual Election. If the Parent or the Exchange Agent shall determine that any purported Cash Election, Stock Election or Residual Election was not properly made, such purported Cash Election, Stock Election or Residual Election shall be deemed to be of no force and effect and the stockholder making such purported Cash Election, Stock Election or Residual Election shall for purposes hereof be deemed not to have made a Cash Election, Stock Election or Residual Election, as applicable.

(c) The Parent and the Company shall each use its best efforts to mail the Form of Election to all persons who become holders of Company Common Stock during the period between the record date for the Company's Stockholder Meeting and 5:00 p.m. Houston time, on

the date four calendar days prior to the Meeting Date. A Form of Election must be received by the Exchange Agent by 5:00 p.m. Houston time, on the date one calendar day prior to the Meeting Date (the "Election Deadline") in order to be effective. All elections other than that made or caused to be made by Glazer with respect to the Glazer Shares may be revoked until the Election Deadline.

Section 2.4 Certain Adjustments and Limitations.

(a) If between the date of this Agreement and the Effective Time the outstanding shares of capital stock of the Parent or the Company shall have been changed into a different number of shares or a different class, by reason of any stock dividend, subdivision, reclassification, recapitalization, split, combination or exchange of shares, the Merger Consideration shall be correspondingly adjusted to reflect such stock dividend, subdivision, reclassification, recapitalization, split, combination or exchange of shares.

(b) In the event that (i) the Market Value is at such a level that the holders of the shares of Company Common Stock that exercise Cash Elections are entitled to receive on a per share basis no cash in excess of $4 and (ii) the Parent Company Stock issuable in respect of the Glazer Shares still would cause the number of shares held by the Glazer Group to exceed one of the Maximum Ownership Limits, this Agreement shall be terminated and the Merger shall not be consummated.

Section 2.5 Exchange of Certificates.

(a) Promptly after completion of the allocation and election procedures set forth in Sections 2.1 and 2.3, the Parent shall deposit, or shall cause to be deposited, with American Stock Transfer & Trust Company or another bank or trust company designated by the Parent (the "Exchange Agent"), for the benefit of the holders of shares of Company Common Stock, for exchange in accordance with this Article II through the Exchange Agent, (i) certificates evidencing a number of shares of Parent Common Stock equal to the Aggregate Stock Amount and (ii) cash in an amount equal to the Aggregate Cash Amount (such certificates for shares of Parent Common Stock, together with any dividends or distributions with respect thereto, and cash, being hereinafter referred to as the "Exchange Fund"). The Exchange Agent shall, pursuant to irrevocable instructions, deliver the Parent Common Stock and cash contemplated to be issued pursuant to Section 2.1 out of the Exchange Fund. Except as contemplated by Section 2.5(e), the Exchange Fund shall not be used for any other purpose. The Parent, the Sub and the Company will pay their respective expenses, if any, incurred in connection with the Merger, and none of the Parent, the Sub or the Company will pay any of the expenses of any stockholder of the Company incurred in connection with the Merger.

(b) As soon as reasonably practicable after the Effective Time, the Parent will instruct the Exchange Agent to mail to each holder of record of a certificate or certificates which immediately prior to the Effective Time evidenced outstanding shares of Company Common Stock (other than Dissenting Shares) (the "Certificates"), (i) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon proper delivery of the Certificates to the Exchange Agent, shall be in such form and have such other provisions as the Parent may reasonably specify and shall provide a mechanism for the surrender of shares evidenced by lost or misplaced stock certificates) and (ii) instructions for use in effecting the surrender of the Certificates in exchange for certificates evidencing shares of Parent Common Stock or cash. The letter of transmittal need not be accompanied by Certificates previously delivered to the Exchange Agent pursuant to a Form of Election and not withdrawn. Upon surrender of a Certificate for cancellation to the Exchange Agent together with such letter of transmittal duly executed, and such other customary documents as may be required pursuant to such instructions, the holder of such Certificate shall be entitled to receive in exchange therefor (A) certificates evidencing that number of whole shares of Parent Common Stock which such holder has the right to receive in respect of the shares of Company Common Stock formerly evidenced by such Certificate in accordance with Section 2.1, (B) cash to which such holder is entitled to receive in accordance with Section 2.1, (C) cash in lieu of fractional shares of Parent Common Stock to which such holder is entitled pursuant to Section 2.5(e) and (D) any dividends or other distributions to which such holder is entitled pursuant to Section 2.5(c), and the Certificate so surrendered shall forthwith be canceled. In the event of a transfer of ownership of shares of Company Common Stock which is not registered in the transfer records of the Company, a certificate evidencing the proper number of shares of Parent Common Stock and/or cash may be issued and/or paid in accordance with this Article II to a transferee if the Certificate evidencing such shares of Company Common Stock is presented to the Exchange Agent, accompanied by all documents required to evidence and effect such transfer and by evidence that any applicable stock transfer taxes have been paid. Until surrendered as contemplated by this Section 2.5, each Certificate shall be deemed at any time after the Effective Time to evidence only the right to receive upon such surrender the Merger Consideration. The shares of Parent Common Stock constituting the Merger Consideration shall be deemed to have been issued at the Effective Time.

(c) No dividends or other distributions declared or made after the Effective Time with respect to Parent Common Stock with a record date after the Effective Time shall be paid to the holder of any unsurrendered Certificate with respect to the shares of Parent Common Stock evidenced thereby, and no other part of the Merger Consideration shall be paid to any such holder, until the holder of such Certificate shall surrender such Certificate. Subject to the effect of applicable laws, following surrender of any such Certificate, there shall be paid to the holder of the certificates evidencing whole shares of Parent Common Stock issued in exchange therefor, without interest, (i) promptly, the amount of any cash payable with respect to a fractional share of Parent Common Stock to which such holder is entitled pursuant to Section 2.5(e) and the amount of

dividends or other distributions with a record date after the Effective Time theretofore paid with respect to such whole shares of Parent Common Stock, and (ii) at the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time but prior to surrender and a payment date occurring after surrender payable with respect to such whole shares of Parent Common Stock. No interest shall be paid on the Merger Consideration.

(d) All shares of Parent Common Stock issued and cash paid upon conversion of the shares of Company Common Stock in accordance with the terms hereof shall be deemed to have been issued or paid in full satisfaction of all rights pertaining to such shares of Company Common Stock.

(e) (i) No certificates or scrip evidencing fractional shares of Parent Common Stock shall be issued upon the surrender for exchange of Certificates, and such fractional share interests will not entitle the owner thereof to vote or to any rights of a stockholder of Parent. In lieu of any such fractional shares, each holder of Company Common Stock upon surrender of a Certificate for exchange pursuant to this Section 2.5 shall be paid an amount in cash (without interest), rounded to the nearest cent, determined by multiplying (a) the Market Value by (b) the fractional interest to which such holder would otherwise be entitled (after taking into account all shares of Company Common Stock then held of record by such holder).

(ii) As soon as practicable after the determination of the amount of cash, if any, to be paid to holders of Company Common Stock with respect to any fractional share interests, the Exchange Agent shall promptly pay such amounts to such holders of the Company Common Stock subject to and in accordance with the terms of Section 2.5(c).

(f) Any portion of the Exchange Fund which remains undistributed to the holders of Company Common Stock on the first anniversary date of the Effective Time shall be delivered to the Parent, upon demand, and any holders of Company Common Stock who have not theretofore complied with this Article II shall thereafter look only to the Parent for the Merger Consideration to which they are entitled.

(g) Neither the Parent nor the Surviving Corporation shall be liable to any holder of shares of Company Common Stock for any such shares of Parent Common Stock, cash (or dividends or distributions with respect thereto) or cash from the Exchange Fund delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

(h) The Parent shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to any holder of shares of Company Common Stock such amounts as the Parent is required to deduct and withhold with respect to the making of such payment under the Code, or any provision of state, local or foreign tax law. To the extent that

amounts are so withheld by the Parent, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of the shares of Company Common Stock in respect of which such deduction and withholding was made by the Parent.

Section 2.6 Stock Transfer Books. At the Effective Time, the stock transfer books of the Company shall be closed and there shall be no further registration of transfers of shares of Company Common Stock thereafter on the records of the Company. On or after the Effective Time, any Certificates presented to the Exchange Agent or the Parent for any reason shall be converted into the Merger Consideration.

Section 2.7 Dissenting Shares. Notwithstanding any other provisions of this Agreement to the contrary, shares of Company Common Stock that are outstanding immediately prior to the Effective Time and which are held by stockholders who shall have not voted in favor of the Merger or consented thereto in writing and who shall have demanded properly in writing appraisal for such shares in accordance with Section 262 of the DGCL (collectively, the "Dissenting Shares") shall not be converted into or represent the right to receive the Merger Consideration. Such stockholders shall be entitled to receive payment of the appraised value of such shares of Company Common Stock held by them in accordance with the provisions of such Section 262, except that all Dissenting Shares held by stockholders who shall have failed to perfect or who effectively shall have withdrawn or lost their rights to appraisal of such shares of Company Common Stock under such Section 262 shall thereupon be deemed to have been converted into and to have become exchangeable, as of the Effective Time, for the right to receive, without any interest thereon, the Merger Consideration, as if such shares of Company Common Stock were covered by Cash Elections, upon surrender, in the manner provided in Section 2.5, of the Certificate or Certificates that formerly evidenced such shares of Company Common Stock.

ARTICLE III
REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF THE COMPANY

The Company represents and warrants to, and covenants and agrees with, the Parent and the Sub as follows:

Section 3.1 Due Incorporation, Etc. Each of the Company and each Material Company Subsidiary (as defined in Section 3.4) is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, with all requisite power and authority to own, operate and lease its properties and to carry on its business as it is now being conducted, except where the failure to be so organized, existing or in good standing or to have such power and authority, individually or in the aggregate, has not had, and is not reasonably likely to have, a material adverse effect on the Company and its Subsidiaries.

The Company has delivered to the Parent true and accurate copies of the certificate of incorporation, bylaws or other organizational documents of each of the Company and each Material Company Subsidiary.

Section 3.2 Qualification as Foreign Entities. Each of the Company and each Material Company Subsidiary is duly licensed or qualified to do business and, if applicable, is in good standing, in each state or other jurisdiction in which the character of the properties owned or leased by it or the nature of the business conducted by it requires it to be so licensed or qualified, except where the failure to be so licensed, qualified or in good standing has not had, and is not reasonably likely to have, a material adverse effect on the Company and its Subsidiaries.

Section 3.3 Capital Stock. The authorized capital stock of the Company consists of 20,000,000 shares of Company Common Stock, of which as of April 30, 1996, 9,998,012 shares of Company Common Stock were issued and outstanding and no shares were held in the Company's treasury. Also, as of April 30, 1996, the Company had reserved for issuance (a) 1,195,600 shares of Company Common Stock for issuance upon the exercise of then-outstanding options ("Company Options") under the Company's 1994 Stock Option Plan for Outside Directors and its 1994 Executive Stock Option Plan (collectively, the "Company Plans") and (b) 1,290,000 shares of Company Common Stock in respect of future grants of Company Options under the Company Plans. Since December 28, 1992, the Company has not issued any shares of its capital stock, except for issuances of Company Common Stock upon the exercise of Company Options granted under the Company Plans, and has not repurchased, redeemed or otherwise retired any shares of its capital stock. All the outstanding shares of capital stock of the Company and each of its Subsidiaries are, and all shares of Company Common Stock that may be issued pursuant to the Company Plans will be, when issued and paid for in accordance with the terms thereof, duly authorized, validly issued, fully paid and nonassessable and not subject to any preemptive rights of third parties in respect thereto. No bonds, debentures, notes or other indebtedness having the right to vote under ordinary circumstances (or convertible into securities having such right to vote) ("Voting Debt") of the Company or any of its Subsidiaries are issued or outstanding. Except as disclosed above, as disclosed in the Company SEC Documents (as defined in Section 3.8) filed prior to May 16, 1996 or as disclosed in Section 3.3 of the Company Disclosure Schedule delivered by the Company to the Parent pursuant to this Agreement ("Company Disclosure Schedule"), (x) there are no existing options, warrants, calls, subscriptions, rights, commitments or other agreements of any character obligating the Company or any of its Subsidiaries to issue, transfer, vote, or sell or cause to be issued, transferred, voted, or sold any shares of its capital stock, Voting Debt or other interests of the Company or any of its Subsidiaries or securities convertible into or exchangeable for such shares or other securities or interests or obligating the Company or any of its Subsidiaries to grant, extend or enter into any such option, warrant, call, subscription, right, agreement or commitment; (y) there are no outstanding contractual obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any shares of capital stock of the Company or any shares of capital

stock or other interests of any of the Company's Subsidiaries and any partnership interests are not subject to current or future capital calls; and (z) each of the outstanding shares of capital stock or other interests of the Company's Subsidiaries are owned by the Company or by a Subsidiary of the Company free and clear of any liens, security interests, pledges, charges, claims, encumbrances, restrictions or legends of any kind (collectively, "Liens"), except those which, individually or in the aggregate, have not had, and are not reasonably likely to have, a material adverse effect on the Company and its Subsidiaries.

Section 3.4 Material Company Subsidiaries.

(a) Each Material Company Subsidiary is listed in Section 3.4(a) of the Company Disclosure Schedule.

(b) The Company has provided to the Parent full access to the minute books and stock records of each of the Company and each Material Company Subsidiary.

Section 3.5 Ownership of Equity Interests. Except as disclosed in Section 3.5 of the Company Disclosure Schedule, neither the Company nor any of its Subsidiaries owns or holds, directly or indirectly, any capital stock of, or other equity or other ownership interest in (or any securities, rights or other interests exchangeable for, convertible into or which otherwise relate to the acquisition of any capital stock of), any Person or is a partner or joint venturer in any partnership or joint venture.

Section 3.6 Corporate Power and Authority. The Company has the requisite corporate power to execute and deliver this Agreement and to consummate the transactions contemplated hereby, subject to the approval and adoption of this Agreement (insofar as it relates to the Merger) and the Merger by the affirmative vote of the holders of Company Common Stock entitled to cast at least a majority of the total number of votes entitled to be cast by holders of Company Common Stock and the filings referred to in Section 3.7(a). The execution, delivery and performance of this Agreement by the Company and the consummation by the Company of the Merger and of the other transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company and no other corporate proceedings on the part of the Company are necessary to authorize this Agreement or to consummate the transactions so contemplated, other than with respect to the Merger, the required stockholder approval and adoption noted above, and the filing of a certificate of merger with the Secretary of State of the State of Delaware. This Agreement has been duly and validly executed and delivered by the Company and, assuming this Agreement constitutes a valid an binding obligation of the Parent and the Sub, constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

Section 3.7 No Conflicts or Consents; Environmental Law; and Litigation.

(a) Other than the filings provided for in Section 1.1 and as required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder (the "HSR Act"), and the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (the "Exchange Act"), and filings with regulatory authorities with respect to liquor licenses, no notices, reports or other filings are required to be made by the Company with, nor any consents, registrations, approvals, permits or authorizations required to be obtained from, any domestic governmental or regulatory authority, agency, commission or other entity ("Governmental Entity"), in connection with the execution and delivery of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby, the failure to make or obtain any or all of which (i) is reasonably likely to have a material adverse effect on the Company and its Subsidiaries or (ii) would prevent, materially delay or materially burden the transactions contemplated in this Agreement.

(b) The execution and delivery of this Agreement by the Company do not, and the consummation by the Company of the transactions contemplated hereby will not, constitute or result in (i) a breach or violation of, or a default under, the certificate of incorporation, as amended, or bylaws of the Company or the comparable governing instruments of any Material Company Subsidiary, (ii) except as disclosed in Section 3.7(b) of the Company Disclosure Schedule, a breach or violation of, a default under, or the acceleration of or the creation of any Lien (with or without the giving of notice or the lapse of time) pursuant to, any provision of any agreement, lease, contract, note, mortgage, indenture, arrangement or other obligation ("Contracts") of the Company or any of its Subsidiaries or any law, rule, ordinance or regulation or judgment, decree, order, award or governmental or non-governmental permit or license to which the Company or any of its Subsidiaries is subject or (iii) any change in the rights or obligations of any party under any such Contract, except, in the case of clauses (ii) and (iii) above, for such breaches, violations, defaults, accelerations or changes that, individually or in the aggregate, (x) have not had, and are not reasonably likely to have, a material adverse effect on the Company and its Subsidiaries or (y) would not prevent, materially delay or materially burden the transactions contemplated by this Agreement.

(c) Except as disclosed in the Company SEC Documents filed prior to May 16, 1996 or as disclosed in Section 3.7(c) of the Company Disclosure Schedule, (i) the Company and its Subsidiaries are in compliance with all applicable statutes, ordinances, rules and regulations of any Governmental Entity relating to protection of the environment and human health including, without limitation, with respect to air, surface water, ground water, land and subsurface strata (collectively, "Environmental Law") except for non-compliance which, individually or in the aggregate, has not had, and is not reasonably likely to have, a material adverse effect on the Company and its Subsidiaries and (ii) neither the Company nor any of its Subsidiaries has received

written notice of, or is the subject of, any action, cause of action, claim, investigation, demand or notice by any Person alleging liability under or non-compliance by the Company or any of its Subsidiaries with any Environmental Law which, individually or in the aggregate, has had, or is reasonably likely to have, a material adverse effect on the Company and its Subsidiaries.

(d) Except as disclosed in the Company SEC Documents filed prior to May 16, 1996 or in Section 3.7(d)(i) of the Company Disclosure Schedule, there is no suit, claim, action, proceeding or investigation pending or, to the best knowledge of the Company, threatened, against the Company or any of its Subsidiaries which, individually or in the aggregate, has had, or is reasonably likely to have, a material adverse effect on the Company and its Subsidiaries or affect adversely in any material respect the ability of the Company to consummate the transactions contemplated by this Agreement. Except as disclosed in the Company SEC Documents filed prior to May 16, 1996 or in Section 3.7(d)(ii) of the Company Disclosure Schedule, neither the Company nor any of its Subsidiaries is subject to any outstanding order, writ, injunction or decree which, individually or in the aggregate, has had, or is reasonably likely to have, a material adverse effect on the Company and its Subsidiaries or affect adversely in any material respect the ability of the Company to consummate the transactions contemplated hereby.

Section 3.8 SEC Reports and Financial Statements. Since January 1, 1993, the Company has filed with the Securities and Exchange Commission (the "SEC") all forms, reports and documents required to be filed by it under the Securities Act of 1933, as amended, and the rules and regulations thereunder (the "Securities Act") or the Exchange Act, and has heretofore made available to the Parent true and complete copies of all such forms, reports and documents (as they have been amended since the time of their filing, collectively, the "Company SEC Documents"). The Company SEC Documents, including without limitation any financial statements or schedules included therein, at the time filed, and any forms, reports or other documents filed by the Company with the SEC after the date of this Agreement, (a) did not at the time they were filed, or will not at the time they are filed, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and (b) complied or will be prepared in compliance in all material respects with the applicable requirements of the Securities Act or the Exchange Act, as the case may be. The financial statements of the Company included in the Company SEC Documents ("Company Financial Statements") comply as to form in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto or, in the case of the unaudited statements, to normal audit adjustments) and fairly present (subject, in the case of the unaudited statements, to normal audit adjustments) the consolidated financial position of the Company and its Subsidiaries as at the dates thereof and the consolidated results of their operations and cash flows for the periods then ended.

Except as reflected, reserved against or otherwise disclosed in the Company Financial Statements or as otherwise disclosed in the Company SEC Documents, in each case filed prior May 16, 1996 or as disclosed in Section 3.8 of the Company Disclosure Schedule, neither the Company nor any of its Subsidiaries has any liabilities or obligations (absolute, accrued, fixed, contingent or otherwise) other than (i) liabilities incurred in the ordinary course of business consistent with past practice, and (ii) liabilities and obligations that, alone or in the aggregate, have not had, and are not reasonably likely to have, a material adverse effect on the Company and its Subsidiaries.

Section 3.9 Information in Joint Proxy Statement and Registration Statement.

(a) None of the information with respect to the Company or its Subsidiaries to be included in the joint proxy statement/prospectus to be used by the Boards of Directors of the Company and the Parent in connection with the solicitation of proxies for use at the meetings referred to in Section 5.7 ("Joint Proxy Statement") or in the registration statement on Form S-4 to be filed with the SEC by the Parent in connection with the issuance of shares of Parent Common Stock in the Merger to holders of Company Common Stock (the "S-4") will, in the case of the Joint Proxy Statement or any amendment thereof or supplement thereto, at the time of the mailing of the Joint Proxy Statement or any amendment thereof or supplement thereto, and at the time of the Company Stockholder Meeting (as defined in Section 5.7) or, in the case of the S-4, at the time it becomes effective under the Securities Act and at the time of the Closing, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The Joint Proxy Statement, when filed, will comply as to form in all material respects with the provisions of the Exchange Act and the rules and regulations thereunder.

(b) Notwithstanding Section 3.9(a), the Company makes no representation with respect to statements made in the Joint Proxy Statement (and any amendment thereto or supplement thereto) and in the S-4 based on information regarding and supplied by the Parent or the Sub specifically for inclusion therein.

Section 3.10 No Material Adverse Change. Except as disclosed in the Company SEC Documents filed prior to May 16, 1996 or as disclosed in Section 3.10 of the Company Disclosure Schedule, since December 29, 1995, the Company and its Subsidiaries have conducted their respective businesses in the ordinary and usual course and there has not been any change in the assets, business, results of operations or financial condition of the Company and its Subsidiaries that has had, or is reasonably likely to have, a material adverse effect on the Company and its Subsidiaries.

Section 3.11 Taxes.

(a) Each of the Company and its Subsidiaries has duly filed all material federal, state, local and foreign income and other Tax Returns (as defined in Section 3.11(b)) required to be filed by it, except as disclosed in Section 3.11(a)(i) of the Company Disclosure Schedule. Except as disclosed in Section 3.11(a)(ii) of the Company Disclosure Schedule, each of the Company and its Subsidiaries has duly paid or caused to be paid all Taxes shown to be due on such Tax Returns in respect of the periods covered by such returns and has made adequate provision in the Company Financial Statements for payment of all Taxes anticipated to be payable in respect of all taxable periods or portions thereof ending on or before the date hereof. Section 3.11(a)(iii) of the Company Disclosure Schedule discloses the periods through which the Tax Returns required to be filed by the Company and its Subsidiaries have been examined by the Internal Revenue Service (the "IRS") or other appropriate taxing authority, or the period during which any assessments may be made by the IRS or other appropriate taxing authority has expired. Except as disclosed in Section 3.11(a)(iv) of the Company Disclosure Schedule, as of the date hereof, all material deficiencies and assessments asserted as a result of such examinations or other audits by federal, state, local or foreign taxing authorities have been paid, fully settled or adequately provided for in the Company Financial Statements, and no issue or claim has been asserted in writing for Taxes by any taxing authority for any prior period, the adverse determination of which would result in a deficiency which is reasonably likely to have a material adverse effect on the Company and its Subsidiaries, other than those heretofore paid or provided for in the Company's Financial Statements. Except as disclosed in Section 3.11(a)(v) of the Company Disclosure Schedule, as of the date hereof, there are no material outstanding agreements or waivers extending the statutory period of limitation applicable to any material Tax Return of the Company or its Subsidiaries. Except as disclosed in Section 3.11(a)(vi) of the Company Disclosure Schedule, neither the Company nor any of its Subsidiaries (x) has been a member of a group filing consolidated returns for federal income tax purposes, or (y) is a party to any material tax sharing or tax indemnity agreement or any other material agreement of a similar nature that remains in effect.

(b) For purposes of this Agreement, the term "Taxes" means all taxes, charges, fees, levies or other assessments, including, without limitation, income, gross receipts, excise, property, sales, transfer, license, payroll, withholding, capital stock and franchise taxes, imposed by the United States or any state, local or foreign government or subdivision or agency thereof, including any interest, penalties or additions thereto. For purposes of this Agreement, the term "Tax Return" means any report, return or other information or document required to be supplied to a taxing authority in connection with Taxes.

Section 3.12 DGCL Section 203. To the best knowledge of the Company, the Trust either is not an interested stockholder of the Company, as defined in Section 203(c)(5) of the DGCL ("DGCL Interested Stockholder"), or, if a DGCL Interested Stockholder, became such more than

three years prior to the date of this Agreement. Accordingly, the terms of Section 203 of the DGCL are not applicable to the Company's participation in the Merger.

Section 3.13 Vote Required. The affirmative vote of the holders of a majority of the outstanding shares of Company Common Stock entitled to vote with respect to the Merger is the only vote of the holders of any class or series of the Company's capital stock necessary to approve the Merger and the transactions contemplated hereby.

Section 3.14 Opinion of Company Financial Advisor. The Special Committee of the Board of Directors of the Company has received the opinion of Donaldson, Lufkin & Jenrette Securities Corporation, its financial advisor, to the effect that, as of the date of such opinion, the Merger Consideration to be received pursuant to the Merger by the holders of the Company Common Stock (other than by Glazer and other holders affiliated with Glazer) is fair to such holders from a financial point of view.

Section 3.15 No Undisclosed Employee Benefit Plan Liabilities. All "employee benefit plans," as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), maintained or contributed to by the Company or its Subsidiaries are in compliance with all applicable provisions of ERISA and the Code, and the Company and its Subsidiaries do not have any liabilities or obligations with respect to any such employee benefit plans, whether or not accrued, contingent or otherwise, except (a) as described in any of the Company SEC Documents, (b) as set forth in Section 5.10(a) of the Company Disclosure Schedule with respect to employment arrangements and indemnification agreements and (c) for instances of non-compliance or liabilities or obligations that have not had, or are not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the Company and the Subsidiaries.

Section 3.16 Tax Matters. Neither the Company nor, to the knowledge of the Company, any of its affiliates referred to in Section 3.17 has taken or agreed to take any action that would prevent the Merger from constituting a reorganization under the provisions of Section 368(a) of the Code.

Section 3.17 Affiliates. Section 3.17 of the Company Disclosure Schedule identifies all persons who, to the knowledge of the Company, may be deemed to be affiliates of the Company under Rule 145 of the Securities Act, including, without limitation, all directors and officers of the Company. Concurrently with the execution and delivery of this Agreement, the Company has delivered to the Parent duplicate copies of letter agreements, each substantially in the form of Annex II, executed by each person so identified as an affiliate of the Company in Section 3.17 of the Company Disclosure Schedule.

Section 3.18 General. As used in this Agreement with respect to the Company and/or its Subsidiaries, related partnerships or equity investments, the term "material adverse effect" means an effect which is both material and adverse with respect to the assets, business, results of operations or financial condition of the Company taken as a whole with its Subsidiaries, which effect shall be measured net of, and only after giving the Company and its Subsidiaries the benefit of, any insurance, indemnity, reimbursement, contribution, compensation or other similar right which would operate to reduce, offset, compensate, mitigate or otherwise limit the impact thereof on the Company and/or any of its Subsidiaries; provided, however that any adverse change or changes in the assets, business, results of operations or financial condition of the Company taken as a whole with its Subsidiaries attributable to changes in general economic conditions shall not be deemed to constitute a material adverse effect.

ARTICLE IV
REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF THE PARENT AND THE SUB

The Parent and the Sub, jointly and severally, represent and warrant to, and covenant and agree with, the Company as follows:

Section 4.1 Due Incorporation, Etc. Each of the Parent and each Material Parent Subsidiary (as defined in Section 4.4) is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, with all requisite power and authority to own, operate and lease its properties and to carry on its business as it is now being conducted, except where the failure to be so organized, existing or in good standing or to have such power and authority, individually or in the aggregate has not had, and is not reasonably likely to have, a material adverse effect on the Parent and its Subsidiaries. The Parent has made available to the Company true and accurate copies of the certificate of incorporation, bylaws or other organizational documents of each of the Parent and each Material Parent Subsidiary.

Section 4.2 Qualification as Foreign Entities. Each of the Parent and each Material Parent Subsidiary is duly licensed or qualified to do business and, if applicable, is in good standing, in each state or other jurisdiction in which the character of the properties owned or leased by it or the nature of the business conducted by it requires it to be so licensed or qualified, except where the failure to be so licensed, qualified or in good standing has not had, and is not reasonably likely to have, a material adverse effect on the Parent and its Subsidiaries.

Section 4.3 Capital Stock. The authorized capital stock of the Parent consists of (a) 165,000,000 shares of Parent Common Stock, of which as of April 30, 1996, 29,548,507 shares were issued and outstanding and no shares were held in the Parent's treasury, (b) 2,000,000 shares

of preferred stock, no par value per share ("Preferred Stock"), of which, as of April 30, 1996, no shares were issued and outstanding or held in the Parent's treasury, and (c) 18,000,000 million shares of preference stock, par value $1.00 per share ("Preference Stock"), of which, as of April 30, 1996, 242,419 shares had been designated as $2.00 Per Cumulative Convertible Preference Stock, 3,627 shares of such series were issued and outstanding as of that date and no shares of such series were held in the Parent's treasury as of that date. Also, as of April 30, 1996, the Company had reserved for issuance (i) 165,900 shares of Parent Common Stock upon exercise of then-outstanding stock options ("Parent Options") under the Parent's 1981 Stock Incentive Plan, the Special Incentive Plan and the 1990 Stock Option Plan (collectively, the "Parent Plans), (ii) 256,333 shares of Parent Common Stock in respect of future grants of Parent Options pursuant to the Parent Plans and (iii) 5,527 shares of Parent Common Stock upon conversion of the $2.00 Noncumulative Convertible Preference Stock. Except as disclosed in the Parent SEC Documents (as defined in Section 4.8) filed prior to May 16, 1996 or as disclosed in Section 4.3(a) of the Parent Disclosure Schedule delivered by the Parent to the Company pursuant to this Agreement ("Parent Disclosure Schedule"), since December 31, 1995, the Parent has not issued any shares of its capital stock, except for issuances of Parent Common Stock upon the exercise of Parent Options granted under the Parent Plans and upon conversion of its $2.00 Noncumulative Convertible Preference Stock, and has not repurchased, redeemed or otherwise retired any shares of its capital stock. All the outstanding shares of capital stock of the Parent and each of its Subsidiaries are, and all shares of Parent Common Stock that may be issued pursuant to the Parent Plans or upon conversion of the $2.00 Noncumulative Convertible Preference Stock will be, when issued and paid for in accordance with the respective terms thereof, duly authorized, validly issued, fully paid and nonassessable and not subject to any preemptive rights of third parties in respect thereto. No Voting Debt of the Parent or any of its Subsidiaries is issued or outstanding. Except as disclosed in the Parent SEC Documents filed prior to May 16, 1996 or as disclosed in Section 4.3(b) of the Parent Disclosure Schedule, (x) there are no existing options, warrants, calls, subscriptions, rights, commitments or other agreements of any character obligating the Parent or any of its Subsidiaries to issue, transfer, vote or sell or cause to be issued, transferred, voted or sold any shares of its capital stock, Voting Debt or any other interests of the Parent or any of its Subsidiaries or securities convertible into or exchangeable for such shares or other interests or obligating the Parent to grant, extend or enter into any such option, warrant, call, subscription, right, agreement or commitment; (y) there are no outstanding contractual obligations of the Parent or any of its Subsidiaries to repurchase, redeem or otherwise acquire any shares of capital stock of the Parent or any shares of capital stock or other interests of any of the Parent's Subsidiaries and any partnership interests are not subject to current or future capital calls; and (z) each of the outstanding shares of capital stock or other interests of the Parent's Subsidiaries are owned by the Parent or by a Subsidiary of the Parent free and clear of any Liens, except those which individually or in the aggregate have not had, and are not reasonably likely to have, a material adverse effect on the Parent and its Subsidiaries.

Section 4.4 Material Parent Subsidiaries. (a) Each Material Parent Subsidiary is listed in Section 4.4(a) of the Parent Disclosure Schedule.

(b) The Parent has provided to the Company full access to the minute books, stock records and comparable documents of each of the Parent and each Material Parent Subsidiary.

Section 4.5 Ownership of Equity Interests. Except as disclosed in Section 4.5 of the Parent Disclosure Schedule, neither the Parent nor any of its Subsidiaries owns or holds, directly or indirectly, any capital stock of, or other equity or other ownership interest in (or any securities, rights or other interests exchangeable for, convertible into or which otherwise relate to the acquisition of any capital stock of), any Person or is a partner or joint venturer in any partnership or joint venture.

Section 4.6 Corporate Power and Authority. The Parent and the Sub each has the requisite corporate power to execute and deliver this Agreement and to consummate the transactions contemplated hereby, subject to the approval of the issuance of the shares of Parent Common Stock in the Merger by the affirmative vote of the holders, voting as a class, of the Parent Common Stock and the Preference Stock entitled to cast at least a majority of the total number of votes voting on such matter as required by the NYSE and the filings referred to in Section 4.7(a). The execution, delivery and performance of this Agreement by the Parent and the Sub and the consummation by the Parent and the Sub of the Merger and the other transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Parent and the Sub and no other corporate proceedings are necessary to authorize this Agreement or to consummate the transactions so contemplated, other than the required stockholder approval by the Parent noted above, and the filing of a certificate of merger with the Secretary of State of the State of Delaware. The Parent, as the sole stockholders of the Sub, has approved and adopted this Agreement (insofar as it relates to the Merger) and the Merger. This Agreement has been duly and validly executed and delivered by the Parent and the Sub and, assuming this Agreement constitutes a valid and binding obligation of the Company, constitutes a valid and binding obligation of the Parent and the Sub, enforceable against the Parent and the Sub in accordance with its terms.

Section 4.7 No Conflicts or Consents; Environmental Law; and Litigation. (a) Other than the filing provided for in Section 1.1 and as required under the HSR Act, the Securities Act and the Exchange Act, no notices, reports or other filings are required to be made by the Parent or the Sub with, nor any consents, registrations, approvals, permits or authorizations required to be obtained from, any Governmental Entity, in connection with the execution and delivery of this Agreement by the Parent and the Sub and the consummation by the Parent and the Sub of the transactions contemplated hereby, the failure to make or obtain any or all of which (i) is reasonably likely to have a material adverse effect on the Parent and its Subsidiaries or (ii) would prevent, materially delay or materially burden the transactions contemplated in this Agreement.

(b) The execution and delivery of this Agreement by the Parent and the Sub do not, and the consummation by the Parent and the Sub of the transactions contemplated hereby will not, constitute or result in (i) a breach or violation of or a default under, the certificate of incorporation or bylaws of the Parent or the Sub or the comparable governing instruments of any Material Parent Subsidiary, (ii) a breach or violation of, a default under, or the acceleration of or the creation of any Lien (with or without the giving of notice or the lapse of time) pursuant to, any provision of any Contract of the Parent or any of its Subsidiaries or any law, rule, ordinance or regulation or judgment, decree, order, award or governmental or non-governmental permit or license to which Parent or any of its Subsidiaries is subject or (iii) any change in the rights or obligations of any party under any such Contract, except, in the case of clause (ii) and (iii) above, for such breaches, violations, defaults, accelerations or changes that, alone or in the aggregate, (x) have not had, and are not reasonably likely to have, a material adverse effect on the Parent and its Subsidiaries or (y) would not prevent, materially delay or materially burden the transactions contemplated by this Agreement.

(c) Except as disclosed in the Parent SEC Documents filed prior to May 16, 1996 or as disclosed in Section 4.7(c) of the Parent Disclosure Schedule, (i) the Parent and its Subsidiaries are in compliance with all applicable statutes, ordinances, rules and regulations of any Governmental Entity relating to Environmental Law except for non-compliance which, individually or in the aggregate, has not had, and is not reasonably likely to have, a material adverse effect on the Parent and its Subsidiaries and (ii) neither the Parent nor any of its Subsidiaries has received written notice of, or is the subject of, any action, cause of action, claim, investigation, demand or notice by any Person alleging liability under or non-compliance by the Parent or any of its Subsidiaries with any Environmental Law which, individually or in the aggregate, has had, or is reasonably expected to have, a material adverse effect on the Parent and its Subsidiaries.

(d) Except as disclosed in the Parent SEC Documents filed prior to May 16, 1996 or in Section 4.7(d)(i) of the Parent Disclosure Schedule, there is no suit, claim, action, proceeding or investigation pending or, to the best knowledge of the Parent, threatened, against the Parent or any of its Subsidiaries which, individually or in the aggregate, has had, or is reasonably likely to have, a material adverse effect on the Parent and its Subsidiaries or affect adversely in any material respect the ability of the Parent to consummate the transactions contemplated by this Agreement. Except as disclosed in the Parent SEC Documents filed prior to May 16, 1996 or in Section 4.7(d)(ii) of the Parent Disclosure Schedule, neither the Parent nor any of its Subsidiaries is subject to any outstanding order, writ, injunction or decree which, individually or in the aggregate has had, or is reasonably likely to have, a material adverse effect on the Parent and its Subsidiaries or affect adversely in any material respect the ability of the Parent to consummate the transactions contemplated hereby.

Section 4.8 SEC Reports and Financial Statements. Since January 1, 1993, the Parent has filed with the SEC all forms, reports and documents required to be filed by it under the Securities Act or the Exchange Act, and has heretofore made available to the Company true and complete copies of all such forms, reports and documents (as they have been amended since the time of their filing, collectively, the "Parent SEC Documents"). The Parent SEC Documents, including without limitation any financial statements or schedules included therein, at the time filed, and any forms, reports or other documents filed by the Parent with the SEC after the date of this Agreement, (a) did not at the time they were filed, or will not at the time they are filed, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and (b) complied or will be prepared in compliance in all material respects with the applicable requirements of the Securities Act or the Exchange Act, as the case may be. The financial statements of the Parent included in the Parent SEC Documents ("Parent Financial Statements") comply as to form in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto or, in the case of the unaudited statements, to normal audit adjustments) and fairly present (subject, in the case of the unaudited statements, to normal audit adjustments) the consolidated financial position of the Parent and its Subsidiaries as at the dates thereof and the consolidated results of their operations and cash flows for the periods then ended. Except as reflected, reserved against or otherwise disclosed in the Parent Financial Statements or as otherwise disclosed in the Parent SEC Documents, in each case filed prior to May 16, 1996 or as disclosed in Section 4.8 of the Parent Disclosure Schedule, as of the date of this Agreement, neither the Parent nor any of its Subsidiaries had any liabilities or obligations (absolute, accrued, fixed, contingent or otherwise) other than (i) liabilities incurred in the ordinary course of business consistent with past practice and (ii) liabilities and obligations that, alone or in the aggregate, have not had, and are not reasonably likely to have, a material adverse effect on the Parent and its Subsidiaries.

Section 4.9 Information in Joint Proxy Statement and Registration Statement. (a) None of the information with respect to the Parent or its Subsidiaries to be included in the Joint Proxy Statement or the S-4 will, in the case of the Joint Proxy Statement or any amendment thereof or supplement thereto, at the time of the mailing of the Joint Proxy Statement or any amendment thereof or supplement thereto, and at the time of the Parent's Stockholder Meeting (as defined in Section 5.7), or, in the case of the S-4, at the time it becomes effective under the Securities Act and at the time of the Closing, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The S-4 will, when filed with the SEC by the Parent, comply as to form in all material respects with the provisions of the Securities Act and the rules and regulations thereunder.

(b) Notwithstanding Section 4.9(a), neither the Parent nor the Sub makes any representation with respect to statements made in the Joint Proxy Statement (and any amendment thereof or supplement thereto) and in the S-4 based on information regarding the Company supplied specifically for inclusion therein.

Section 4.10 No Material Adverse Change. Except as disclosed in the Parent SEC Documents filed prior to May 16, 1996 or as disclosed in Section 4.10 of the Parent Disclosure Schedule, since September 30, 1995, the Parent and its Subsidiaries have conducted their respective businesses in the ordinary and usual course and there has not been any change in the assets, business, results of operations or financial condition of the Parent and its Subsidiaries that has had, or is reasonably likely to have, a material adverse effect on Parent and its Subsidiaries.

Section 4.11 Taxes. Each of the Parent and its Subsidiaries has duly filed all material federal, state, local and foreign income and other Tax Returns required to be filed by it, except as disclosed in Section 4.11(a) of the Parent Disclosure Schedule. Except as disclosed in Section 4.11(b) of the Parent Disclosure Schedule, each of the Parent and its Subsidiaries has duly paid or caused to be paid all Taxes shown to be due on such Tax Returns in respect of the periods covered by such returns and has made adequate provision in the Parent Financial Statements for payment of all Taxes anticipated to be payable in respect of all taxable periods or portions thereof ending on or before the date hereof. Section 4.11(c) of the Parent Disclosure Schedule lists the periods through which the Tax Returns required to be filed by the Parent and its Subsidiaries have been examined by the IRS or other appropriate taxing authority, or the period during which any assessments may be made by the IRS or other appropriate taxing authority has expired. Except as disclosed in Section 4.11(d) of the Parent Disclosure Schedule, as of the date hereof all material deficiencies and assessments asserted as a result of such examinations or other audits by federal, state, local or foreign taxing authorities have been paid, fully settled or adequately provided for in the Parent Financial Statements, and no issue or claim has been asserted in writing for Taxes by any taxing authority for any prior period, the adverse determination of which would result in a deficiency which is reasonably likely to have a material adverse effect on the Parent and its Subsidiaries, other than those heretofore paid or provided for in the Parent Financial Statements. Except as disclosed in Section 4.11(e) of the Parent Disclosure Schedule, as of the date hereof, there are no material outstanding agreements or waivers extending the statutory period of limitation applicable to any material Tax Return of the Parent or its Subsidiaries. Except as disclosed in Section 4.11(f) of the Parent Disclosure Schedule, neither the Parent nor any of its Subsidiaries (i) has been a member of a group filing consolidated tax returns for federal income tax purposes or (ii) is a party to any material tax sharing or tax indemnity agreement or any other material agreement of a similar nature that remains in effect.

Section 4.12 Reservation of Shares. The Parent has reserved and will keep available for issuance a number of authorized but unissued shares of Parent Common Stock equal to the

maximum number of shares of Parent Common Stock that may become issuable pursuant to the Merger.

Section 4.13 DGCL Section 203. To the best knowledge of the Parent, the Trust became a DGCL Interested Stockholder of the Parent more than three years prior to the date of this Agreement. Accordingly, the terms of Section 203 of the DGCL are not applicable to the participation by the Parent or the Sub in the Merger.

Section 4.14 Vote Required. The affirmative vote of the holders of a majority of the outstanding shares of Parent Common Stock and Preference Stock, voting together as a class, on the issuance of the shares of Parent Common Stock in the Merger, as required by the NYSE, is the only vote of the holders of any class or series of the Parent's capital stock necessary to approve the transactions contemplated hereby.

Section 4.15 Interim Operations of the Sub. The Sub was formed solely for the purpose of engaging in the transactions contemplated hereby, has engaged in no other business activities, has conducted its operations only as contemplated hereby and will not have a negative net worth as of the Effective Time.

Section 4.16 Opinion of Parent Financial Advisor. The Special Committee of the Board of Directors of Parent has received the opinion of CS First Boston Corporation, its financial advisor, to the effect that, as of the date of such opinion, the Merger Consideration is fair to the Parent from a financial point of view.

Section 4.17 No Undisclosed Employee Benefit Plan Liabilities. All "employee benefit plans," as defined in Section 3(3) of ERISA maintained or contributed to by the Parent or its Subsidiaries are in compliance with all applicable provisions of ERISA and the Code, and the Parent and its Subsidiaries do not have any liabilities or obligations with respect to any such employee benefit plans, whether or no accrued, contingent or otherwise, except (a) as described in any of the Parent SEC Documents and (b) for instances of non-compliance or liabilities or obligations that have not had, or are not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the Parent and its Subsidiaries.

Section 4.18 General. As used in this Agreement with respect to Parent and/or its Subsidiaries, related partnerships or equity investments, the term "material adverse effect" means an effect which is both material and adverse with respect to the assets, business, results of operations or financial condition of the Parent taken as a whole with its Subsidiaries, which effect shall be measured net of, and only after giving the Parent and its Subsidiaries the benefit of, any insurance, indemnity, reimbursement, contribution, compensation or other similar right which would operate to reduce, offset, compensate, mitigate or otherwise limit the impact thereof on the Parent and/or

any of its Subsidiaries; provided, however that any adverse change or changes in the assets, business, results of operations or financial condition of the Parent taken as a whole with its Subsidiaries attributable to changes in general economic conditions shall not be deemed to constitute a material adverse effect.

ARTICLE V
COVENANTS AND AGREEMENTS

Section 5.1 Conduct of Business of the Company. Except as contemplated by this Agreement or with the prior written consent of the Parent, which consent shall not be unreasonably withheld and is hereby given with respect to actions disclosed in the Company Disclosure Schedule, during the period from the date of this Agreement to the Effective Time, the Company will, and will cause each of its Subsidiaries to, conduct its operations only in the ordinary and usual course of business consistent with past practice and, consistent therewith, will use all reasonable efforts, and will cause each of its Subsidiaries to use all reasonable efforts, to preserve intact its present business organization, keep available the services of its present officers and employees and preserve its relationships with licensors, licensees, customers, suppliers, employees and any others having business dealings with it, in each case in all material respects. Without limiting the generality of the foregoing, and except as otherwise expressly provided in this Agreement, the Company will not, and will not permit any of the Subsidiaries to, prior to the Effective Time, without the prior written consent of Parent, not to be unreasonably withheld:

(a) adopt any amendment to its certificate of incorporation or by-laws or comparable organizational documents;

(b) except for issuances of capital stock of the Company's Subsidiaries to the Company or a wholly owned Subsidiary of the Company, issue, reissue, sell or pledge or authorize or propose the issuance, reissuance, sale or pledge of additional shares of capital stock of any class, or securities convertible into capital stock of any class, or any rights, warrants or options to acquire any convertible securities or capital stock, other than the issuance of shares of Company Common Stock upon the exercise of Company Options outstanding on the date of this Agreement in accordance with their present terms;

(c) declare, set aside or pay any dividend or other distribution (whether in cash, securities or property or any combination thereof) in respect of any class or series of its capital stock, except that any wholly owned Subsidiary of the Company may pay dividends and make distributions to the Company or any of the Company's wholly owned Subsidiaries;

(d) adjust, split, combine, subdivide, reclassify or redeem, purchase or otherwise acquire, or propose to redeem or purchase or otherwise acquire, any shares of its capital stock;

(e) (i) incur, assume or pre-pay any long-term debt or incur or assume any short-term debt, except that the Company and its Subsidiaries may incur, assume or pre-pay debt in the ordinary course of business consistent with past practice or as disclosed in Section 5.1(e) of the Company Disclosure Schedule, (ii) assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the obligations of any other Person except in the ordinary course of business consistent with past practice, or (iii) make any loans, advances or capital contributions to, or investments in, any other Person except in the ordinary course of business consistent with past practice and except for loans, advances, capital contributions or investments between any wholly owned Subsidiary of the Company and the Company or another wholly owned Subsidiary of the Company;

(f) settle or compromise any suit or claim or threatened suit or claim (i) relating to the transactions contemplated hereby or (ii) involving the payment of money or the surrender of property or other rights in an amount or having a fair market value, in each case, in excess of $500,000;

(g) except for (i) increases in salary, wages and benefits of employees of the Company or its Subsidiaries (other than executive or corporate officers of the Company) in accordance with past practice, (ii) increases in salary, wages and benefits granted to employees of the Company or its Subsidiaries (other than executive or corporate officers of the Company) in conjunction with promotions or other changes in job status consistent with past practice or required under existing agreements, (iii) increases in salary, wages and benefits to employees of the Company pursuant to collective bargaining agreements entered into in the ordinary course of business consistent with past practice, and (iv) matters disclosed in Section 5.1(g) of the Company Disclosure Schedule, increase the compensation or fringe benefits payable or to become payable to its directors, officers or employees (whether from the Company or any of its Subsidiaries), or pay any benefit not required by any existing plan or arrangement (including, the granting of, or waiver of performance or other vesting criteria under, stock options, stock appreciation rights, shares of restricted stock or deferred stock or performance units) or grant any severance or termination pay to (except pursuant to existing agreements or policies), or enter into any employment or severance agreement with, any director, officer or other key employee of the Company or any of its Subsidiaries or establish, adopt, enter into, terminate or amend any collective bargaining, bonus, profit sharing, thrift, compensation, stock option, restricted stock, pension, retirement, welfare, deferred compensation, employment, termination, severance or other employee benefit plan, agreement, trust, fund, policy or arrangement for the benefit or welfare of any directors, officers or current or former employees, except to the extent such termination or amendment is required by applicable law; provided, however, that nothing herein will be deemed to prohibit the payment of benefits as they become payable;

(h) except as disclosed in Section 5.1(h) of the Company Disclosure Schedule, acquire, sell, lease or dispose of any assets or securities which are material to the Company and its

Subsidiaries, taken as a whole, or enter into any commitment to do any of the foregoing or enter into any material commitment or transaction outside the ordinary course of business consistent with past practice other than transactions between a wholly owned Subsidiary of the Company and the Company or another wholly owned Subsidiary of the Company;

(i) (i) modify, amend or terminate any material Contract, (ii) waive, release, relinquish or assign any material Contract (including any material insurance policy) or other material right or claim, or (iii) cancel or forgive any material indebtedness owed to the Company or any of its Subsidiaries, other than in each case in a manner in the ordinary course of business consistent with past practice or which is not material to the business of the Company and its Subsidiaries taken as a whole;

(j) make any tax election not required by law or settle or compromise any tax liability, in either case that is material to the Company and its Subsidiaries taken as a whole; or

(k) change any of the material accounting principles or practices used by it except as required by the SEC and the Financial Accounting Standards Board.

Section 5.2 Conduct of Business of the Parent. Except as contemplated by this Agreement or with the prior written consent of the Company, which consent shall not be unreasonably withheld and is hereby given with respect to actions disclosed in the Parent Disclosure Schedule, during the period from the date of this Agreement to the Effective Time, the Parent will, and will cause each of its Subsidiaries to, conduct its operations only in the ordinary and usual course of business consistent with past practice and, consistent therewith, will use all reasonable efforts, and will cause each of its Subsidiaries to use all reasonable efforts, to preserve intact its present business organization, keep available the services of its present officers and employees and preserve its relationships with licensors, licensees, customers, suppliers, employees and any others having business dealings with it, in each case in all material respects. Without limiting the generality of the foregoing, and except as otherwise expressly provided in this Agreement, the Parent will not, and will not permit any of the Subsidiaries to, prior to the Effective Time, without the prior written consent of the Company, not to be unreasonably withheld:

(a) adopt any amendment to its certificate of incorporation or by-laws or comparable organizational documents;

(b) except for issuances of capital stock of the Parent's Subsidiaries to the Parent or a wholly owned Subsidiary of the Parent, issue, reissue, sell or pledge or authorize or propose the issuance, reissuance, sale or pledge of additional shares of capital stock of any class, or securities convertible into capital stock of any class, or any rights, warrants or options to acquire any convertible securities or capital stock, other than the issuance of shares of Parent Common Stock

upon the exercise of Parent Options and the conversion of shares of $2.00 Noncumulative Convertible Preference Stock outstanding on the date of this Agreement, in each case in accordance with their present terms;

(c) declare, set aside or pay any dividend or other distribution (whether in cash, securities or property or any combination thereof) in respect of any class or series of its capital stock, except that any wholly owned Subsidiary of the Parent may pay dividends and make distributions to the Parent or any of the Parent's wholly owned Subsidiaries;

(d) adjust, split, combine, subdivide, reclassify or redeem, purchase or otherwise acquire, or propose to redeem or purchase or otherwise acquire, any shares of its capital stock;

(e) (i) incur, assume or pre-pay any long-term debt or incur or assume any short-term debt, except that the Parent and its Subsidiaries may incur, assume or pre-pay debt in the ordinary course of business consistent with past practice or as disclosed in Section 5.2(e) of the Parent Disclosure Schedule, (ii) assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the obligations of any other Person except in the ordinary course of business consistent with past practice, or (iii) make any loans, advances or capital contributions to, or investments in, any other Person except in the ordinary course of business consistent with past practice and except for loans, advances, capital contributions or investments between any wholly owned Subsidiary of the Parent and the Parent or another wholly owned Subsidiary of the Parent;

(f) settle or compromise any suit or claim or threatened suit or claim (i) relating to the transactions contemplated hereby or (ii) involving the payment of money or the surrender of property or other rights in an amount or having a fair market value, in each case, in excess of $500,000;

(g) except for (i) increases in salary, wages and benefits of employees of the Parent or its Subsidiaries (other than executive or corporate officers of the Parent) in accordance with past practice, (ii) increases in salary, wages and benefits granted to employees of the Parent or its Subsidiaries (other than executive or corporate officers of the Parent) in conjunction with promotions or other changes in job status consistent with past practice or required under existing agreements, (iii) increases in salary, wages and benefits to employees of the Parent pursuant to collective bargaining agreements entered into in the ordinary course of business consistent with past practice, and (iv) matters disclosed in Section 5.2(g) of the Parent Disclosure Schedule, increase the compensation or fringe benefits payable or to become payable to its directors, officers or employees (whether from the Parent or any of its Subsidiaries), or pay any benefit not required by any existing plan or arrangement (including, the granting of, or waiver of performance or other vesting criteria under, stock options, stock appreciation rights, shares of restricted stock or deferred stock or

performance units) or grant any severance or termination pay to (except pursuant to existing agreements or policies), or enter into any employment or severance agreement with, any director, officer or other key employee of the Parent or any of its Subsidiaries or establish, adopt, enter into, terminate or amend any collective bargaining, bonus, profit sharing, thrift, compensation, stock option, restricted stock, pension, retirement, welfare, deferred compensation, employment, termination, severance or other employee benefit plan, agreement, trust, fund, policy or arrangement for the benefit or welfare of any directors, officers or current or former employees, except to the extent such termination or amendment is required by applicable law; provided, however, that nothing herein will be deemed to prohibit the payment of benefits as they become payable;

(h) except as disclosed in Section 5.2(h) of the Parent Disclosure Schedule, acquire, sell, lease or dispose of any assets or securities which are material to the Parent and its Subsidiaries or enter into any commitment to do any of the foregoing or enter into any material commitment or transaction outside the ordinary course of business consistent with past practice other than transactions between a wholly owned Subsidiary of the Parent and the Parent or another wholly owned Subsidiary of the Parent;

(i) (i) modify, amend or terminate any material Contract, (ii) waive, release, relinquish or assign any material Contract (including any material insurance policy) or other material right or claim, or (iii) cancel or forgive any material indebtedness owed to the Parent or any of its Subsidiaries, other than in each case in a manner in the ordinary course of business consistent with past practice or which is not material to the business of the Parent and its Subsidiaries;

(j) make any tax election not required by law or settle or compromise any tax liability, in either case that is material to the Parent and its Subsidiaries except that Parent and Sub may elect in Parent's consolidated Federal income tax return for the year ended September 30, 1995 to waive the carryback period for net operating losses and carry the losses forward; or

(k) change any of the material accounting principles or practices used by it except as required by the SEC and the Financial Accounting Standards Board.

Section 5.3 Reasonable Best Efforts. Subject to the terms and conditions of this Agreement, each of the Parent, the Sub and the Company will use its reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement, including (a) the prompt preparation and filing with the SEC of the S-4 and the Joint Proxy Statement, (b) such actions as may be required to have the S-4 declared effective under the Securities Act and the Joint Proxy Statement cleared by the SEC, in each case as promptly as practicable, including by consulting with each other as to, and responding promptly to, any SEC comments with respect thereto, (c) such actions as may be required to be taken under

applicable state securities or blue sky laws in connection with the issuance of shares of Parent Common Stock contemplated hereby and (d) the making of any necessary filings, and thereafter the making of any required submissions, with respect to this Agreement and the Merger under the HSR Act or any other applicable law. Each party will promptly consult with the other with respect to, provide any necessary information with respect to and provide the other (or its counsel) copies of, all filings made by such party with any Governmental Agency in connection with this Agreement and the Merger. In addition, if at any time prior to the Effective Time any event or circumstance relating to either the Company or the Parent or any of their respective Subsidiaries, or any of their respective officers or directors, is discovered by the Company or the Parent, as the case may be, which should be set forth in an amendment or supplement to the S-4 or the Joint Proxy Statement, the discovering party will promptly inform the other party of such event or circumstance.

Section 5.4 Letter of the Company's Accountants. Following receipt by Deloitte & Touche LLP, the Company's independent auditors, of an appropriate request from the Parent pursuant to Statement on Auditing Standards ("SAS") No. 72, the Company will use its reasonable best efforts to cause to be delivered to the Parent a letter of Deloitte & Touche LLP, dated a date within two business days before the date on which the S-4 will become effective and addressed to the Parent, in form and substance reasonably satisfactory to the Parent and customary in scope and substance for letters delivered by independent public accountants in connection with registration statements similar to the S-4, which letter will be brought down to the Closing.

Section 5.5 Letter of the Parent's Accountants. Following receipt by Coopers & Lybrand, LLP, the Parent's independent auditors, of an appropriate request from the Parent or the Company pursuant to SAS No. 72, the Parent will use its reasonable best efforts to cause to be delivered to the Parent and Company a letter of Coopers & Lybrand LLP, dated a date within two business days before the date on which the S-4 will become effective and addressed to the Parent and Company, in form and substance reasonably satisfactory to the Parent and Company and customary in scope and substance for letters delivered by independent public accountants in connection with registration statements similar to the S-4, which letter will be brought down to the Closing.

Section 5.6 Access to Information. Upon reasonable notice, the Company and the Parent will each (and will cause each of their respective Subsidiaries to) afford to the officers, employees, accountants, counsel and other representatives of the other, access, during normal business hours during the period prior to the Effective Time, to all its properties, facilities, books, contracts, commitments and records and other information as reasonably requested by such party and, during such period, each of the Company and the Parent will (and will cause each of their respective Subsidiaries to) furnish promptly to the other (a) a copy of each report, schedule, registration statement and other document filed or received by it during such period pursuant to the requirements of United States federal securities laws or regulations, and (b) all other information concerning its business, properties and personnel as such other party may reasonably request. The parties will hold

any such information which is nonpublic in confidence in accordance with the terms of the Confidentiality Agreement, dated December 1, 1995, between the Parent and the Company (the "Confidentiality Agreement"), and in the event of termination of this Agreement for any reason each party will promptly comply with the terms of the Confidentiality Agreement.

Section 5.7 Stockholders Meetings. Each of the Parent and the Company, consistent with applicable law and its certificate of incorporation, as amended, and by-laws, will call a meeting of its stockholders (respectively, the "Parent Stockholder Meeting" and the Company Stockholder Meeting") for the purpose of voting upon this Agreement (insofar as it relates to the Merger) and the Merger, in the case of the Company, and the issuance of the shares of Parent Common Stock in the Merger, in the case of the Parent, and use its reasonable best efforts to hold such meeting as promptly as practicable. Each of the Parent and the Company will, through a special committee of its Board of Directors, recommend to its stockholders approval of such matters; provided, however, that nothing contained in this Section 5.7 will require the Board of Directors or the special committee thereof of either the Parent or the Company to take any action or refrain from taking any action which either Board determines in good faith with advice of counsel could reasonably be expected to result in a breach of its fiduciary duties under applicable law.

Section 5.8 Stock Exchange Listing. The Parent will use its reasonable best efforts to cause the Parent Common Stock to be issued in the Merger to be approved for listing on the NYSE not later than the Effective Time, subject to official notice of issuance, and to cause such Parent Common Stock to be duly registered or qualified under all applicable state securities or blue sky laws.

Section 5.9 Company Plans. (a) On or prior to the Effective Time, the Company and its Board of Directors (or a committee thereof) and the Parent will take all action necessary to implement the provisions contained in Section 5.9(b).

(b) At the Effective Time, the Company's obligations with respect to each outstanding Company Option under the Company Plans, as amended pursuant to the following sentence, shall be assumed by the Parent. The Company Options so assumed by the Parent shall continue to have, and be subject to, the same terms and conditions set forth in the Company Plans and agreements pursuant to which such Company Options were issued as in effect immediately prior to the Effective Time, except that (i) each Company Option shall be exercisable for that number of whole shares of Parent Common Stock equal to the product of the number of shares of Company Common Stock covered by the Company Option immediately prior to the Effective Time multiplied by the Exchange Ratio, rounded up to the nearest whole number of shares of Parent Common Stock, and (ii) the per share exercise price for the shares of Parent Common Stock issuable upon the exercise of such assumed Company Option shall be equal to the quotient determined by dividing the exercise price per share of Company Common Stock specified for such Company Option under the

applicable Company Plan or agreement immediately prior to the Effective Time by the Exchange Ratio, rounding the resulting exercise price down to the nearest whole cent. For purposes hereof "Exchange Ratio" shall mean the ratio of $8.00 to the Market Value. The date of grant shall be the date on which each Company Option was originally granted. The Parent shall (i) reserve for issuance the number of shares of Parent Common Stock that will become issuable upon the exercise of such Company Options pursuant to this Section 5.9(b), (ii) at the Effective Time, execute a document evidencing the assumption by the Parent of the Company's obligations with respect thereto under this Section 5.9(b) and (iii) deliver to optionees under such Company Options appropriate notices setting forth such optionees' rights pursuant to the Company Options. As soon as practicable after the Effective Time, the Parent shall file a registration statement on Form S-8 (or any successor form), or another appropriate form with respect to the shares of Parent Common Stock subject to such Company Options and shall use its best efforts to maintain the effectiveness of such registration statement or registration statements (and maintain the current status of the prospectus or prospectuses contained therein) for so long as such Company Options remain outstanding. With respect to those individuals who subsequent to the Merger will be subject to the reporting requirements under Section 16(a) of the Exchange Act, where applicable, the Parent, to the extent legally permissible, shall administer the Company Plans assumed pursuant to this Section 5.9(b) in a manner that complies with Rule 16b-3 promulgated by the SEC under the Exchange Act. It is the intention of the parties that, subject to applicable law, the Company Options assumed by the Parent qualify following the Effective Time as "incentive stock options" (as defined in Section 422 of the Code) to the extent that the Company Options qualified as incentive stock options prior to the Effective Time and any conversion of incentive stock options shall be undertaken so as to preserve such status.

(c) Except as disclosed in Section 5.9(c) of the Company Disclosure Schedule, (i) there are no provisions in any plan, program or arrangement other than the Company Plans, providing for the issuance or grant of any other interest in respect of the capital stock of the Company or any of its Subsidiaries and (ii) the Company will ensure that following the Effective Time no holder of Company Options or any participant in the Company Plans or any other plans, programs or arrangements will have any right thereunder to acquire any equity securities of the Company, the Surviving Corporation or any Subsidiary thereof.

Section 5.10 Other Employee Benefit Plans. (a) Except as otherwise contemplated by this Agreement, the employee benefit plans (as defined in Section 3(3) of ERISA) and other employee or director plans, programs and policies other than salary (collectively, the "Employee Benefit Plans") of the Company and its Subsidiaries in effect at the date of this Agreement will remain in effect until otherwise determined after the Effective Time and, to the extent such Employee Benefit Plans are not continued, the Parent will maintain, for a period of at least two years after the Effective Time, Employee Benefit Plans with respect to employees of the Company and its Subsidiaries which are no less favorable, in the aggregate, than the most favorable of: (i) those

Employee Benefit Plans covering employees of the Parent from time to time; (ii) those Employee Benefit Plans of the Company and its Subsidiaries that are in effect on the date of this Agreement (as they may be amended, supplemented or modified and as new Employee Benefit Plans may be adopted, to the extent disclosed in Section 5.10(a) of the Company Disclosure Schedule); or (iii) Employee Benefit Plans that are reasonably competitive with respect to the industry in which the employer of the affected employees competes; provided, that in any event, until the second anniversary of the Effective Time, the Surviving Corporation will provide individuals who are employees of the Company and its Subsidiaries as of the Effective Time ("Current Employees") with Employee Benefit Plans that are no less favorable in the aggregate than those provided to Current Employees by the Company and for its Subsidiaries immediately before the Merger Filing Date.

(b) Without limiting the generality of Section 5.10(a), the Parent will cause the Surviving Corporation to (i) honor (x) in accordance with their terms all individual employment, severance, termination and indemnification agreements and (y) at least until the second anniversary of the Effective Date, all other employee severance plans and policies, of the Company or any of its Subsidiaries with respect to their respective past and present officers, directors, employees and agents as of the Effective Time, (ii) waive any limitations regarding pre-existing conditions of Current Employees and their eligible dependents under any welfare or other employee benefit plans of the Parent and its affiliates in which they participate after the Effective Time (except to the extent that such limitations would have applied under the analogous plan of the Company and its Subsidiaries immediately before the Effective Time), (iii) for all purposes under the post-retirement welfare benefit plans and policies of the Parent and its affiliates, treat Current Employees in the same manner as similarly situated employees of the Parent who were hired by the Parent in accordance with the terms of such plans and policies as then in effect, as any such plans and policies are modified by the Parent or such affiliates from time to time, and (iv) for all other purposes under all Employee Benefit Plans applicable to employees of the Company and its Subsidiaries, treat all service with the Company or any of its Subsidiaries by Current Employees (or retired employees eligible for retiree medical benefits) before the Closing as service with the Parent and its Subsidiaries, except to the extent such treatment would result in duplication of benefits or would violate applicable law.

(c) Except as otherwise agreed with individual restricted stockholders, at the Effective Time, each share of Company Common Stock which immediately prior to the Effective Time was subject to restrictions on transfer, whether vested or unvested, will become fully vested and freely transferable and will be exchanged for unrestricted shares of Parent Common Stock in the Merger. It is understood and agreed that under certain of the Company Plans and the Employee Benefit Plans, and any agreements relating thereto, the Merger shall constitute a "Change of Control" or "Change in Control" as defined therein.

(d) (i) The Parent will cause the Surviving Corporation and its successors to continue in full force and effect for a period of not less than six years from the Effective Time the indemnification provisions contained in Article Ninth of the Certificate of Incorporation of the Company as in effect on the date of this Agreement with respect to matters existing or occurring at or prior to the Effective Time by directors and officers of the Company serving as such as of the Effective Time; provided that, in the event any claim is asserted or made within such six year period, all rights to indemnification in respect of any such claim will continue until disposition of any and all such claims. For a period of six years after the Effective Time, the Parent will, or will cause the Surviving Corporation and its successors to, provide directors and officers liability insurance having substantially the same terms and conditions and providing at least the same coverage and amounts (with respect to occurrences prior to the Effective Time) as the directors and officers liability insurance maintained by the Company at the date of this Agreement for all present and former directors and officers of the Company and its Subsidiaries who served as such at any time since January 1, 1993 and their respective heirs, legal representatives, successors and assigns.

(ii) From and after the Effective Time, the Parent agrees that it or the Surviving Corporation will indemnify and hold harmless each director or officer of the Company serving as such as of the Effective Time (an "Indemnified Party") against any and all costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities (collectively, "Costs") incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of or pertaining to matters existing or occurring at or prior to the Effective Time by reason of the fact that such Indemnified Party was then serving as a director or officer of the Company or one of its Subsidiaries, whether asserted or claimed prior to, at or after the Effective Time, to the fullest extent allowed by law (and the Parent or the Surviving Corporation shall also advance expenses as incurred to the fullest extent permitted under applicable law provided the Person to whom expenses are advanced provides, if required by law, an undertaking to repay such advances if it is ultimately determined that such Person is not entitled to indemnification).

(iii) Any Indemnified Party wishing to claim indemnification under clause (ii) above, upon learning of any such claim, action, suit, proceeding or investigation, shall promptly notify the Parent and the Surviving Corporation thereof, but the failure to so notify shall not relieve the Parent or the Surviving Corporation of any liability it may have to such Indemnified Party except to the extent that such failure materially prejudices the indemnifying party. In the event of any such claim, action, suit, proceeding or investigation (whether arising before, at or after the Effective Time), (x) the Parent or the Surviving Corporation shall have the right to assume the defense thereof (which it shall, in cooperation with the Indemnified Party, vigorously defend) and neither the Parent nor the Surviving Corporation shall be liable to such Indemnified Party for any legal expenses of other counsel or any other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof, except that if neither the Parent nor the Surviving

Corporation elects to assume such defense or there is a conflict of interest between the Parent or the Surviving Corporation, on the one hand, and the Indemnified Party, including situations in which there are one or more legal defenses available to the Indemnified Party that are different from or additional to those available to the Parent or the Surviving Corporation, the Indemnified Party may retain counsel satisfactory to it, and the Parent or the Surviving Corporation shall pay all reasonable fees and expenses of such counsel for the Indemnified Party promptly as statements therefor are received; provided, however, that neither the Parent nor the Surviving Corporation shall, in connection with any one such action or proceeding or separate but substantially similar actions or proceedings arising out of the same general allegations, be liable for the fees and expenses of more than one separate firm of attorneys at any time for all Indemnified Parties except to the extent that local counsel, in addition to such parties' regular counsel, is required in order to effectively defend against such action or proceeding, (y) the Indemnified Party will cooperate in the defense of any such matter and (z) neither the Parent nor the Surviving Corporation shall be liable for any settlement effected without its prior consent, and provided, further, that neither the Parent nor the Surviving Corporation shall have any obligation hereunder to any Indemnified Party when and if a court of competent jurisdiction shall ultimately determine, and such determination shall have become final, that the indemnification of such Indemnified Party in the manner contemplated hereby is prohibited by applicable law.

(e) If the Surviving Corporation or any of its successors or assigns (x) consolidate with or merge into any other corporation or entity and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (y) shall transfer all or substantially all of its properties and assets to any Person, then and in each such case, proper provisions shall be made so that the successors and assigns of the Surviving Corporation shall assume all of the obligations of the Surviving Corporation set forth in this Section 5.10.

(f) The provisions of paragraphs (d) and (e) of this Section 5.10 are intended to be for the benefit of, and shall be enforceable by, each of the directors, officers and employees of the Company who are the beneficiaries of the indemnification arrangements specified herein and their respective heirs, legal representatives, successors and assigns.

Section 5.11 Exclusivity. Except as provided in this Section 5.11, after the date of this Agreement and until the termination of this Agreement pursuant to Section 7.1, the Company will not, nor will it permit its officers, directors, Subsidiaries, representatives or agents, directly or indirectly, to, do any of the following: (i) solicit or initiate the submission of a proposal or offer in respect of any transaction (other than the Merger) involving any disposition or other change of ownership of a substantial portion of the Company's stock or assets (an "Acquisition Transaction"); (ii) participate in substantive discussions or engage in negotiations concerning an Acquisition Transaction; or (iii) furnish or cause to be furnished to any corporation, partnership, person or other entity or group (other than the Parent and its representatives) (a "Person") any nonpublic

information concerning the business, operations, properties or assets of the Company in connection with an Acquisition Transaction; provided, however, and notwithstanding anything else contained in this Section 5.11 or otherwise in this Agreement, the Company and its officers, directors, Subsidiaries, representatives and agents may engage in activities referred to in clause (ii) above, and may furnish or cause to be furnished nonpublic information to, any Person who, or representatives of any Person who, makes a written proposal with respect to an Acquisition Transaction if the Company's Board of Directors determines in good faith after consultation with its outside counsel that it is obligated to consider such proposal in order to satisfy its fiduciary duties under applicable law. If the Company determines to accept a proposal for or otherwise engage in any Acquisition Transaction (other than the Merger), it may terminate this Agreement provided it promptly pays to the Parent in reimbursement for the Parent's expenses an amount in cash (not to exceed $2,000,000) equal to the aggregate amount of the Parent's documented out-of-pocket expenses reasonably incurred in connection with pursuing the transactions contemplated by this Agreement as certified in good faith by the Parent and with reasonable detail ("Compensable Expenses"). If the Parent terminates this Agreement pursuant to Section 7.1(e), the Company shall promptly reimburse the Parent for its Compensable Expenses.

Section 5.12 Fees and Expenses. Except as set forth in Section 5.11, whether or not the Merger is consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby will be paid by the party incurring such expenses.

Section 5.13 Brokers or Finders. Each of the Parent and the Company represents, as to itself, its Subsidiaries and its affiliates, that no agent, broker, investment banker, financial advisor or other firm or person is or will be entitled to any broker's, or finder's fee or any other commission or similar fee in connection with any of the transactions contemplated by this Agreement, except Donaldson, Lufkin & Jenrette Securities Corporation, whose fees and expenses will be paid by the Company in accordance with the Company's agreement with such firm, a copy of which has been provided to the Parent, and CS First Boston Corporation, whose fees and expenses will be paid by the Parent in accordance with the Parent's agreement with such firm, a copy of which has been provided to the Company. Each of the Parent and the Company will indemnify and hold the other harmless from and against any and all claims, liabilities or obligations with respect to any other brokers, or finders, fees, commissions or expenses asserted by any person on the basis of any act or statement alleged to have been made by such party or its Subsidiary or affiliate.

Section 5.14 Rule 145. The Parent and the Surviving Corporation will use their reasonable efforts to comply with the provisions of Rule 144(c) under the Securities Act in order that such affiliates may resell such Parent Common Stock pursuant to Rule 145(d) under the Securities Act.

Section 5.15 Board Membership. The Parent shall take such action as may be required to increase the size of its Board of Directors in order to enable Frederick R. Hipp and Warren Gfeller

(and any substitute person designated by the Company prior to the Effective Time) to be appointed to Parent's Board of Directors immediately after the Effective Time.

Section 5.16 Takeover Statutes. If any "fair price", "moratorium", "control share acquisition" or other form of anti-takeover statute or regulation shall become applicable to the transactions contemplated hereby, the Parent and the Company and their respective members of their Boards of Directors shall grant such approvals and take such actions as are necessary so that the transactions contemplated by this Agreement may be consummated as promptly as practicable on the terms contemplated herein and otherwise act to eliminate or minimize the effects of such statute or regulation on the transactions contemplated herein.

ARTICLE VI
CONDITIONS

Section 6.1 Conditions to Each Party's Obligation To Effect the Merger. The respective obligations of the parties to effect the Merger will be subject to the satisfaction, on or prior to the Merger Filing Date, of the following conditions:

(a) This Agreement (insofar as it relates to the Merger) and the Merger have been approved and adopted by the affirmative vote of the holders of Company Common Stock entitled to cast at least a majority of the total number of votes entitled to be cast by holders of Company Common Stock;

(b) The issuance of the shares of Parent Common Stock in the Merger has been approved by the affirmative vote of the holders of the Parent Common Stock and the Preference Stock, voting together as a class, entitled to cast at least a majority of the total number of votes voting on such matter as required by the NYSE;

(c) Any waiting period under the HSR Act applicable to the Merger has expired or been terminated;

(d) The S-4 has become effective under the Securities Act and is not the subject of any stop order or proceeding seeking a stop order; and the Parent has received all material state securities or blue sky permits and other authorizations necessary to issue the shares of Parent Common Stock pursuant to this Agreement and the Merger;

(e) No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Merger is in effect (each party agreeing to use all reasonable efforts to have any such order reversed or injunction lifted);

(f) The Parent Common Stock has been approved for listing on the NYSE, subject to official notice of issuance;

(g) The indebtedness outstanding under the Company's credit facility in the amount of approximately $80.6 million at April 30, 1996 has been refinanced or otherwise repaid; or

(h) The Parent and the Company each has received the legal opinion of Baker & Botts L.L.P., reasonably satisfactory in form and substance to the Company and its counsel and to the Parent and its counsel, based, in each case, upon representation letters, dated on or about the date of such opinion, substantially in the forms of Annex III and Annex IV hereto and containing such other facts and representations as counsel may reasonably deem relevant, to the effect that the Merger will be treated for federal income tax purposes as a reorganization qualifying under the provisions of Section 368(a) of the Code.

Section 6.2 Conditions of Obligations of the Parent and the Sub. The obligations of the Parent and the Sub to effect the Merger are further subject to the Company not having failed to perform its material obligations required to be performed by it under this Agreement within 10 days after written notice is delivered by the Parent to the Company of such failure to perform, the Company's representations and warranties in this Agreement being true and correct in all material respects as of the Merger Filing Date and the Company having obtained all material consents, waivers, approvals, authorizations or orders required to be obtained by the Company for the authorization, execution and delivery of this Agreement and the consummation by it of the transactions contemplated hereby (including material consents under the leases referred to in Section 3.7(b) of the Company Disclosure Schedule).

Section 6.3 Conditions of Obligations of the Company. The obligation of the Company to effect the Merger is further subject to the Parent and the Sub not having failed to perform their material obligations required to be performed by them under this Agreement within 10 days after written notice is delivered by the Company to the Parent of such failure to perform, the Parent's and the Sub's representations and warranties in this Agreement being true and correct in all material respects as of the Merger Filing Date, the Parent's having taken action, effective immediately after the Effective Time, to appoint to Parent's Board of Directors the persons specified in Section 5.15 and the Parent having offered to employ William W. Moreton as the Executive Vice President and Chief Financial Officer of the Parent on terms substantially as set forth in the form of employment agreement previously delivered by Mr. Moreton to the Parent with such employment agreement to be effective immediately after the Effective Time.

ARTICLE VII
TERMINATION AND AMENDMENT

Section 7.1 Termination. This Agreement may be terminated at any time prior to the Effective Time, whether before or after approval of the matters presented in connection with the Merger by the stockholders of the Parent and the Company:

(a) by mutual consent of the Parent and the Company by action of their respective Boards of Directors or special committees thereof;

(b) by either the Parent or the Company if the Merger is not consummated before October 1, 1996 despite the good faith effort of such party to effect such consummation (unless the failure to so consummate the Merger by such date is due to the action or failure to act of the party seeking to terminate this Agreement, and such action or failure to act constitutes a breach of this Agreement);

(c) by either the Parent or the Company if any court of competent jurisdiction has issued an injunction permanently restraining, enjoining or otherwise prohibiting the consummation of the Merger, which injunction has become final and non-appealable;

(d) by the Company pursuant to Section 5.11;

(e) by the Parent if the Board of Directors of the Company or the special committee thereof shall have withdrawn or modified, in any manner adverse to the Parent, its recommendation for approval of this Agreement (insofar as it relates to the Merger) and the Merger;

(f) by the Company if the special committee of the Board of Directors of the Parent shall have withdrawn or modified, in any manner adverse to the Company, its recommendation for approval of the issuance of Parent Common Stock in the Merger;

(g) by either the Parent or the Company, if one of the conditions set forth in Article VI to its obligation to consummate the Merger has not been satisfied; or

(h) by the Parent if more than 1,000,000 shares of Company Common Stock represent Dissenting Shares as of the Closing Date.

Section 7.2 Effect of Termination. In the event of a termination of this Agreement by either the Company or the Parent as provided in Section 7.1, this Agreement will forthwith become void and there will be no liability or obligation on the part of the Parent, the Sub or the Company or their respective officers or directors, other than (a) the provisions of the last sentence of Section

5.11, which will survive for a period of one year from the date of any such termination if and only if the Parent has not received the payment pursuant to Section 5.11 and such termination of this Agreement is pursuant to Section 7.1(d) or (e), (b) to the extent that such termination results from the willful breach by a party hereto of any of its covenants or agreements set forth in this Agreement and (c) the obligations of the respective parties under the Confidentiality Agreement.

ARTICLE VIII
MISCELLANEOUS

Section 8.1 Survival of Representations and Warranties; Enforcement of Certain Covenants.

(a) None of the representations and warranties in this Agreement or in any instrument delivered pursuant to this Agreement will survive the Effective Time.

(b) The covenants of the Parent set forth in Sections 5.9 and 5.10 hereof may be enforced after the Effective Time by any of the officers or directors of the Company as of the Effective Time.

Section 8.2 Amendment. Subject to the DGCL, this Agreement may be amended by the parties hereto, by action taken or authorized by their respective Boards of Directors or special committees thereof, at any time before or after approval of the matters presented at the meetings of the stockholders of the Company and the Parent referred to in Section 5.7. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

Section 8.3 Extension; Waiver. At any time prior to the Effective Time, the parties hereto, by action taken or authorized by the respective Boards of Directors or special committees thereof, may to the extent legally allowed, (a) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the covenants, agreements or conditions contained here. Any agreement on the part of a party hereto to any such extension or waiver will be valid only if set forth in a written instrument signed on behalf of such party.

Section 8.4 Notices. All notices and other communications hereunder will be in writing and will be deemed given if delivered personally, telecopied (which is confirmed) or mailed by registered or certified mail (return receipt requested) to the parties at the following addresses (or at such other address for a party as is specified by like notice):

(a) if to the Parent or the Sub, to

Zapata Corporation
1717 St. James Place
Houston, Texas 77253-3581
Attention: Joseph L. von Rosenberg III
General Counsel

with a copy to

Baker & Botts, L.L.P.
One Shell Plaza
910 Louisiana
Houston, Texas 77002-4995
Attention: C. Michael Watson

and

Bracewell & Patterson L.L.P.
South Tower Pennzoil Place
711 Louisiana, Suite 2900
Houston, Texas 77002-2781
Attention: Edgar J. Marston

and

(b) if to the Company, to

Houlihan's Restaurant Group, Inc.
2 Brush Creek Boulevard
Kansas City, Kansas 64112
Attention: William W. Moreton
Executive Vice President and
Chief Financial Officer

with a copy to

Bryan Cave LLP
1200 Main Street, Suite 3500
Kansas City, Missouri 64105-2180
Attention: Kendrick T. Wallace

Section 8.5 Interpretation. When a reference is made in this Agreement to Sections, such reference will be to a Section of this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement they will be deemed to be followed by the words "without limitation." The phrases "the date of this Agreement," "the date hereof" and terms of similar import, unless the context otherwise requires, will be deemed to refer June 4, 1996.

Section 8.6 Counterparts. This Agreement may be executed in two or more counterparts, all of which will be considered one and the same agreement and will become effective when two or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

Section 8.7 Entire Agreement; No Third Party Beneficiaries. This Agreement (including the documents and the instruments referred to herein), and the Confidentiality Agreement (a) constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and thereof, and (b) other than Sections 5.9 and 5.10 are not intended to confer upon any person other than the parties hereto and thereto any rights or remedies hereunder or thereunder.

Section 8.8 Governing Law. This Agreement will be governed and construed in accordance with the laws of the State of Delaware applicable to contracts made, executed, delivered and performed wholly within the State of Delaware, without regard to any applicable conflicts of law. The Company, the Parent and the Sub hereby (a) submit to the jurisdiction of any State and Federal courts sitting in the State of Delaware with respect to matters arising out of or relating hereto, (b) agree that all claims with respect to such matters may be heard and determined in an action or proceeding in such State or Federal court and no other court, (c) waive the defense of an inconvenient forum, and (d) agree that a final judgment in any such action or proceeding will be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

Section 8.9 Specific Performance. The parties hereto agree that if any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, irreparable damage would occur, no adequate remedy at law would exist and damages would be difficult to determine. Accordingly, the parties agree that they will be entitled to specific performance of the terms of this Agreement, in addition to any other remedy at law or equity.

Section 8.10 Publicity. Except as otherwise required by law or the rules of the NYSE, for so long as this Agreement is in effect, neither the Company nor the Parent will, or will permit any of its Subsidiaries to, issue or cause the publication of any press release or other public announcement with respect to the transactions contemplated by this Agreement without having consulted with the other party.

Section 8.11 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder will be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties, except that the Sub may assign, in its sole discretion, any or all rights, interests and obligations hereunder to any direct or indirect wholly owned Subsidiary of the Parent incorporated under the laws of the State of Delaware. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

Section 8.12 Validity. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provisions hereof or thereof, which will remain in full force and effect.

Section 8.13 Conveyance Tax. The Company shall be liable for and shall hold the holders of shares of the Company Common Stock harmless against any New York State Real Property Gains Tax, New York State Real Estate Transfer Tax and New York City Real Property Transfer Tax which becomes payable in connection with the transactions contemplated by this Agreement.

IN WITNESS WHEREOF, the Parent, the Sub and the Company have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first written above.

ZAPATA CORPORATION

By: KENNETH W. ROBICHAU

Authorized Officer

ZAPATA ACQUISITION CORP.

By: SHARON BRUNNER

Authorized Officer

HOULIHAN'S RESTAURANT GROUP, INC.

By: WILLIAM W. MORETON

Authorized Officer
Executive Vice President

SUPPLEMENTAL AGREEMENT
of
MALCOLM I. GLAZER

As of the date hereof, the undersigned represents, warrants, covenants and agrees with Zapata Corporation ("Parent") as follows:

(a) Capitalized terms that are not defined herein shall have the meanings ascribed to them in the Agreement and Plan of Merger, dated as of June 4, 1996, by and among the Parent, Zapata Acquisition Corp. and Houlihan's Restaurant Group, Inc. ("Company") (the "Merger Agreement");

(b) The Agreement dated as of April 30, 1996 between the undersigned and the Parent ("Standstill Agreement") is in full force and effect and neither the undersigned nor any other member of the Glazer Group is in default thereunder;

(c) The undersigned and the other members of the Glazer Group own of record or beneficially an aggregate of 10,408,717 shares of Parent Company Stock, representing all the Voting Securities and Outstanding Voting Securities of the Parent Beneficially Owned by the Glazer Group;

(d) The undersigned and the other members of the Glazer Group own of record or beneficially an aggregate of 7,325,815 shares of Company Common Stock, representing all the Voting Securities and Outstanding Voting Securities of the Company Beneficially Owned by the Glazer Group;

(e) As required by the terms of the Standstill Agreement, the undersigned has executed and delivered, and has caused each other member of the Glazer Group to execute and deliver, to the HOL Special Committee (as defined in the Standstill Agreement) an irrevocable proxy covering all Voting Securities of the Parent that the members of the Glazer Group would be entitled to vote at the meeting of the Parent's stockholders contemplated by Section 5.7 of the Agreement;

(f) Between the date hereof and the Effective Time, the undersigned will not, and, to the extent within his actual control, will not permit any other member of the Glazer Group to, take any action that would result in an increase or decrease in the number of Voting Securities or Outstanding Voting Securities of either the Parent or the Company that is Beneficially Owned by the Glazer Group;

(g) The undersigned agrees to exercise, and, to the extent within his actual control, cause all other members of the Glazer Group to exercise, the Residual Election with respect to all Glazer Shares; and

(h) On the Merger Filing Date, the undersigned will deliver to the Parent and the Company a certificate confirming that each of the undersigned and, to the extent within his actual control, the other members of the Glazer Group has complied with its respective obligations set forth herein and that the representations and warranties set forth herein are true and correct in all material respects as of that date.

(i) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

(j) This Agreement is not intended to, and shall not, confer upon any person other than the parties hereto any rights or remedies.

(k) This Agreement shall terminate automatically upon any termination of the Merger Agreement pursuant to Article VII thereof or upon termination of the Standstill Agreement.

IN WITNESS WHEREOF, this Supplemental Agreement has been executed as of this 4th day of June, 1996.

/s/ MALCOLM I. GLAZER

Malcolm I. Glazer, Individually and
as Trustee of the Malcolm I. Glazer Trust
U/A dated March 23, 1990, as amended

Exhibit 4

IRREVOCABLE PROXY

Pursuant to paragraph 5(b) of the Agreement dated and effective as of April 30, 1996 ("Agreement") between Zapata Corporation, a Delaware corporation, and Malcolm I. Glazer, individually and as trustee of the Malcolm I. Glazer Trust, the undersigned hereby agrees as follows:

1. Capitalized terms that are not defined herein shall have the meanings set forth in the Agreement.

2 The undersigned member of the Glazer Group holds Beneficial Ownership of 10,408,717* shares of Common Stock ("Stock") and will be entitled to vote such shares at the Annual Meeting of Stockholders of the Company scheduled to be held on August 22, 1996, and at any adjournment thereof ("Meeting"), at which meeting shareholders of the Company will be asked to vote on the issuance of Common Stock ("Stock Issuance") in connection with the Company's acquisition of Houlihan's Restaurant Group, Inc., ("Houlihan's"), a Glazer Controlled Entity ("Subject Acquisition"), pursuant to the terms of the Agreement and Plan of Merger dated as of June 4, 1996 among the Company, Zapata Acquisition Corp. and Houlihan's ("Merger Agreement").

3. The undersigned hereby revokes any proxy heretofore given and appoints Ronald C. Lassiter, Robert V. Leffler, Jr. and W. George Loar, the members of the Special Committee that evaluated the Subject Acquisition, and each one of them (with full power to each of them to act as a majority of such members shall approve), as proxies and attorneys-in-fact, in the undersigned's name, place and stead, in any and all capacities, each with full power of substitution and resubstitution (a "Proxy" or the "Proxies"), to exercise all voting authority with respect to the Stock (and any other Voting Securities Beneficially Owned by the undersigned as of the record date for the determination of shareholders of the Company entitled to vote at the Meeting) in connection with the Stock Issuance pursuant to the terms of the Merger Agreement, granting to each Proxy full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises in order to effectuate the same as fully to all intents and purposes as the undersigned might or could do if present, hereby ratifying and confirming all that a majority of the Proxies may lawfully to or cause to be done by virtue hereof. This proxy is coupled with an interest and shall be irrevocable during the term of the Agreement ("Irrevocable Proxy") until the first to occur of (a) the adjournment of the Meeting at which the Subject Acquisition is considered by the shareholders of the Company or (b) the Company's publicly announced abandonment of the

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*Includes 13,333 shares covered by stock options that are currently exercisable. Consequently, only 10,395,384 shares are currently issued and outstanding.

Subject Acquisition. Upon termination of either the Merger Agreement or the Agreement, this Irrevocable Proxy shall be deemed to be revoked.

4. In exercising the voting authority referred to in paragraph 3 above, each Proxy shall have complete discretion to take such action, or refrain from taking such action, as he or she deems necessary, appropriate or desirable under the circumstances, subject only to the caveat that no Proxy shall be authorized and empowered to engage in intentional misconduct or action that otherwise constitutes gross negligence ("Standard of Care"). Any action taken by a Proxy pursuant to the express terms of the Agreement shall be conclusively presumed to comply with the Standard of Care. Any action taken by a Proxy upon the written advice of Richards, Layton & Finger, Wilmington, Delaware, or other independent legal counsel reasonably acceptable to the Proxy, shall also be conclusively presumed to comply with the Standard of Care. All reasonable fees and expenses of such legal counsel shall be paid directly by the Company.

In Witness Whereof, this Irrevocable Proxy has been executed by the undersigned this 4th day of June, 1996.

/s/ Malcolm I. Glazer

Malcolm I. Glazer, individually and as Trustee of the Malcolm I. Glazer Trust