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CHESEBROUGH-POND'S INC.
Westport, Connecticut 06881-0851

January 21, 1987

Dear Stockholder:

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The enclosed Notice and Information Statement relate to a Special Meeting of Stockholders of Chesebrough-Pond's Inc. (the "Company") to be held on Tuesday, February 10, 1987, at the Company's executive offices in Westport, Connecticut.

The purpose of the Special Meeting is to consider the approval of the proposed merger of an indirectly wholly owned subsidiary of Unilever United States, Inc. ("Unilever U.S."), with and into the Company pursuant to an Agreement and Plan of Merger dated as of December 1, 1986 (the "Merger Agreement"). Pursuant to the Merger Agreement, the Unilever subsidiary acquired approximately 95% of the Company's outstanding shares in a tender offer completed December 30, 1986. As a result of the merger, the Company's shareholders other than the Unilever subsidiary will receive $72.50 in cash, the same price paid in the tender offer, without interest.

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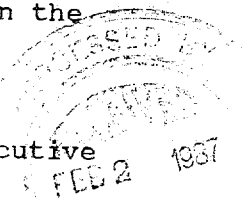
Your Board of Directors has carefully reviewed and considered the terms and conditions of the merger. In addition, it has received the opinion of Shearson Lehman Brothers Inc. that the $72.50 per share in cash to be received in the merger is fair to the Company's stockholders from a financial point of view. Your Board of Directors believes that the terms of the merger are fair and in the best interests of the Company's stockholders and has approved the Merger Agreement.

Details of the proposed transaction and other important information appear in the accompanying Information Statement, and we urge you to give it your careful attention. In the Merger Agreement, Unilever U.S. has agreed that the shares owned by its subsidiary will be voted in favor of the merger. Under New York law, such shares represent a sufficient number of shares to assure approval of the proposal without the vote of any other stockholders of the Company. Accordingly, proxies are not being solicited. Stockholders who do not approve the merger are entitled to certain dissenters' rights as outlined in the Information Statement.

RALPH E. WARD
Chairman and Chief Executive Officer



CHESEBROUGH-POND'S INC.
WESTPORT, CONNECTICUT 06881-0851

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON FEBRUARY 10, 1987

To the Stockholders of
Chesebrough-Pond's Inc.

NOTICE IS HEREBY GIVEN that a Special Meeting of Stockholders of Chesebrough-Pond's Inc. will be held at its executive offices, 2 Nyala Farm Road, Westport, Connecticut, on Tuesday, February 10, 1987, at 10:30 o'clock in the forenoon, Eastern Standard Time, for the following purposes:

1. To consider and vote upon a proposal to approve the merger (the "Merger") of Unilever Acquisition Corp. II ("UAC II"), a Delaware corporation and an indirectly wholly owned subsidiary of Unilever United States, Inc., a Delaware corporation ("Unilever U.S."), with and into Chesebrough-Pond's Inc., a New York corporation ("Chesebrough"), pursuant to an Agreement and Plan of Merger dated as of December 1, 1986, among Unilever U.S., a wholly owned subsidiary of Unilever U.S. and Chesebrough, a copy of which is attached to the accompanying Information Statement as Annex I thereto. Upon consummation of the Merger, each outstanding share of Common Stock, $1 par value per share, of Chesebrough (other than shares held by UAC II or its affiliates or by Chesebrough as treasury stock or held by dissenting stockholders) will be converted into the right to receive $72.50 in cash, without interest thereon, all as more fully described in the Information Statement accompanying this Notice.

2. To transact such other business as may properly come before the Meeting or any adjournment thereof.

The date fixed by the Board of Directors as the record date for the determination of stockholders entitled

to vote at said meeting and any adjournment or adjournments thereof is the close of business on the 19th day of January, 1987.

ROBERT H. MANN
Senior Vice President,
Secretary and General Counsel

Dated: January 21, 1987

CHESEBROUGH-POND'S INC.
WESTPORT, CONNECTICUT 06881-0851

INFORMATION STATEMENT

SPECIAL MEETING OF STOCKHOLDERS TO BE HELD FEBRUARY 10, 1987

INTRODUCTION

General

This Information Statement is being furnished to the holders of outstanding shares of Common Stock, $1 par value per share (the "Shares"), of Chesebrough-Pond's Inc., a New York corporation ("Chesebrough"), in connection with a special meeting of stockholders of Chesebrough to be held on Tuesday, February 10, 1987, at 10:30 o'clock in the forenoon, Eastern Standard Time, at the executive offices of Chesebrough, 2 Nyala Farm Road, Westport, Connecticut, and any adjournment or postponement thereof (the "Special Meeting"). WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

The principal executive offices of Chesebrough are located at 2 Nyala Farm Road, Westport, Connecticut 06881-0851. Its telephone number is (203) 222-3000.

This Information Statement and the attached Notice of Special Meeting were first sent or given to the stockholders of Chesebrough on January 21, 1987.

Matters to be Considered at the Special Meeting

At the Special Meeting, the stockholders of Chesebrough are being asked to consider and vote upon a proposal to approve the merger (the "Merger") of Unilever Acquisition Corp. II ("UAC II"), a Delaware corporation and an indirectly wholly owned subsidiary of Unilever United States, Inc., a Delaware corporation ("Unilever U.S."), which is in turn a wholly owned subsidiary of Unilever N.V., a Netherlands corporation ("Unilever N.V."), with and into

Chesebrough, pursuant to an Agreement and Plan of Merger dated as of December 1, 1986, among Unilever U.S., Unilever Acquisition Corp. ("UAC I"), a New York corporation and a wholly owned subsidiary of Unilever U.S., and Chesebrough (the "Merger Agreement"), a copy of which is attached hereto as Annex I.

In accordance with the terms of the Merger Agreement, on December 2, 1986, UAC I commenced a tender offer for all the outstanding Shares at a price of $72.50 per Share net to the selling stockholders in cash (the "Offer"). On December 30, 1986, UAC I assigned to UAC II all its rights and obligations under the Merger Agreement and certain stock option agreements entered into in connection with the Merger Agreement and its right to purchase Shares pursuant to the Offer. The Offer expired immediately before 12:00 midnight on December 30, 1986, with UAC II's having acquired 40,732,435 Shares (constituting approximately 95% of the currently outstanding Shares) pursuant thereto. UAC II owns sufficient Shares to assure approval of the Merger Agreement at the Special Meeting and Unilever U.S. has agreed that it will cause UAC II to vote such Shares in favor of the Merger. Accordingly, no affirmative vote of any other stockholder is required to approve the Merger Agreement.

The respective Boards of Directors of Chesebrough, UAC I and UAC II have considered and duly approved the Merger Agreement. The Merger Agreement has been approved by Unilever U.S. as the sole stockholder of UAC I and by certain wholly owned subsidiaries of Unilever U.S. which constitute all the stockholders of UAC II. The Merger Agreement provides that the Merger will occur following completion of the Offer, subject to certain conditions. Upon the consummation of the Merger, (a) Chesebrough will be the surviving corporation and an indirectly wholly owned subsidiary of Unilever U.S. and (b) each outstanding Share (other than Shares held by UAC II or its affiliates or by Chesebrough as treasury stock or held by dissenting stockholders) will automatically be converted into the right to receive $72.50 in cash, without interest thereon.

The Offer and the Merger are sometimes collectively referred to in this Information Statement as the "Transactions". The term "Unilever" is sometimes used herein to refer collectively to the Unilever Group of Companies.

Voting at the Special Meeting

The Board of Directors of Chesebrough (the "Board of Directors") has fixed the close of business on January 19, 1987, as the record date (the "Record Date") for determining stockholders entitled to notice of, and to vote at, the Special Meeting. Only stockholders of record as of the Record Date will be entitled to notice of, and to vote at, the Special Meeting. As of the Record Date, there were 42,692,598 Shares outstanding and entitled to vote at the Special Meeting.

Holders of record of Shares as of the Record Date are entitled to one vote per Share, exercisable at the Special Meeting in person or by properly executed proxy. The presence, in person or by properly executed proxy, of the holders of a majority of the outstanding Shares entitled to vote is necessary to constitute a quorum at the Special Meeting. To the knowledge of Chesebrough, UAC II (and indirectly Unilever U.S.), which owns 40,732,435 Shares (constituting approximately 95% of the Shares outstanding as of the Record Date), is the only record or beneficial owner of more than 5% of the outstanding Shares. See "The Merger--Background of the Transactions".

Under New York law, the vote of the holders of 66-2/3% of all the outstanding Shares entitled to vote at the Special Meeting is required to approve the Merger. UAC II has sufficient voting power to approve the Merger without the vote of any other stockholder, and Unilever U.S. has agreed in the Merger Agreement that it will cause UAC I to vote all its Shares in favor of the Merger. See "The Merger--Background of the Transactions". Holders of Shares will be entitled to certain dissenters' rights with respect to their Shares provided that the Merger is consummated and that such stockholders properly comply with certain statutory procedures. See "The Merger--Rights of Dissenting Stockholders" and Sections 623 and 910 of the New York Business Corporation Law, copies of which are attached to this Information Statement as Annex III hereto.

The Board of Directors of Chesebrough has unanimously (with one director absent) approved the Merger. See "The Merger--Recommendation of the Board of Directors; Reasons for the Merger" and "The Merger--Opinion of Financial Advisors".

Other Matters to be Considered

Chesebrough does not know of any matters, other than as described in the accompanying Notice of Special Meeting, which are to come before the Special Meeting.

All information contained in this Information Statement concerning Unilever, Unilever U.S., UAC I and UAC II, the financing for the Transactions and the plans for Chesebrough as the corporation surviving the Merger has been supplied by Unilever U.S. Except as otherwise indicated, all other information contained in this Information Statement has been supplied by Chesebrough.

Independent Accountants

Chesebrough anticipates that a representative of Arthur Young & Company, Chesebrough's independent accountants, will be present at the Special Meeting, will have an opportunity to make a statement and will be available to answer appropriate questions.

Other Business

While the Notice of Special Meeting accompanying this Information Statement provides for the transaction of such other business as may properly be brought before the Special Meeting, the Board of Directors has no knowledge of any matters to be presented at the Special Meeting other than those referred to herein.

Chesebrough has no arrangement with any broker, dealer, salesman or other person to solicit proxies. No person is authorized to give any information or to make any representation not contained in this Information Statement and, if given or made, such information or representation should not be relied upon as having been authorized by Chesebrough, Unilever U.S. or UAC II. This Information Statement does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities, or the solicitation of a proxy.

SUMMARY

The following Summary is furnished in order to assist the holders of Shares in their review of this Information Statement and is intended only to highlight certain information contained in this Information Statement. This Summary is not intended to be a complete statement of all material features of the Merger and is qualified in its entirety by the more detailed information contained elsewhere in this Information Statement, in the Annexes hereto and in the other documents referred to in this Information Statement. Stockholders are urged to read this Information Statement and the Annexes hereto in their entirety.

The Merger

Subject to the approval of the Merger by the stockholders of Chesebrough and the satisfaction or waiver of certain other conditions, UAC II will be merged with and into Chesebrough, and each outstanding Share (other than Shares held by UAC II or its affiliates or by Chesebrough as treasury stock or held by dissenting stockholders) will automatically be converted into the right to receive $72.50 in cash, without interest thereon. Upon the consummation of the Merger, Chesebrough will be the surviving corporation and will become an indirectly wholly owned subsidiary of Unilever U.S. See "Introduction--Matters to be Considered at the Special Meeting" and "The Merger--General".

Vote Required

Under New York law, the vote of the holders of 66-2/3% of all the outstanding Shares entitled to vote at the Special Meeting is required for the approval of the Merger. UAC II owns 40,732,435 Shares (constituting approximately 95% of the Shares outstanding as of the Record Date) and therefore has sufficient voting power to approve the Merger without the vote of any other stockholder. Unilever U.S. has agreed in the Merger Agreement to cause UAC II to vote all its Shares in favor of the Merger. Accordingly, proxies are not being solicited for approval of the Merger at the Special Meeting. See "Introduction--Voting at the Special Meeting", "The Merger--Background of

the Transactions", and "The Merger--Recommendation of the Board of Directors; Reasons for the Merger".

Dissenters' Rights

If the Merger is consummated, holders of Shares will have certain rights to dissent and demand appraisal of their Shares under New York law. Under New York law, dissenting stockholders who comply with the requisite statutory procedures will be entitled to receive a judicial determination and payment of the "fair value" of their Shares. The value so determined could be more or less than the consideration to be paid to stockholders in the Merger. *See "The Merger--Rights of Dissenting Stockholders".*

Effective Time; Surrender of Certificates

The Merger will become effective as soon as practicable after the approval of the Merger by the stockholders at the Special Meeting and the satisfaction or waiver of all other conditions contained in the Merger Agreement. See "The Merger--Effective Time of the Merger" and "The Merger--The Merger Agreement". Instructions with regard to the surrender of certificates, together with a letter of transmittal to be used for this purpose, will be forwarded to stockholders of Chesebrough as promptly as practicable following the Merger. Stockholders should surrender certificates for Shares only after receiving such instructions and a letter of transmittal. See "The Merger--Exchange of Shares".

Background of the Transactions

On December 1, 1986, Unilever U.S., UAC I and Chesebrough entered into the Merger Agreement, three stock option agreements (the "Stock Option Agreements"), pursuant to which Chesebrough granted UAC I certain options to purchase Shares, and a stock option agreement (the "Subsidiary Option Agreement"), pursuant to which Chesebrough granted UAC I an option to purchase all the outstanding capital stock of Chesebrough's subsidiary Ragú Foods, Inc. Also on December 1, 1986, Unilever U.S. and Chesebrough entered into a letter agreement (the "Letter Agreement") with respect to certain matters relating to the retention of certain members of Chesebrough's existing management after the Merger, the participation of Chesebrough's management

representatives in the review of possible restructuring measures with respect to Chesebrough following the Merger, and an agreement of Unilever U.S. with respect to maintenance of Chesebrough's currently existing severance pay policy and incentive, bonus and similar plans after the Merger. See "The Merger--Background of the Transactions".

On December 2, 1986, UAC I commenced the Offer. On December 30, 1986, UAC I assigned to UAC II all its rights and obligations under the Merger Agreement, the Stock Option Agreements and the Subsidiary Option Agreement and its right to purchase Shares pursuant to the Offer. Pursuant to the Offer, which expired immediately before midnight on December 30, 1986, UAC II acquired a total of 40,732,435 Shares or approximately 95% of the Shares outstanding as of the Record Date.

Recommendation of the Board of Directors

The Board of Directors of Chesebrough has unanimously (with one director absent) approved the Merger.

The terms of the Merger Agreement are the result of arm's-length negotiations conducted prior to the commencement of the Offer between representatives of Unilever and Chesebrough. The Board of Directors believes that the proposed Merger is fair to Chesebrough stockholders. In arriving at its recommendation, the Board of Directors considered a number of factors including, among other things, (i) the historical, current and projected financial condition, results of operations, assets, liabilities and prospects of Chesebrough and the substantial premium being offered pursuant to the Offer in comparison to historical prices and earnings multiples, (ii) the terms of the Merger Agreement and related agreements, (iii) the assurances which Unilever was willing to make with respect to employees of Chesebrough and the operations of Chesebrough following the Merger, and (iv) the opinion of Shearson Lehman Brothers Inc. ("Shearson Lehman"), Chesebrough's financial advisor, to the effect that the consideration to be received by the stockholders of Chesebrough pursuant to the Offer and the Merger is fair from a financial point of view. See "The Merger--Background of the Transactions", "The Merger--Recommendation of the Board of Directors; Reasons for the Merger" and "The Merger--Opinion of Financial Advisors".

Opinion of Financial Advisors

Shearson Lehman was retained by Chesebrough to act as its financial advisors and in connection therewith Shearson Lehman has delivered its written opinion to the Board of Directors to the effect that, based on the matters described therein, the cash consideration of $72.50 per Share to be received by Chesebrough stockholders pursuant to the Offer and the Merger is fair to such stockholders. For further information with regard to the opinion of Shearson Lehman and other related matters, including the fees to be paid by Chesebrough to Shearson Lehman, see "The Merger--Opinion of Financial Advisors". A copy of the written opinion of Shearson Lehman, which contains other information regarding the matters considered and information relied upon by Shearson Lehman in rendering its opinion, is attached hereto as Annex II and should be read carefully and in conjunction with the foregoing.

Conditions to the Merger

The obligations of Unilever U.S., UAC II and Chesebrough to consummate the Merger are subject to a number of conditions. See "The Merger--The Merger Agreement".

Tax Consequences

The receipt of cash for Shares pursuant to the Merger or the exercise of dissenters' rights will be a taxable transaction for Federal income tax purposes and may also be a taxable transaction for state, local and other tax purposes. Each stockholder is urged to consult his tax advisor with respect to the tax consequences to him of the Merger, including the applicability and the effects of state, local and other tax laws. See "Federal Income Tax Consequences of the Merger to Chesebrough Stockholders".

THE MERGER

General

Set forth below is a brief description of the Merger and its background. Such description does not purport to be complete and is qualified in its entirety by reference to the complete text of the Merger Agreement, a copy of which is attached hereto as Annex I.

The purpose of the Merger is to complete the acquisition by UAC II (and indirectly Unilever U.S.) of the entire equity interest in Chesebrough.

Pursuant to the Merger Agreement and subject to the approval thereof by the stockholders of Chesebrough and the satisfaction or waiver of certain other conditions to the obligations of the parties thereto to consummate the Merger, UAC II will be merged with and into Chesebrough.

Upon the filing of the certificate of merger (the "Certificate of Merger") by the Department of State of the State of New York (the "Department of State") in accordance with the New York Business Corporation Law (the "New York BCL"), each outstanding Share (other than Shares held by UAC II or its affiliates or by Chesebrough as treasury stock or held by dissenting stockholders) will, by virtue of the Merger and without any action on the part of the holder thereof, automatically be converted into the right to receive $72.50 in cash, without interest thereon. At the effective time of the Merger (the "Effective Time"), Chesebrough will become an indirectly wholly owned subsidiary of Unilever U.S.

It is expected that, following the Merger, the business and operations of Chesebrough will be continued by Chesebrough, as the surviving corporation, substantially as they are currently being conducted with such changes thereto as Unilever U.S. deems appropriate.

Unilever has under consideration, following the Merger, the disposition of a significant part of Chesebrough's Chemical Products Group and has considered, on a preliminary basis, seeking to dispose of Chesebrough's Prince tennis racquet and Bass shoe segments. In light of the synergies expected to result from the combination of the

operations of Chesebrough and Unilever, Unilever has considered, on a preliminary basis, the possibility of, following the Merger, restructuring production and administration facilities, and reducing over several years the number of employees in the overall Unilever Group (including Chesebrough).

Background of the Transactions

On Tuesday, November 25, 1986, Mr. Edward W. Whittemore, Chairman and Chief Executive Officer of American Brands, Inc. ("American Brands") requested a meeting and subsequently met with Mr. Ralph E. Ward, Chairman and Chief Executive Officer of Chesebrough, and proposed that American Brands acquire all the outstanding Shares at a price of $66 per Share. Following such meeting, Chesebrough announced that it had received a proposal from American Brands and that Chesebrough had retained legal and financial advisors to review the proposal, as well as other alternatives to maximize stockholder value. In response to the announcement, Chesebrough received indications of interest from others to purchase parts of Chesebrough, but, in most instances, only if the transaction could be completed before December 31, 1986.

On November 26, 1986, Mr. Gordon K. G. Stevens, Chairman and Chief Executive Officer of Unilever U.S., telephoned Mr. Ward to indicate Unilever's interest in a possible business combination with Chesebrough and to suggest a meeting between representatives of the two companies. Mr. Ward responded that he was willing to meet in this regard but was unable to do so that day. Later that day Mr. Ward telephoned Mr. Stephens to suggest that the companies' advisors meet. Commencing on November 26, 1986, financial advisors for Unilever and Chesebrough spoke by telephone to discuss a possible business combination between the two companies. On November 28, such financial advisors met in person to discuss the possible combination.

On November 29, 1986, Mr. Michael R. Angus, Chairman of Unilever PLC, a company incorporated under the laws of Great Britain and registered in England ("Unilever PLC"), telephoned Mr. Ward. Mr. Angus indicated that Mr. Floris A. Maljers, Chairman of Unilever N.V., was traveling to the United States and that Mr. Angus and Mr. Maljers would be willing to meet with Mr. Ward on November 30, 1986. Later that day, Mr. Stevens telephoned Mr. Ward to arrange that November 30 meeting.

From Friday, November 28, 1986, through Sunday, November 30, 1986, senior officers and representatives of Chesebrough met with senior officers and representatives of Unilever and American Brands, respectively. During such meetings, American Brands offered to increase its price from $66 to $69 per Share, while Unilever agreed to offer $72.50 per Share. American Brands rejected the opportunity to proceed with a transaction at a price of $73 per Share.

Throughout November 30 and December 1, 1986, personnel from Unilever and Chesebrough, including their respective chairmen and financial and legal advisors, met in person and by telephone to discuss and negotiate a business combination. These meetings included sessions at which representatives of Unilever were afforded an opportunity to ask representatives of Chesebrough questions regarding the businesses and operations of Chesebrough.

On December 1, 1986, American Brands commenced a tender offer (the "American Brands Offer") to purchase any and all outstanding Shares at $66 per Share. At a meeting of the Board of Directors of Chesebrough held on December 1, 1986, the Board of Directors unanimously (with one director absent) determined that the terms of the American Brands Offer were not in the best interest of stockholders and recommended that Chesebrough's stockholders reject the American Brands Offer. American Brands withdrew the American Brands Offer on December 8, 1986.

At the December 1 meeting, the Board of Directors unanimously (with one director absent) determined that the terms of Unilever's Offer and the Merger are fair to and in the best interests of Chesebrough and its stockholders and the Board of Directors approved the execution of the Merger Agreement and related documents. On December 1, 1986, Unilever U.S., UAC I and Chesebrough entered into the Merger Agreement, the Stock Option Agreements, pursuant to which Chesebrough granted UAC I options to purchase Shares at a price of $72.50 per share in cash under various circumstances, and the Subsidiary Option Agreement, pursuant to which Chesebrough granted UAC I an option under certain circumstances to purchase all the outstanding capital stock of its subsidiary Ragú Foods, Inc. for a price to be agreed between $790 million and $830 million. Also on December 1, 1986, Unilever U.S. and Chesebrough entered into the Letter Agreement with respect to certain matters including the retention of certain members of Chesebrough's management after the Merger, the participation of Chesebrough management representatives in the review of possible restructuring

measures with respect to Chesebrough following the Merger, and an agreement of Unilever U.S. to generally honor Chesebrough's currently existing severance pay policy and to substantially maintain Chesebrough's existing bonus, incentive and similar plans following the Merger. See "The Merger--The Stock Option Agreements, the Subsidiary Option Agreement and the Letter Agreement."

On December 2, 1986, UAC I commenced the Offer. On December 30, 1986, UAC I assigned to UAC II all its rights and obligations under the Merger Agreement, the Stock Option Agreements and the Subsidiary Option Agreement and its right to purchase Shares pursuant to the Offer. A total of 40,732,435 Shares, or approximately 95% of the Shares outstanding on the Record Date, were purchased by UAC II pursuant to the Offer, which expired immediately before midnight on December 30, 1986. Unilever U.S. agreed in the Merger Agreement to cause UAC II to vote all such Shares in favor of the Merger. New York law requires the vote of the holders of 66-2/3% of all the outstanding Shares entitled to vote at the Special Meeting. Accordingly, UAC II presently owns a sufficient number of Shares to cause the Merger to be approved at the Special Meeting without the vote of any other stockholder. See "Introduction--Voting at the Special Meeting." For additional information concerning the Offer, reference is made to the Tender Offer Statement on Schedule 14D-1 and amendments thereto and the Schedule 14D-9 relating to the Offer filed by UAC I and Unilever U.S. and by Chesebrough, respectively, with the Securities and Exchange Commission (the "Commission"). Such documents are available for inspection in the manner set forth in "Additional Information--Current Information".

Recommendation of the Board of Directors; Reasons for the Merger

The Board of Directors of Chesebrough has Unanimously (with one director absent) approved the Merger and recommends that stockholders vote for approval of the Merger.

The terms of the Merger Agreement are the result of arm's-length negotiations conducted prior to the commencement of the Offer between representatives of Chesebrough and Unilever U.S. On December 1, 1986, the Board of Directors of Chesebrough, with one director absent, unanimously voted to approve the terms of the Merger

Agreement, consented to the Offer and recommended that the stockholders of Chesebrough accept the Offer.

In reaching its conclusions described above, the Board of Directors considered, among other things, (i) the historical, current and projected financial condition, results of operations, assets, liabilities and prospects of Chesebrough and the substantial premium being offered pursuant to the Offer in comparison to historical prices and earnings multiples, (ii) the inadequacy of the price offered by American Brands pursuant to the American Brands Offer in comparison to that offered by Unilever pursuant to the Offer and the Merger, (iii) the possibility that American Brands might be successful in obtaining control of Chesebrough at an inadequate price, (iv) the terms of the Merger Agreement and related agreements, (v) the assurances which Unilever was willing to make with respect to employees of Chesebrough and the operations of Chesebrough following the Merger, and (vi) the opinion of Shearson Lehman, Chesebrough's financial advisor, to the effect that the consideration to be received by the stockholders of Chesebrough pursuant to the Merger Agreement is fair from a financial point of view. See also "Market Prices and Dividends", the consolidated financial statements of Chesebrough and related notes thereto and Management's Discussion and Analysis which appear elsewhere in this Information Statement.

Opinion of Financial Advisors

On December 1, 1986, Shearson Lehman delivered its oral opinion to the Board of Directors, which it subsequently confirmed in writing, that, based upon the matters described in such written opinion, the cash consideration of $72.50 per Share to be received by the holders of Shares in the Offer and the Merger is fair to such stockholders from a financial point of view. In its written opinion, Shearson Lehman relied, without independent verification, on the accuracy and completeness of all information reviewed by them for the purposes of its opinion. A copy of the written opinion of Shearson Lehman, which contains other information regarding the matters considered and information relied upon by Shearson Lehman in rendering its opinion, is attached hereto as Annex II and should be read carefully and in conjunction with the foregoing.

Shearson Lehman is a nationally recognized investment banking firm and is continually engaged in the valuation of businesses and their securities in connection with

mergers and acquisitions, leveraged buyouts, negotiated underwritings, secondary distributions of listed and unlisted securities and private placements and in valuations for estate, corporate and other purposes. Shearson Lehman was selected as financial advisor by Chesebrough because of its expertise and its familiarity with Chesebrough and the businesses in which it operates. Shearson Lehman has in the past performed substantial investment banking and financial advisory services for Chesebrough for which it has received customary compensation.

Pursuant to a letter agreement dated November 26, 1986, Chesebrough retained Shearson Lehman to act as its financial advisor in connection with the American Brands Offer and other matters arising in connection therewith. As compensation for its services, Chesebrough agreed to pay Shearson Lehman (i) a retainer of $1,000,000, payable upon the signing of the letter agreement, (ii) if the American Brands Offer is withdrawn or otherwise terminated prior to its consummation, an additional fee to be determined by the parties, and (iii) if during the term of Shearson Lehman's engagement, an acquisition of Chesebrough occurs, an additional fee of $10,000,000. Chesebrough has also agreed to reimburse Shearson Lehman for its out-of-pocket expenses (including, but not limited to, professional fees and disbursements incurred by Shearson Lehman) and to indemnify Shearson Lehman against certain liabilities, including certain liabilities arising under the federal securities laws.

Effective Time of the Merger

As soon as practicable after the Merger Agreement is adopted by the requisite vote of the stockholders of Chesebrough and all other conditions to the Merger have been satisfied or waived, the Certificate of Merger will be executed by UAC II and Chesebrough and delivered to the Department of State of the State of New York for filing and recording in accordance with the New York BCL. The Effective Time will occur upon the filing of the Certificate of Merger by the Department of State.

Exchange of Shares

In order to receive the $72.50 cash per Share to which stockholders of Chesebrough will be entitled as a

result of the Merger, each holder of Shares will be required to surrender his stock certificate(s), together with a duly executed letter of transmittal (the "Letter of Transmittal"), to Bankers Trust Company of New York (the "Paying Agent"). Upon the surrender to the Paying Agent of such certificate(s), together with a duly executed Letter of Transmittal, the holder thereof will be entitled to receive therefor, without interest thereon, an amount equal to $72.50 in cash for each Share represented by such stock certificate(s), and such certificate(s) will be cancelled. If payment is to be made to any person other than the person in whose name a surrendered certificate is registered, it will be a condition of such payment that the certificate so surrendered shall be properly endorsed or otherwise in proper form for transfer and that the person requesting such payment shall pay all applicable transfer or other taxes required by reason of the payment to a person other than the registered holder of the certificate so surrendered.

Instructions with regard to the surrender of certificates, together with a Letter of Transmittal to be used for this purpose, will be forwarded to stockholders of Chesebrough as promptly as practicable following the Effective Time. Stockholders should not submit their certificates formerly representing Shares to the Paying Agent until such instructions and Letter of Transmittal are received.

Each certificate which, prior to the Effective Time, represented outstanding Shares (other than Shares held by UAC II or its affiliates or by Chesebrough as treasury stock or held by dissenting stockholders) will, after such time, evidence only the right to receive $72.50 in cash multiplied by the number of Shares evidenced by such certificate, without interest thereon.

The Merger Agreement provides that, at the Effective Time, Unilever U.S. will take all steps necessary to enable and cause the surviving corporation to provide the Paying Agent with funds necessary to make the payments set forth above.

After the Effective Time, there shall be no transfers on the stock transfer books of the surviving corporation of Shares which were outstanding immediately prior to the Effective Time. If, after the Effective Time, certificates are presented to the surviving corporation, they shall be cancelled and exchanged for a cash payment of $72.50 for each Share represented by such certificates, without interest thereon.

The Merger Agreement

The Merger Agreement provides that, subject to the terms and conditions thereof, Chesebrough will be merged into UAC II or UAC II will be merged with and into Chesebrough, at the election of Unilever U.S., and each then outstanding Share (other than Shares owned by UAC II or its affiliates or by Chesebrough or any subsidiary of Chesebrough as treasury stock or that are subject to dissenters' rights) will be converted into the right to receive $72.50 per Share in cash, without interest. As a result of the Merger, Chesebrough will become an indirectly wholly owned subsidiary of Unilever U.S.

The Merger Agreement contains representations and warranties by Chesebrough regarding, among other things, its capitalization, authority with respect to the Merger Agreement, filings with the Commission, information supplied in connection with the Offer, certain employment and compensation agreements and the absence of certain changes in its businesses, and by Unilever U.S. and UAC I regarding, among other things, their authority with respect to the Merger Agreement and information supplied in connection with the Offer.

In the Merger Agreement, Chesebrough agreed that, among other things, during the period from the date of the Merger Agreement until the Effective Time of the Merger, except as expressly contemplated by the Merger Agreement or to the extent that Unilever U.S. shall otherwise agree in writing (a) it will (i) conduct its business only in the usual, regular and ordinary course, (ii) not declare or pay or propose to declare or pay any dividends on or other distributions in respect of any of its capital stock other than the $.52 dividend payable December 15, 1986, to holders of record on December 1, 1986, (iii) not split, combine or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock, or repurchase or otherwise acquire, or permit any of its subsidiaries to purchase or otherwise acquire, any shares of its capital stock, (iv) not issue, deliver or sell, or authorize or propose the issuance, delivery or sale of, any shares of its capital stock of any class, any debt securities having the right to vote on any matters on which Chesebrough's stockholders may vote ("Voting Debt") or any securities convertible into, or any rights, warrants or options to acquire, any such shares, Voting Debt or convertible securities (other than the issuance of Shares upon the

exercise of employee stock options outstanding on the date of the Merger Agreement or the options granted pursuant to the Stock Option Agreements), and (v) not amend or propose to amend its Certificate of Incorporation or By-laws; (b) it will not, and will not permit any subsidiary to, (i) solicit or encourage (including by way of furnishing information) or take any other action to encourage any inquiries or the making of any proposal which constitutes, or may reasonably be expected to lead to, any proposal for a merger or other business combination involving Chesebrough or any of its significant subsidiaries or any proposal or offer to acquire in any manner a substantial equity interest in Chesebrough or any of its significant subsidiaries or a substantial portion of the assets of Chesebrough or any of its significant subsidiaries, or agree to or endorse any such proposal or offer, provided that if Chesebrough receives such a proposal or offer which was not solicited by it or any of its subsidiaries, Chesebrough may consider such proposal or offer, discuss it with the party presenting such proposal or offer and provide information with respect to Chesebrough to such party, if and to the extent that Chesebrough's independent counsel has delivered a written opinion to the effect that Chesebrough's directors and officers have a fiduciary obligation to so cooperate with such party, (ii) acquire or agree to acquire by merging or consolidating with, or by purchasing a substantial portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof or otherwise acquire or agree to acquire any assets which are material, individually or in the aggregate, to Chesebrough and its subsidiaries taken as a whole, (iii) sell, lease or otherwise dispose of, or agree to sell, lease or otherwise dispose of, any assets which are material, individually or in the aggregate, to Chesebrough and its subsidiaries taken as a whole, or which are the subject of the Subsidiary Option Agreement, except in the ordinary course of business consistent with prior practice, (iv) incur any indebtedness for borrowed money or guarantee any such indebtedness or issue or sell any debt securities of Chesebrough or any of its subsidiaries or guarantee any debt securities of others other than in the ordinary course of business consistent with prior practice, (v) adopt or amend in any material respect any collective bargaining agreement, or employee benefit plan, (vi) grant to any executive officer any increase in compensation or in severance or termination pay, or enter into any employment agreement with any executive officer, except as may be required under employment or termination agreements in effect on the date of the Merger Agreement or the ordinary

course of business consistent with prior practice, or (vii) take any action that would or might result in any of the representations and warranties of Chesebrough set forth in the Merger Agreement becoming untrue or in any of the conditions to the Merger not being satisfied.

Chesebrough also has agreed, among other things, that it will take all reasonable actions necessary to comply promptly with all legal requirements which may be imposed on Chesebrough with respect to the Offer and the Merger as well as cooperate with and furnish information to Unilever U.S. in connection with such requirements imposed on UAC I, Unilever U.S. or any of its subsidiaries in connection with the Offer and the Merger.

Unilever U.S. presently intends to maintain the existing employee benefit plans of Chesebrough and its subsidiaries in effect following the Merger, or to provide generally comparable benefits to employees of Chesebrough and its subsidiaries. Unilever U.S. and UAC II have agreed that all rights to indemnification now existing in favor of the officers and directors of Chesebrough and its subsidiaries under their Certificates of Incorporation or By-laws or otherwise, including pursuant to policies of directors' and officers' liability insurance, will survive the Merger and continue in full force and effect for a period of six years from the Effective Time of the Merger, provided that neither UAC II nor Unilever U.S. will have any liability with respect to any claim covered by Chesebrough's current policies of directors' and officers' liability insurance if, at the time the claim is made, such claim would not be covered under standard policies of directors' and officers' liability insurance then available in the marketplace. Unilever U.S. has also agreed to guarantee the payment of such indemnification for a period of six years from the Effective Time of the Merger.

The obligations of the parties to effect the Merger are subject to the satisfaction of other conditions, including (a) the filing, occurrence or receipt of all authorizations, consents, orders or approvals of, or declarations or filings with, or expirations of waiting periods imposed by, any governmental entity, including the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act"), necessary for the consummation of the Merger (such condition has been satisfied--see "The Merger--Antitrust Matters), (b) the absence of any temporary restraining order, preliminary or permanent injunction or other order of any court of competent jurisdiction or other legal restraint

or prohibition preventing the consummation of the Merger and (c) with respect to each party the performance of all obligations required to be performed by the other party under the Merger Agreement, the Stock Option Agreements, the Subsidiary Option Agreement and the Letter Agreement.

The Merger Agreement may be amended by a written instrument pursuant to action taken by the boards of directors of Unilever U.S., UAC II and Chesebrough at any time before or after adoption of the Merger Agreement by the stockholders of Chesebrough, provided that after any such stockholder approval, no amendment shall be made which by law requires further approval by the stockholders of Chesebrough without such further approval.

The Merger Agreement may be terminated at any time prior to the effective time of the Merger, whether before or after approval of the Merger Agreement by the stockholders of Chesebrough (a) by mutual consent of Unilever U.S. and Chesebrough, (b) by either Unilever U.S. or Chesebrough if the Merger shall not have been consummated before March 31, 1987, (c) by Unilever U.S. if it determines, in its sole discretion, that the Merger has become inadvisable or impracticable by reason of the existence of any of the conditions described in paragraph (b) of Annex A of the Merger Agreement or (d) by either party if any required approval of the stockholders of Chesebrough shall not have been obtained.

If the Merger is consummated, stockholders will have certain rights to dissent and demand appraisal of their Shares under Section 623 of the New York BCL. See "The Merger--Rights of Dissenting Stockholders."

The Stock Option Agreements, the Subsidiary Option Agreement and the Letter Agreement

Pursuant to the first Stock Option Agreement, Chesebrough granted UAC I an option to purchase up to a number of authorized but unissued Shares representing 18.5% of the currently outstanding Shares at a price of $72.50 per Share in cash. Pursuant to the second Stock Option Agreement, Chesebrough granted UAC I an option, exercisable after Shares have been accepted for payment pursuant to the Offer and UAC I owns at least 66-2/3% of the then outstanding Shares, to purchase such number of Shares as would be required so that after exercise of the option UAC I would own 90% of the then outstanding Shares, at a price of $72.50 per Share in cash. The option under the second Stock Option

Agreement expired on December 31, 1986. Pursuant to the third Stock Option Agreement, Chesebrough granted UAC I an option, exercisable if any person or group acquires at least 20% of the outstanding Shares other than pursuant to a tender offer to acquire for cash all the outstanding Shares for a price in excess of $72.50, to purchase up to a number of authorized but unissued Shares equal to the number of Shares so purchased or agreed to be purchased by such other person or group, at a price of $72.50 per Share in cash.

Pursuant to the Subsidiary Option Agreement, Chesebrough granted UAC I an option to purchase all the outstanding capital stock of Chesebrough's subsidiary Ragú Foods, Inc. at a purchase price between $790,000,000 and $830,000,000 to be determined by mutual agreement of the parties or, in the event the parties are unable to agree, by an investment banking firm of national reputation.

Pursuant to the Letter Agreement, Unilever U.S. agreed that promptly after the Merger, Mr. Ralph E. Ward will be elected as a member of the Board of Directors of Unilever U.S. and as an Advisory Director of Unilever N.V. and that if Mr. Robert M. Phillips, President and Chief Operating Officer of Chesebrough, becomes chief executive officer of Chesebrough's businesses, he will be nominated as a director of Unilever U.S. Following the Merger, the Letter Agreement provides that (i) the surviving corporation in the Merger will retain the name "Chesebrough-Pond's Inc." and (ii) in connection with the review by Unilever U.S. of its total business and operations following the Merger, Unilever U.S. will establish a committee whose members will include current management of Chesebrough and Unilever U.S. to consider the most appropriate restructuring measures including but not limited to any desirable dispositions. The Letter Agreement also provides that Unilever U.S. will (i) will generally honor Chesebrough's currently existing severance pay policy for two years following the Merger and honor all incentive and bonus awards for 1986 under Chesebrough's existing incentive, bonus and similar plans to the extent currently budgeted for and that benefits under certain of Chesebrough's employee benefit plans will be accelerated and vested. Unilever U.S. also agreed to maintain Chesebrough's existing employee compensation programs or to provide alternative compensation programs including benefits (excluding any windfall arising out of the Merger) to Chesebrough's employees which, in the aggregate, are no less favorable than, and qualitatively comparable to, the benefits provided to such employees immediately

prior to the Merger, although there will not be any stock plans for Chesebrough employees after the Merger.

Source and Amount of Funds

The total amount of funds required by UAC II to purchase all the outstanding Shares pursuant to the Offer and the Merger and to pay related fees and expenses is expected to be approximately $3.2 billion. Such amount includes the total amount of funds required to acquire the approximately 5% of the Shares not presently held by UAC II, which is expected to be approximately $142,000,000.

The amount required has been and will be provided to UAC II by capital contributions or loans from Unilever N.V., Unilever PLC, Unilever U.S. or one or more direct or indirect subsidiaries of such corporations. A major portion of such funds was and will be obtained from the proceeds of the private placement by Unilever Capital Corporation ("Unilever Capital"), a wholly owned subsidiary of Unilever U.S., of short-term commercial paper backed by the Dual Currency Facilities, Multi-Currency Facilities and EuroNote Facility described below.

Unilever N.V. and Unilever PLC have entered into substantially identical Dual Currency Facility Agreements with nine banks (collectively, the "Dual Currency Facilities"). The Dual Currency Facilities allow Unilever N.V., Unilever PLC and certain subsidiaries that are at least 75% owned by Unilever to borrow funds aggregating £900,000,000 (£100,000,000 from each bank) for the purpose of acquisitions by Unilever. Each Dual Currency Facility agreement is divided into Tranche One, consisting of the initial £50,000,000 available under such Facility, and Tranche Two, consisting of the remaining £50,000,000. The Dual Currency Facilities provide for borrowings at a rate which, at Unilever's option, can be either a dollar prime rate, a rate based on rates for certificates of deposit, or a LIBOR-based rate. Unilever N.V. and Unilever PLC have guaranteed repayments under the Dual Currency Facilities. Each Dual Currency Facility provides that the bank may, within 48 hours of receipt of a request for activation of such Facility, be released from its commitment under the Facility by notifying Unilever that either (a) in such bank's option it has a material conflict of interest or (b) such bank has serious reservations about the impact of the proposed acquisition upon certain financial ratios and/or the cash flow of Unilever.

Unilever N.V. and Unilever PLC have also entered into substantially identical Multi-Currency Facility Agreements with nine banks (collectively, the "Multi-Currency Facilities"). The Multi-Currency Facilities allow borrowings by Unilever N.V. and Unilever PLC and certain subsidiaries that are at least 75% owned by Unilever of up to £900,000,000 (£100,000,000 from each bank) for general financing purposes or for acquisitions. The Multi-Currency Facilities provide for borrowings at a rate which, at Unilever's option, can be a dollar prime rate, a rate based on rates for certificates of deposit, or a LIBOR-based rate, as well as for acceptance by the banks of bills of exchange at then-prevailing discount rates plus 0.0625%. Unilever N.V. and Unilever PLC jointly and severally have guaranteed repayments under the Multi-Currency Facility.

Unilever Capital has a EuroNote Issuance Facility (the "EuroNote Facility") under which short-term EuroNotes ("EuroNotes") of Unilever Capital may be offered by means of invitations to tender made to a group of banks and other institutions. EuroNotes not purchased by such banks and other institutions will, subject to certain conditions and limitations, be purchased by a group of 22 banks (the "Banks") that have committed to purchase EuroNotes up to a maximum face amount of $500 million at any time outstanding (the "EuroNote Commitment"). EuroNotes purchased by the Banks under the EuroNote Commitment will bear interest at LIBOR. The EuroNote Facility allows Unilever Capital to issue EuroNotes covered by the EuroNote Commitment at a one, two, three or six month maturity. Unilever Capital may also receive same day funds payable within 14 business days ("Advances") of up to $250 million at any time outstanding from the Banks. Advances are made at the Bank of America National Trust and Savings Association's reference rate. The EuroNotes and all payment obligations of Unilever Capital under the EuroNote Facility are guaranteed jointly and severally by Unilever N.V., Unilever PLC and Unilever U.S.

Additional funds required to acquire the Shares have been and may be provided to UAC II directly or indirectly by loans or capital contributions from Unilever out of its liquid funds, which, net of short term borrowings, at September 30, 1986, amounted to approximately $1.5 billion.

Although no determination has been made regarding the repayment or refinancing of borrowings by Unilever in connection with the acquisition of Shares in the Offer and the Merger, it is expected that such borrowings will be

repaid by utilizing funds internally generated by Unilever and its subsidiaries, which may include cash flow of Chesebrough, by the issuance from time to time of securities of Unilever N.V. or Unilever PLC or their respective subsidiaries (including Unilever U.S. or Unilever Capital), in the United States or foreign markets pursuant to public or private financings, or by the sale of assets of Chesebrough.

Antitrust Matters

The Merger is subject to the requirements of the HSR Act, which provides that certain acquisition transactions (including tender offers and mergers) may not be consummated until certain information has been furnished to the Antitrust Division of the Department of Justice (the "Antitrust Division") and the Federal Trade Commission (the "FTC") and specified waiting-period requirements have been satisfied. Both Chesebrough and Unilever U.S. have filed the required information and material with the Antitrust Division and the FTC, and the required waiting period with respect to the Offer expired on December 17, 1986, and early termination of the required waiting period was granted on December 19, 1986. Neither Chesebrough nor Unilever U.S. believes that the Merger will violate the antitrust laws of the United States; however, at any time before or after the consummation of the Merger, the Antitrust Division or the FTC or some other person could seek to enjoin or rescind the Merger on antitrust grounds. There can be no assurance that any such challenge, if made, will not be successful.

Rights of Dissenting Stockholders

The rights of dissenting holders of Shares are governed by Sections 623 and 910 of the New York BCL. The following summary of the applicable provisions of Sections 623 of the New York BCL is not intended to be a complete statement of such provisions and is qualified in its entirety by reference to the full text of Sections 623 and 910, copies of which are attached hereto as Annex III.

A holder of Shares as of the Record Date who objects to the Merger and who has not voted in favor of the Merger Agreement is entitled under the provisions of Sections 910 and 623 of the New York BCL, as an alternative to receiving the consideration pursuant to the Merger for his Shares, to a judicial determination of the fair value in cash of his Shares. The following is a summary of the

procedural steps which must be taken if the right of appraisal is to be validly exercised.

Any holder of Shares who elects to exercise his dissenter's rights with respect to the Merger must file with Chesebrough before the Special Meeting, or at the Special Meeting but before the vote on the Merger is taken, a written objection to the Merger which includes (a) a notice of his election to dissent, (b) his name and residence address, (c) the number of Shares as to which he dissents and (d) a demand for payment of the fair value of his Shares. Such objection is not required for any stockholder to whom Chesebrough did not give notice of the Special Meeting. This written objection to the Merger must be in addition to and separate from any vote against the Merger Agreement. Neither voting against nor failure to vote for the Merger Agreement will constitute the written objection required to be filed by an objecting stockholder. Failure to vote against the Merger Agreement, however, will not constitute a waiver of rights under Sections 910 and 623 of the New York BCL provided that a written objection has been properly filed. A stockholder voting for the Merger Agreement will be deemed to have waived his dissenter's rights.

A stockholder may not dissent as to less than all Shares held by him of record, that he beneficially owns. A nominee or fiduciary may not dissent on behalf of any beneficial owner as to less than all the Shares of such owner, as to which such nominee or fiduciary has a right to dissent, held of record by such nominee or fiduciary. Furthermore, if the stock is owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, the demand should be made in that capacity, and if the stock is owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand should be made by or for all owners of record. An authorized agent, including one of two or more joint owners, may execute the demand for appraisal for a holder of record; however, such agent must identify the record owner or owners and expressly state, in such demand, that the agent is acting as agent for the record owner or owners of such Shares.

A record holder, such as a broker, who holds Shares as a nominee for beneficial owners, some of whom desire to demand appraisal, must exercise appraisal rights on behalf of such beneficial owners with respect to the Shares held for such beneficial owners. All notices of election to dissent should be addressed to Chesebrough-

Pond's Inc., 2 Nyala Farm Road, Westport, Connecticut 06881-0851, Attention: Robert H. Mann, Secretary.

Within 10 days after the date of the stockholders' vote authorizing the Merger the surviving corporation will give written notice of such authorization by registered mail to each holder of Shares who timely filed a written objection to the Merger or from whom written objection was not required and who did not vote in favor of adoption and approval of the Merger Agreement.

At the time of filing a notice of election to dissent or within one month thereafter, a dissenting stockholder must submit the certificate or certificates representing his Shares to the surviving corporation or its transfer agent, for notation thereon of the election to dissent, after which such certificates will be returned to the stockholder. Failure to submit the certificates may result in the loss of dissenters' rights.

Within 15 days after the expiration of the period within which stockholders file their notices of an election to dissent, or within 15 days after the Effective Time, whichever is later (but in no case later than 90 days after the stockholders' vote authorizing the Merger), the surviving corporation is required to make a written offer by registered mail to each stockholder who has filed a notice of election to dissent to pay for such holder's Shares at a specified price which the surviving corporation considers to be their fair value. The surviving corporation intends to make such written offer to each stockholder who has filed such notice of election to dissent, but the surviving corporation does not intend to offer to pay more than $72.50 per Share, the price paid per Share pursuant to the Offer and the Merger and might offer less than $72.50, depending on the circumstances which exist at such time. Such offer will be accompanied by a statement setting forth the aggregate number of Shares with respect to which notices of election to dissent from the Merger have been received and the aggregate number of holders of such Shares. If the Merger has been consummated at the time such offer is made, such offer will also be accompanied by (a) advance payment to each dissenting stockholder who has submitted his certificates to the surviving corporation for notation thereon of his election to dissent of an amount equal to 80% of the amount of such offer, or (b) as to each dissenting stockholder who has not yet submitted his certificates for such notation, a statement that advance payment to him of an amount equal to 80% of the amount of such offer will be made

by the surviving corporation promptly upon submission of his certificates. The advance payment shall include advice to the stockholder that acceptance of such advance payment by a dissenting stockholder will not constitute a waiver of his dissenter's rights. If within 30 days after the making of such written offer by the surviving corporation, the surviving corporation and any dissenting stockholder agree upon the price to be paid for his Shares, payment therefor will be made within 60 days after the making of such offer or the Effective Time, whichever is later, upon the surrender of the certificates representing such Shares.

If the surviving corporation fails to make such an offer within the 15-day period described in the preceding paragraph, or if it makes an offer but the surviving corporation and a dissenting stockholder do not agree within 30 days of the making of the offer upon the price to be paid for such stockholder's Shares, the surviving corporation must, within 20 days of such 15- or 30-day period, as the case may be, institute a special proceeding in the New York Supreme Court, New York County (the "Court"), to determine the rights of dissenting stockholders and fix the fair value of their Shares. It is the current intention of Chesebrough to cause the surviving corporation to institute such a proceeding within the 20-day period; however, if the surviving corporation does not institute such a proceeding within the 20-day period, any dissenting stockholder may, within 30 days after such 20-day period, institute a proceeding for the same purpose. If such proceeding is not instituted within such 30-day period, dissenting stockholders who have not agreed with the surviving corporation as to the price to be paid for their Shares, will lose their dissenters' rights, unless the Court, for good cause shown, shall otherwise direct.

All dissenting stockholders, other than those who agreed with the surviving corporation as to the price to be paid for their Shares, will be made parties to such appraisal proceeding. The Court will determine whether each dissenting stockholder is entitled to receive payment for his Shares and will then determine the fair value of his Shares as of the close of business on the day prior to the date the Merger was authorized by stockholders. In fixing the fair value of the Shares, the Court will consider the nature of the transaction giving rise to the stockholder's right to receive payment for his Shares under the New York BCL, the effects of such transaction on the surviving corporation and its stockholders, the concepts and methods then customary in the relevant securities and financial

markets for determining the fair value of the shares of a corporation engaging in a similar transaction under comparable circumstances and all other relevant factors. Within 60 days after the completion of any such Court proceeding, the surviving corporation will be required to pay to each dissenting stockholder the amount found to be due him, with interest thereon at such rate as the Court finds to be equitable, upon the surrender to the surviving corporation by such stockholder of the certificates representing his Shares. If the Court finds that the refusal of any dissenting stockholder to accept the offer of the surviving corporation was arbitrary, vexatious or otherwise not in good faith, no interest shall be allowed to such stockholder.

The parties to such appraisal proceeding will bear their own costs and expenses, including the fees and expenses of their counsel and any experts employed by them, except that the Court, in its discretion and under certain conditions, may apportion and assess all or any part of the costs, expenses, and fees incurred by dissenting stockholders against the surviving corporation or may apportion and assess all or any part of the costs, expenses and fees incurred by the surviving corporation against any dissenting stockholders, including any dissenting stockholders who have withdrawn their notices of election to dissent from the Merger, who the Court finds were arbitrary, vexatious or otherwise not acting in good faith in refusing any offer of payment the surviving corporation may have made.

Any stockholder who has filed a notice of election to dissent will not, after the Effective Time, have any of the rights of a stockholder with respect to his Shares, other than the right to be paid the fair value of his Shares under the New York BCL and any other right provides under the New York BCL for stockholders who have filed such a notice. Any notice of election to dissent may be withdrawn by a dissenting stockholder at any time prior to his acceptance in writing of an offer by the surviving corporation made as described above but in no case later than 60 days after the Effective Time (or if the surviving corporation fails to make a timely offer to pay such stockholder the fair value of his Shares as described above, at any time within 60 days after any date such an offer is made), or thereafter with the written consent of the surviving corporation. In order to be effective, withdrawal of a notice of election to dissent must be accompanied by the return to the surviving corporation of any advance payment to the stockholder made by the surviving corporation as described above. Any dissenting stockholder who withdraws his notice of

election to dissent or otherwise loses his dissenter's rights shall thereupon have only the right to receive the consideration for each of his Shares provided in the Merger Agreement.

Any stockholder contemplating the exercise of dissenters' rights is urged to review carefully the provisions of Sections 623 and 910 of the New York BCL, copies of which are attached to this Information Statement as Annex III hereto. Failure by a stockholder to follow precisely all of the steps required by such sections for perfecting dissenters' rights will result in the loss of those rights.

FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER TO CHESEBROUGH STOCKHOLDERS

The receipt of cash for Shares pursuant to the Merger or the exercise of dissenters' rights will be taxable transactions for Federal income tax purposes and may also be taxable transactions under applicable state, local and other tax laws. For Federal income tax purposes, a stockholder will realize gain or loss equal to the difference between the amount of cash received and his tax basis for the Shares. Such gain or loss will be capital gain or loss if such stockholder holds his Shares as a capital asset, and will be long-term capital gain or loss if, on the date of sale, the stockholder's holding period for the Shares is more than six months. Otherwise, such capital gain or loss will be short-term.

The foregoing description may not be applicable to stockholders who acquired their Shares pursuant to the exercise of employee stock options, or otherwise as compensation.

THE FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY. IN VIEW OF THE INDIVIDUAL NATURE OF TAX CONSEQUENCES, EACH STOCKHOLDER IS URGED TO CONSULT HIS OWN TAX ADVISOR AS TO THE PARTICULAR TAX CONSEQUENCES OF THE MERGER TO HIM, INCLUDING THE EFFECT AND APPLICABILITY OF FEDERAL, STATE, LOCAL AND OTHER TAX LAWS.

CERTAIN INFORMATION CONCERNING UNILEVER

Unilever is one of the world's largest manufacturers of branded and packaged consumer goods. Based on its

1985 total sales of approximately £16.7 billion, Unilever is one of the largest nonpetroleum industrial enterprises in the world. At present, substantially the greater part of Unilever's sales throughout the world comes from goods for common household use. Unilever companies employ about 300,000 people and operate in some 75 countries.

Unilever U.S. owns all the outstanding capital stock of a number of U.S. corporations, including Thomas J. Lipton, Inc. (a leading manufacturer and marketer of a variety of food and beverage products), Lever Brothers Company (a leading manufacturer and marketer of a variety of detergents and other cleaning products, personal products, margarine and some other foods) and National Starch and Chemical Corporation (a leading manufacturer of adhesives and specialty starches and also a manufacturer of resins and other chemicals products).

UAC I was incorporated in New York in 1985 and is not engaged in any business activities other than the activities relating to the Offer and the Merger. UAC II was incorporated in Delaware in December 1986 and is not engaged in any business activities other than the activities relating to the Offer and the Merger. The principal offices of Unilever U.S. are located at 10 East 53rd Street, New York, New York 10022. The principal offices of UAC I and UAC II are located at 10 Finderne Avenue, Bridgewater, New Jersey 08807. Unilever N.V. owns all the outstanding stock of Unilever U.S., which in turn owns all the outstanding stock of UAC I and, indirectly, of UAC II.

Unilever N.V. and Unilever PLC are linked by agreements, have identical Boards of Directors and operate as nearly as possible as if they were the single parent of the Unilever Group of Companies. The principal agreement linking Unilever N.V. and Unilever PLC is the Equalisation Agreement, which is designed so that the position of stockholders of Unilever N.V. and Unilever PLC is as nearly as possible the same as if they held shares in a single company. The principal office of Unilever N.V. is located at Burgemeester s'Jacobplein 1, 3015 CA Rotterdam, The Netherlands, and the principal office of Unilever PLC is located at Unilever House, Blackfriars, London EC4P 4BQ, United Kingdom.

CERTAIN INFORMATION CONCERNING CHESEBROUGH

General

Chesebrough's Annual Report on Form 10-K for the fiscal year ended December 31, 1985, and its Reports on Form 10-Q for the three months ended March 31, 1986, the six months ended June 30, 1986, and the nine months ended September 30, 1986, are incorporated herein by reference. All other reports filed by Chesebrough pursuant to Sections (13(a) or 15(d) of the Exchange Act of 1934 since December 31, 1985, shall be deemed to be incorporated herein by reference.

During the third quarter 1986, Chesebrough sold its Polymer Division and signed a definitive agreement to sell its Hospital Products Division in transactions which are discussed in the Form 10-Q for the nine months ended September 30, 1986. The results of operations for these divisions, including the loss on the disposal of Polymer Division, are included in discontinued operations for the nine months ended September 30, 1986 and 1985, as reported in the Form 10-Q. The financial statements included in the Form 10-K for the year ended December 31, 1985, incorporated herein by reference have not been reclassified to reflect these dispositions as discontinued operations. For information purposes, reclassified income statements for each of the years ended December 31, 1985, 1984 and 1983, reflecting the reclassification of the Polymer and Hospital Products Divisions as discontinued operations, have been included herein. The reclassifications of certain key components of

the reported income statements have been summarized below:

	As Reported	Reclassification	As Reclassified
	(in millions, except per share data)		
1985			
Net sales	$ 2,699	$ (193)	$ 2,506
Income from continuing operations	$ 68	$ (10)	$ 58
Discontinued operations	14	10	24
Net Income	$ 82	$ -	$ 82
Earnings per share			
Continuing operations	$ 1.94	$ (.29)	$ 1.65
Discontinued operations	.41	$ .29	$ .70
	$ 2.35	$ -	$ 2.35
1984			
Net sales	$ 1,522	$ (127)	$ 1,395
Income from continuing operations	$ 93	$ (9)	$ 84
Discontinued operations	27	9	36
Net Income	$ 120	$ -	$ 120
Earnings per share			
Continuing operations	$ 2.63	$ (.25)	$ 2.38
Discontinued operations	.77	$ .25	$ 1.02
	$ 3.40	$ -	$ 3.40
1983			
Net sales	$ 1,385	$ (70)	$ 1,315
Income from continuing operations	$ 99	$ (6)	$ 93
Discontinued operations	29	6	35
Net Income	$ 128	$ -	$ 128
Earnings per share			
Continuing operations	$ 2.76	$ (.17)	$ 2.59
Discontinued operations	.82	$ .17	$ .99
	$ 3.58	$ -	$ 3.58

Reclassified Consolidated Statement of Income — Chesebrough-Pond's Inc. and Subsidiaries

(dollars in thousands except per share data)	Year Ended December 31, 1985	1984	1983
Net Sales	$2,505,883	$1,394,999	$1,314,940
Cost of products sold	1,448,821	612,219	556,589
Selling, advertising and administrative expenses	860,021	616,618	589,636
Operating costs and expenses	2,308,842	1,228,837	1,146,225
Income From Operations	197,041	166,162	168,715
Other income (expense):			
Interest expense	(178,025)	(54,690)	(31,141)
Interest income	34,303	14,914	10,341
Gain on foreign exchange	12,305	3,773	1,044
Miscellaneous--net	(6,768)	164	290
Total other income (expense)	(138,185)	(35,839)	(19,466)
Income from consolidated operations before provision for income taxes	58,856	130,323	149,249
Provision for income taxes	4,019	49,554	60,576
Minority interest	(4,319)	47	--
Equity in earnings of associated companies	7,293	2,751	3,884
Income from Continuing Operations	57,811	83,567	92,557
Discontinued operations	24,363	35,962	35,321
Net Income	$ 82,174	$ 119,529	$ 127,878
Weighted average shares outstanding	34,997,000	35,132,000	35,768,000
Earnings per Share:			
Continuing operations	$1.65	$2.38	$2.59
Discontinued operations	.70	1.02	.99
Net Earnings per Share	$2.35	$3.40	$3.58

Results of the Chemicals Products Group have been included in the consolidated results since March 15, 1985, the date of acquisition.

Subsequent Events

On October 31, 1986, Chesebrough completed the sale of its Hospital Products Division on which it anticipates a pre-tax gain approximating $200 million. Effective December 30, 1986, Unilever acquired approximately 95% of the Shares. Unilever has under consideration, following the Merger, the disposition of a significant part of the Chemical Products Group and has considered, on a preliminary basis, seeking to dispose of the Prince tennis racquet and Bass shoe segments.

Selected Financial Data

Set forth below is certain selected consolidated financial data for each of the five years in the period ended December 31, 1985, which has been derived, including reclassifications to reflect the Polymer and Hospital Products divisions as discontinued operations, from the audited financial statements contained in Chesebrough's Annual Reports which are incorporated by reference in its Reports on Form 10-K for the respective year ends. Also set forth is similar data for the nine month periods ended September 30, 1986 and 1985, which has been derived from the unaudited financial information contained in Chesebrough's quarterly reports on Form 10-Q. More comprehensive financial information is included in the Forms 10-K and 10-Q and the selected financial data presented below should be read in conjunction with such reports.

	Nine Months Ended September		Year Ended December 31				
	1986	1985	1985	1984	1983	1982	1981
For the year							
Net sales	$2,341	$1,869	$2,506	$1,395	$1,315	$1,282	$1,260
Income from continuing operations	126	54	58	84	93	95	88
Discontinued operations	4	21	24	36	35	31	30
Net Income	138*	75	82	120	128	126	118
At year end							
Total Assets	$3,179	$3,181	$3,008	$1,447	$1,172	$1,043	$1,068
Long term debt	1,124	1,506	1,174	244	132	143	165
Common stock data							
Earnings from continuing operations	$ 3.07	$ 1.54	$ 1.65	$ 2.38	$ 2.59	$ 2.69	$ 2.54
Discontinued operations	.10	.60	.70	1.02	.99	.87	.86
Net income	3.37*	2.14	2.35	3.40	3.58	3.56	3.40
Shareholders' Equity	24.69	19.38	19.20	18.30	18.27	17.41	16.32
Dividends	1.50	1.50	2.00	1.92	1.84	1.72	1.52

Results of the Chemicals Products Group have been included in the consolidated results since March 15, 1985, the date of acquisition.

* Reflects a change in the method of accounting for pensions at January 1, 1986. The unaudited cumulative effect of this change was to increase net income by $8.2 million, and earnings per share for the nine months ended September 30, 1986, by $.20.

Market Prices of the Shares

On December 1, 1986, the last full trading day prior to the commencement of the Offer and the public announcement of the proposed transaction, the high and low sale prices of the Shares on the New York Stock Exchange Composite Tape were $69 and $65 5/8.

REGULATORY APPROVALS

HSR Act

See "The Merger--Antitrust Matters" for a discussion of compliance with the provisions of the HSR Act.

Environmental Cleanup Responsibility Act

Because Chesebrough owns and/or operates a manufacturing facility in New Jersey, it is subject to the jurisdiction of the New Jersey Environmental Cleanup Responsibility Act of 1983 ("ECRA"). ECRA requires (a) review of the environmental status of the New Jersey sites by the New Jersey Department of Environmental Protection ("NJDEP"), (b) if environmental remediation is necessary, that Chesebrough present a Cleanup Plan to NJDEP for approval, and (c) that Chesebrough's performance of any such remedial obligations under the Cleanup Plan be secured by a bond or other form of financial surety acceptable to NJDEP. Although ECRA contemplates that the site investigation and the submission and approval of any required Cleanup Plan take place prior to closing, the NJDEP has issued an Administrative Consent Order ("ACO"), executed by and binding on Chesebrough, to permit closing in advance of such review. The issuance of the ACO, which provides a fixed schedule for compliance with ECRA and establishes civil penalties for failures to comply with its terms, was conditioned upon the contemporaneous provision of a financial surety acceptable to NJDEP to secure Chesebrough's future performance of its ECRA obligations.

ADDITIONAL INFORMATION

Current Information

Chesebrough has been subject to the reporting requirements of the Securities Exchange Act of 1934, as

amended (the "Exchange Act"), and in accordance therewith, was required to file periodic reports, proxy statements and other information with the Commission relating to its business, financial condition and other matters. Information, as of particular dates, concerning operating results, financial condition, directors, officers, their remuneration, options granted to them, the principal holders of Chesebrough's securities, any material interest of such persons in transactions with Chesebrough and other matters was required to be disclosed in proxy statements and annual reports distributed to stockholders of Chesebrough and filed with the Commission. Such reports, proxy statements and other information should be available for inspection at the public reference facilities of the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. The material filed by Chesebrough should also be available for inspection and copying at the regional offices of the Commission in New York, N.Y. (Room 1028, 26 Federal Plaza) and Chicago, Illinois (Room 1204, 219 South Dearborn Street). Copies may be obtained by mail, upon payment of the Commission's customary fees, from the Commission's principal office at 450 Fifth Street, N.W., Washington, D.C. 20549. Such material should also be available for inspection at the library of the New York Stock Exchange, 20 Broad Street, New York, N.Y. 10004.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

Chesebrough's Annual Report on Form 10-K for the fiscal year ended December 31, 1985, and its Reports on Form 10-Q for the three months ended March 31, 1986, the six months ended June 30, 1986, and the nine months ended September 30, 1986, all heretofore filed by Chesebrough with the Commission pursuant to the Exchange Act, are incorporated herein by reference. All other reports filed by Chesebrough pursuant to Sections 13(a) and 15(d) of the Exchange Act since December 31, 1985, shall be deemed to be incorporated herein by reference. All documents subsequently filed by Chesebrough pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the date of the Special Meeting shall be deemed to be incorporated by reference into this Information Statement.

Chesebrough will provide, without charge, to each person to whom this Information Statement is delivered, on the written or oral request of any such person and by first class mail or other equally prompt means within one business day of receipt of such request, a copy of any or all of the

documents referred to above which have been incorporated in this Information Statement by reference, other than exhibits to such documents, unless such exhibits are specifically incorporated by reference into such documents. Requests should be directed to Chesebrough-Pond's Inc., 2 Nyala Farm Road, Westport, Connecticut 06881-0851, Attention: Senior Vice President, Secretary and General Counsel (telephone (203) 222-3000).

AGREEMENT AND PLAN OF MERGER dated as of December 1, 1986, among UNILEVER UNITED STATES, INC., a Delaware corporation ("Parent"), UNILEVER ACQUISITION CORP., a New York corporation and a wholly owned subsidiary of Parent ("Sub"), and CHESEBROUGH-POND's INC., a New York corporation (the "Company").

WHEREAS the respective Boards of Directors of Parent, Sub and the Company have approved the acquisition of the Company by Parent;

WHEREAS in furtherance of such acquisition, Parent proposes to cause Sub to make a tender offer (the "Offer") to purchase all issued and outstanding shares of Common Stock, par value $1 per share, of the Company (the "Common Stock"), subject to the terms and conditions of this Agreement, at a price per share of at least $72.50 net to the seller in cash; and the Board of Directors of the Company has approved the Offer and will recommend that it be accepted by the Company's stockholders;

WHEREAS to complete such acquisition, the respective Boards of Directors of Parent, Sub and the Company, and Parent acting as the sole stockholder of Sub, have approved the merger of the Company into Sub, or Sub into the Company, at the election of Parent as set forth below (the "Merger"),

pursuant and subject to the terms and conditions of this Agreement, whereby each issued and outstanding share of Common Stock not owned directly or indirectly by Parent or the Company except shares of Common Stock held by persons who object to the Merger and comply with all the provisions of New York law concerning the right of holders of Common Stock to dissent from the Merger and require appraisal of their shares of Common Stock ("Dissenting Stockholders") will be converted into the right to receive the same price per share paid pursuant to the Offer;

WHEREAS Parent, Sub and the Company desire to make certain representations, warranties and agreements in connection with the Offer and the Merger and also to prescribe various conditions to the Offer and the Merger;

WHEREAS the name of the Company at the time of its incorporation was The Chesebrough Manufacturing Company Consolidated; and

WHEREAS the two classes of stock eligible to vote are shares of Common Stock and shares of capital stock of Sub, and the numbers thereof are 42,692,598 and 1,000, respectively.

NOW, THEREFORE, in consideration of the premises and the representations, warranties and agreements herein contained, the parties agree as follows:

ARTICLE I

THE OFFER

1.1. The Offer. Subject to the provisions of this Agreement, as promptly as practicable, but in no event later than December 2, 1986, Sub shall commence the Offer. The obligation of Sub to commence the Offer and accept for payment or pay for any shares of Common Stock tendered pursuant to the Offer shall be subject to the conditions set forth in Exhibit A, any of which may be waived by Sub in its sole discretion. In connection with the Offer, the Company shall cause its transfer agent to furnish Sub with mailing labels containing the names and addresses of the record holders of Common Stock as of a recent date and of those persons becoming record holders subsequent to such date, together with copies of all security position listings regarding the beneficial owners of Common Stock, and shall furnish to Sub such information and assistance as Parent may reasonably request in communicating the Offer to the Company's stockholders. The Company represents that the Board of Directors of the Company has unanimously (with one director absent) adopted resolutions approving the Offer,

determining that the terms of the Offer and Merger are fair to, and in the best interests of, the Company's stockholders, and recommending that the Company's stockholders accept the Offer. The Company has been advised by each of its directors and executive officers that each such person intends to tender all shares of Common Stock owned by him or her pursuant to the Offer, except to the extent of any restrictions created by Section 16(b) of the Securities Exchange Act of 1934 (the "Exchange Act").

1.2. Parent To Provide Funds; Etc. Parent will provide to Sub on a timely basis the funds necessary to purchase the shares of Common Stock that Sub becomes obligated to purchase pursuant to the Offer. Parent further agrees that it will not, without the prior consent of the Company, extend the expiration date of the Offer if, at the scheduled expiration date, all the terms and conditions of the Offer set forth in the Offer to Purchase are met.

ARTICLE II

THE MERGER

2.1. Effective Time of the Merger. Subject to the provisions of this Agreement, a certificate of merger (the "Certificate of Merger") shall be duly prepared, executed and acknowledged by Sub and the Company and thereafter delivered to the Department of State of the State of

New York for filing, as provided in the Business Corporation Law of the State of New York, as soon as practicable on or after the Closing Date (as defined in Section 2.2). The Merger shall become effective upon the filing of the Certificate of Merger with the Department of State of the State of New York (the "Effective Time of the Merger").

2.2. Closing. The closing of the Merger (the "Closing") will take place at 10:00 a.m. on a date to be specified by the parties, which shall be no later than the second business day after satisfaction of the latest to occur of the conditions set forth in Sections 7.1(a) and 7.1(b) (the "Closing Date"), at the offices of Cravath, Swaine & Moore, One Chase Manhattan Plaza, New York, N.Y. 10005, unless another date or place is agreed to in writing by the parties hereto.

2.3. Effects of the Merger.

(a) At the Effective Time of the Merger, (i) the separate existence of Sub shall cease and Sub shall be merged with and into the Company (Sub and the Company are sometimes referred to herein as the "Constituent Corporations" and the Company, or Sub if Parent makes the election set forth in subsection (b) hereof, is sometimes referred to herein as the "Surviving Corporation"), (ii) the Certificate of Incorporation of the Company shall be amended so that Article 3 of such Certificate of Incorporation reads in its

entirety as follows: "The total number of shares of all classes of stock which the Corporation shall have authority to issue is 1,000. All 1,000 such shares shall consist of Common Stock, par value $1 per share", and as so amended, such Certificate shall be the Certificate of Incorporation of the Surviving Corporation, (iii) the By-laws of Sub as in effect immediately prior to the Effective Time of the Merger shall be the By-laws of the Surviving Corporation, and (iv) the directors of Sub and the officers of the Company holding such positions immediately prior to the Effective Time of the Merger shall be the directors and officers, respectively, of the Surviving Corporation.

(b) Notwithstanding any other provision of this Agreement, and without limitation on Sub's right to assign its rights, interests and obligations pursuant to Section 9.8, Parent may elect at any time prior to the fifth business day immediately preceding the date on which the Proxy Statement (as defined in Section 4.1(c)) is initially mailed to the Company's stockholders (or, if approval of this Agreement by the Company's stockholders is not required by applicable law, at any time prior to the Effective Time of the Merger), that the Company shall be merged with and into Sub. If Parent so elects, at the Effective Time of the Merger, (i) the separate existence of the Company shall cease and the Company shall be merged with and into Sub and

Sub shall be the Surviving Corporation, (ii) the Certificate of Incorporation of Sub shall be amended so that Article I of such Certificate of Incorporation reads in its entirety as follows: "The name of the corporation is Chesebrough-Pond's Inc." and, as so amended, such Certificate shall be the Certificate of Incorporation of the Surviving Corporation, (iii) the By-laws of Sub as in effect immediately prior to the Effective Time of the Merger shall be the By-laws of the Surviving Corporation and (iv) the directors of Sub and the officers of the Company holding such positions immediately prior to the Effective Time of the Merger shall be the directors and officers, respectively, of the Surviving Corporation.

(c) From and after the Effective Time of the Merger, the Merger shall have all the effects provided by applicable law.

ARTICLE III

EFFECT OF THE MERGER ON THE CAPITAL STOCK OF THE CONSTITUENT CORPORATIONS; EXCHANGE OF CERTIFICATES

3.1. Effect on Capital Stock. As of the Effective Time of the Merger, by virtue of the Merger and without any action on the part of the holder of any shares of Common Stock:

(a) Capital Stock of Sub. Each issued and outstanding share of the capital stock of Sub shall be converted into and become one fully paid and nonassessable share of Common Stock, par value $1 per share, of the Surviving Corporation. If Parent makes its election pursuant to Section 2.3(b), each issued and outstanding share of capital stock of Sub shall continue to be an issued and outstanding share of capital stock of the Surviving Corporation.

(b) Cancelation of Treasury Stock and Parent Owned Stock. All shares of Common Stock that are owned directly or indirectly by the Company as treasury stock or by any Subsidiary of the Company and any shares of Common Stock owned by Parent, Sub or any other Affiliate of Parent shall be canceled, and no consideration shall be delivered in exchange therefor. As used in this Agreement, a "Subsidiary" of another corporation means a corporation an amount of whose voting securities sufficient to elect at least a majority of its Board of Directors is owned directly or indirectly by such other corporation and an "Affiliate" of another corporation means a corporation which is controlled by, in control of or under common control with such other corporation.

(c) Conversion Ratio for Common Stock. Subject to Sections 3.1(d) and 3.1(e), each issued and outstanding share of Common Stock (other than shares to be canceled in accordance with Section 3.1(b)) shall be converted into the right to receive the same price per share paid pursuant to the Offer, without interest.

(d) Adjustment of Conversion Ratio. If, between the date of this Agreement and the Effective Time of the Merger, the outstanding shares of Common Stock shall have been changed into a different number of shares or a different class by reason of any reclassification, recapitalization, split-up, combination, exchange of shares or readjustment, or a stock dividend thereon shall be declared with a record date within said period, the conversion ratio of Section 3.1(c) shall be correspondingly adjusted.

(e) Shares of Dissenting Stockholders. Any issued and outstanding shares of Common Stock held by a Dissenting Stockholder shall not be converted as described in Section 3.1(c) but shall become the right to receive such consideration as may be determined to be due to such Dissenting Stockholder pursuant to the laws of the State of New York; provided, however, that shares of Common Stock outstanding at the Effective Time of the Merger and held by a Dissenting Stockholder

who shall, after the Effective Time of the Merger, withdraw his demand for appraisal or lose his right of appraisal as provided in such law, shall be deemed to be converted, as of the Effective Time of the Merger, into the right to receive the amount of cash specified in Section 3.1(c).

3.2. Exchange of Certificates. (a) Paying Agent. Prior to the Closing Date, Parent shall select a bank or trust company to act as paying agent (the "Paying Agent") for the payment of the cash consideration specified in Section 3.1(c) upon surrender of certificates representing Common Stock to be converted into the right to receive cash pursuant to the Merger.

(b) Surviving Corporation To Provide Funds. Promptly after the Effective Time of the Merger, Parent will take all steps necessary to enable and cause the Surviving Corporation to provide to the Paying Agent on a timely basis funds necessary to pay for the shares of Common Stock pursuant to Section 3.1.

(c) Exchange Procedure. As soon as practicable after the Effective Time of the Merger, the Paying Agent shall mail to each holder of record of a certificate or certificates which immediately prior to the Effective Time of the Merger represented outstanding shares of Common Stock (the "Certificates") other than the Company, Parent and any

Subsidiary of the Company or Affiliate of Parent, (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 delivery of the Certificates to the Paying Agent and shall be in such form and have such other provisions as Parent may reasonably specify) and (ii) instructions for use in effecting the surrender of the Certificates in exchange for the amount of cash specified in Section 3.1(c). Upon surrender of a Certificate for cancelation to the Paying Agent or to such other agent or agents as may be appointed by the Surviving Corporation, together with such letter of transmittal, duly executed, and such other documents as may be required by the Paying Agent, the holder of such Certificate shall be entitled to receive in exchange therefor the amount of cash into which the shares of Common Stock theretofore represented by the Certificate so surrendered shall have been converted pursuant to the provisions of Section 3.1., and the Certificate so surrendered shall forthwith be canceled. No interest will be paid or will accrue on the cash payable upon the surrender of any Certificate. In the event of a transfer of ownership of Common Stock which is not registered in the transfer records of the Company, a check in payment of the proper amount of cash may be issued to a transferee if the Certificate representing such Common Stock is presented to the Paying

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 3.2, each Certificate shall be deemed at any time after the Effective Time of the Merger to represent only the right to receive upon such surrender the amount of cash specified in Section 3.1. Any funds deposited with the Paying Agent that remain unclaimed by the former stockholders of the Company for one year after the Effective Time of the Merger shall be paid to the Surviving Corporation upon demand and any former stockholders of the Company who have not theretofore complied with the instructions for exchanging their Certificates shall thereafter look only to the Surviving Corporation for payment.

(d) No Further Ownership Rights in Common Stock. All cash paid upon the surrender of shares of Common Stock in accordance with the terms hereof shall be deemed to have been paid in full satisfaction of all rights pertaining to such shares of Common Stock, and there shall be no further registration of transfers on the stock transfer books of the Surviving Corporation of the shares of Common Stock which were outstanding immediately prior to the Effective Time of the Merger. If, after the Effective Time of the Merger, Certificates are presented to the Surviving Corporation for

any reason, they shall be canceled and exchanged as provided in this Article III.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

4.1. Representations and Warranties of the Company. The Company represents and warrants to, and agrees with, Parent and Sub as follows:

(a) Organization, Standing and Power. Each of the Company and its Significant Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation, has all requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted, and is duly qualified and in good standing to do business in each jurisdiction in which tne nature of its business or the ownership or leasing of its properties makes such qualification necessary other than in such jurisdictions where the failure so to qualify would not have a material adverse effect on the Company and its Subsidiaries taken as a whole. As used in this Agreement, (i) a "Significant Subsidiary" means any Subsidiary of the Company which constitutes, and any group of Subsidiaries of the Company which taken in the aggregate

would constitute, a significant subsidiary of the Company within the meaning of Rule 1-02 of Regulation S-X of the Securities and Exchange Commission (the "SEC") and (ii) any reference to any event, change or effect being "material" with respect to any entity means an event, change or effect related to the condition (financial or otherwise), properties, assets, liabilities, businesses, operations or prospects of such entity. The Company has delivered to Parent complete and correct copies of the Certificates of Incorporation and By-laws of the Company.

(b) Capital Structure. The authorized capital stock of the Company consists of 125,000,000 shares of Common Stock and 1,000,000 shares of Preferred Stock, par value $1 per share ("Preferred Stock"). At the close of business on November 26, 1986, 42,692,598 shares of Common Stock were outstanding, 682,964 shares of Common Stock were reserved for issuance under the Company's Stock Award Plan, 117,968 shares of Common Stock were issuable under certain circumstances pursuant to the Company's Executive Incentive Profit Sharing Plan and 237,123 shares of Common Stock were issuable pursuant to the Company's Stock Memorandum Account (collectively the "Award Plans"), and 387,840 shares of Common Stock

were held by the Company in its treasury, and there were not any shares of Preferred Stock or any bonds, debentures, notes or other indebtedness having the right to vote on any matters on which the Company's stockholders may vote ("Voting Debt") issued or outstanding. All outstanding shares of Company capital stock are, and any shares of Common Stock issued upon exercise of the options to purchase shares of Common Stock (collectively, the "Stock Options") granted to Sub and in the stock option agreements (collectively, the "Stock Option Agreements") being executed concurrently with the execution of this Agreement will be when issued pursuant to exercise of all or any part of the Stock Options, validly issued, fully paid and nonassessable and not subject to preemptive rights. Except for the Award Plans, and the Stock Options, there are not any options, warrants, calls, rights, commitments or agreements of any character to which the Company or any Subsidiary of the Company is a party or by which it is bound obligating the Company or any Subsidiary of the Company to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock or any Voting Debt of the Company or of any Subsidiary of the Company or obligating the Company or any Subsidiary of the Company to

grant, extend or enter into any such option, warrant, call, right, commitment or agreement.

(c) Authority. The Company has all requisite corporate power and authority to enter into this Agreement and, subject to the approval of this Agreement by the stockholders of the Company (if such approval is required by law), to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company, subject to such approval by the stockholders of the Company as may be required by law. This Agreement has been duly executed and delivered by the Company and, subject to such approval by the stockholders of the Company as may be required by law, constitutes a valid and binding obligation of the Company enforceable in accordance with its terms except as enforcement may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally and except that the availability of equitable remedies, including specific performance, is subject to the discretion of the court before which any proceeding therefor may be brought. The execution and delivery of

this Agreement do not, and the consummation of the transactions contemplated hereby and compliance with the provisions hereof will not, conflict with, or result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancelation or acceleration of any obligation or to loss of a material benefit under, any provision of the Certificate of Incorporation or By-laws of the Company or any Subsidiary of the Company or, assuming that the Company is the Surviving Corporation, any loan or credit agreement, note, bond, mortgage, indenture, lease or other agreement, instrument, permit, concession, franchise, license, judgment, order, decree, statute, law, ordinance, rule or regulation applicable to the Company or any Subsidiary of the Company or their respective properties or assets, other than any such conflicts, violations or defaults which individually or in the aggregate do not have a material adverse effect on the Company and its Subsidiaries taken as a whole, and the Company has taken all such actions as may be required so that the provisions of Section 912 of the New York Business Corporation Law shall not be applicable with respect to any of the Offer, the Merger or the Stock Options. No consent, approval, order or authorization of, or registration,

declaration or filing with, any court, administrative agency or commission or other governmental authority or instrumentality, domestic or foreign (a "Governmental Entity"), is required by or with respect to the Company or any of its Subsidiaries in connection with the execution and delivery of this Agreement by the Company or the consummation by the Company of the transactions contemplated hereby, except for (i) the filing of a premerger notification report by the Company under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act"), (ii) the filing with the SEC of (A) a Schedule 14D-9 relating to the Offer (the "Schedule 14D-9"), (B) a proxy statement relating to the adoption by the Company's stockholders of this Agreement, if such approval is required by law (the "Proxy Statement") and (C) such reports under Section 13(a) of the Exchange Act as may be required in connection with this Agreement and the transactions contemplated hereby, (iii) the filing of the Certificate of Merger with the Secretary of State of the State of New York and appropriate documents with the relevant authorities of other states in which the Company is qualified to do business, and (iv) such filings and approvals as may be required under the laws of any foreign country in which the Company or any of

its Subsidiaries conducts any business or owns any property.

(d) SEC Documents. The reports, schedules, registration statements and definitive proxy statements filed by the Company with the SEC since January 1, 1982 (the "SEC Documents"), are all the documents (other than preliminary material) that the Company was required to file with the SEC since such date. As of their respective dates, the SEC Documents complied in all material respects with the requirements of the Securities Act of 1933, as amended, or the Exchange Act, as the case may be, and the rules and regulations of the SEC thereunder applicable to such SEC Documents and none of the SEC Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading. Except to the extent information contained in any SEC Document has been revised or superseded by a later-filed SEC Document or by a written disclosure delivered by the Company to Parent prior to the date of this Agreement, none of the SEC Documents currently contains any untrue statement of 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 are made, not misleading. The financial statements of the Company included in the SEC Documents comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with 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, as permitted by Form 10-Q of the SEC) and fairly present (subject, in the case of the unaudited statements, to normal, recurring audit adjustments) the consolidated financial position of the Company and its consolidated Subsidiaries as at the dates thereof and the consolidated results of their operations and changes in financial position for the periods then ended.

(e) Information Supplied. None of the information supplied or to be supplied by the Company for inclusion in (i) the documents pursuant to which the Offer will be made, including a Schedule 14D-1, an offer to purchase and a related letter of transmittal (the "Offer Documents"), (ii) the Schedule 14D-9 and (iii) the Proxy Statement, will, in the case of the

Offer Documents or the Schedule 14D-9, at the respective times the Offer Documents or the Schedule 14D-9 are filed with the SEC, or, in the case of the Proxy Statement, at the date such information is supplied and at the Effective Time of the Merger, 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 are made, not misleading. The Schedule 14D-9 and the Proxy Statement will comply as to form in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder.

(f) Litigation. Except as disclosed or reserved against in the SEC Documents filed prior to the date of this Agreement, there is no suit, action or proceeding pending, or, to the knowledge of the Company, threatened against or affecting the Company or any Subsidiary of the Company which, if adversely determined, would have a material adverse effect on the Company and its Subsidiaries taken as a whole, nor is there any judgment, decree, injunction, rule or order of any Governmental Entity or arbitrator outstanding against the Company or any Subsidiary of the Company

having, or which, insofar as reasonably can be foreseen, in the future would have, any such effect.

(g) Absence of Certain Changes or Events. Except as disclosed in the SEC Documents filed prior to the date of this Agreement or in a written disclosure delivered by the Company to Parent prior to the date of this Agreement or except as contemplated by this Agreement, since the date of the most recent audited financial statements included in the SEC Documents, the Company and its Subsidiaries have conducted their respective businesses only in the ordinary course, and there has not been (i) any damage, destruction or loss, whether covered by insurance or not, which has or could have a material adverse effect on the Company and its Subsidiaries taken as a whole; (ii) any declaration, setting aside or payment of any dividend (whether in cash, stock or property) with respect to any of the Company's capital stock except for the regular quarterly cash dividend of $.52 per share of Common Stock with the payment date of December 15, 1986; (iii) the execution of any agreement with any executive officer of the Company providing for his employment, or any increase in the compensation or in severance or termination benefits payable or to become payable by the Company and its Subsidiaries to their officers or key

employees, or any material increase in benefits under any collective bargaining agreement or in benefits under any bonus, pension, profit sharing, deferred compensation, incentive compensation, stock ownership, stock purchase, stock option, phantom stock, retirement, vacation, severance, disability, death benefit, hospitalization, insurance or other plan or arrangement or understanding (whether or not legally binding) providing benefits to any present or former employee of the Company or any Subsidiary of the Company (collectively, "Employee Benefit Plans"), except in any case in the ordinary course of business consistent with prior practice; or (iv) any transaction, commitment, dispute or other event or condition of any character (whether or not in the ordinary course of business) individually or in the aggregate having or which, insofar as reasonably can be foreseen, in the future would have, a material adverse effect on the Company and its Subsidiaries taken as a whole.

(h) Certain Agreement. Except as disclosed in the SEC Documents filed prior to the date of this Agreement or in a written disclosure delivered by the Company to Parent prior to the date of this Agreement, neither the Company nor any of its Subsidiaries is a party to any (i) written employment or compensation

agreement with any officer to the Company, (ii) oral or written agreement with any executive officer or other salaried employee of the Company or any Subsidiary of the Company (A) the benefits of which are contingent, or the terms of which are materially altered, upon the occurrence of a transaction involving the Company or any Subsidiary of the Company of the nature of any of the transactions contemplated by this Agreement, (B) providing any term of employment or compensation guarantee extending for a period longer than three years, or (C) providing severance benefits or other benefits after the termination of employment of such executive officer or key employee regardless of the reason for such termination of employment, or (iii) agreement or plan, including, without limitation, any stock option plan, stock appreciation right plan, restricted stock plan or stock purchase plan, any of the benefits of which will be increased, or the vesting of benefits of which will be accelerated, by the occurrence of any of the transactions contemplated by this Agreement or the value of any of the benefits of which will be calculated on the basis of any of the transactions contemplated by this Agreement.

4.2. Representations and Warranties of Parent and Sub. Parent and Sub represent and warrant to, and agree with, the Company as follows:

(a) Organization; Standing and Power. Each of Parent and Sub is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation and has all requisite power and authority to own, lease and operate its properties and to carry on its business as now being conducted.

(b) Authority. Parent and Sub have all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by Parent and Sub and the consummation by Parent and Sub of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Parent and Sub. This Agreement has been duly executed and delivered by Parent and Sub and constitutes a valid and binding obligation of Parent and Sub enforceable in accordance with its terms except as enforcement may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally and except that the availability of equitable remedies, including specific performance, is subject to the discretion of the court

before which any proceeding therefor may be brought. The execution and delivery of this Agreement do not, and the consummation of the transactions contemplated hereby will not, conflict with or result in any violation of, or default (with or without notice or lapse of time, or both) under, any provision of the Certificate of Incorporation or By-laws of Parent or any Subsidiary of Parent or any loan or credit agreement, note, bond, mortgage, indenture, lease, or other agreement, instrument, permit, concession, franchise, license, judgment, order, decree, statute, law, ordinance, rule or regulation applicable to Parent or any Subsidiary of Parent or their respective properties or assets, other than any such conflicts, violations or defaults which individually or in the aggregate do not have a material adverse effect on Parent and its Subsidiaries taken as a whole. No consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Entity is required by or with respect to Parent or Sub in connection with the execution and delivery of this Agreement by Parent and Sub or the consummation by Parent and Sub of the transactions contemplated hereby, except for (i) the filing of a premerger notification report by Parent under the HSR Act, (ii) the filing with the SEC of the Offer

Documents and such reports under Section 13(a) of the Exchange Act as may be required in connection with this Agreement and the transactions contemplated hereby and the obtaining from the SEC of such orders as may be so required, (iii) the filing of such documents with, and the obtaining of such orders from, the various state securities authorities that are required in connection with the transactions contemplated by this Agreement, (iv) the filing of the Certificate of Merger with the Department of State of the State of New York and appropriate documents with the relevant authorities of other states in which the Company is qualified to do business and (v) such consents, approvals, orders, authorizations, registrations, declarations and filings as may be required under the laws of any foreign country in which the Company or any of its Subsidiaries conducts any business or owns any property or assets.

(c) Information Supplied. None of the information supplied by Parent or Sub for inclusion in the Proxy Statement, the Offer Documents or the Schedule 14D-9 will, in the case of the Offer Documents or the Schedule 14D-9, at the respective times the Offer Documents or the Schedule 14D-9 are filed with the SEC, or, in the case of the Proxy Statement, at the date such information is supplied and at the Effective Time

of the Merger, 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 there were made, not misleading. The Offer Documents will comply as to form in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder.

ARTICLE V

COVENANTS RELATING TO CONDUCT OF BUSINESS

5.1. Covenants of the Company. During the period from the date of this Agreement and continuing until the Effective Time of the Merger, the Company agrees (except as expressly contemplated by this Agreement or to the extent that Parent shall otherwise consent in writing) that:

(a) Ordinary Course. The Company and its Subsidiaries shall carry on their respective businesses in the usual, regular and ordinary course in substantially the same manner as heretofore conducted and, to the extent consistent with such businesses, use all reasonable efforts to preserve intact their present business organizations, keep available the services of their present officers and employees and preserve their relationships with customers, suppliers and others

having business dealings with them to the end that their goodwill and on going businesses shall be unimpaired at the Effective Time of the Merger.

(b) Dividends; Changes in Stock. The Company shall not and shall not propose to (i) declare or pay any dividends on or make other distribution in respect of any of its capital stock, (ii) split, combine or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for shares of capital stock of the Company or (iii) repurchase or otherwise acquire, or permit any Subsidiary of the Company to purchase or otherwise acquire, any shares of its capital stock.

(c) Issuance of Securities. The Company shall not issue, deliver or sell, or authorize or propose the issuance, or delivery or sale of, any shares of its capital stock of any class, any Voting Debt or any securities convertible into, or any rights, warrants or options to acquire, any such shares, Voting Debt or convertible securities (other than the issuance of Common Stock pursuant to the Award Plans in accordance with their present terms).

(d) Governing Documents. The Company shall not amend or propose to amend its Certificate of Incorporation or By-laws.

(e) No Other Bids. The Company shall not, nor shall it permit any Subsidiary of the Company to, nor shall it authorize or knowingly permit any officer, director or employee of or any investment banker, attorney, accountant or other representative retained by the Company or any Subsidiary of the Company to, solicit or encourage (including by way of furnishing information) or take any other action to encourage any inquiries or the making of any proposal which constitutes, or may reasonably be expected to lead to, any takeover proposal, or agree to or endorse any takeover proposal; provided, however, that if the Company shall receive any takeover proposal which was not solicited by it or by any Subsidiary of the Company, the Company may consider such takeover proposal, discuss such proposal with the party presenting such takeover proposal and provide information with respect to the Company to such party, if and to the extent that outside counsel to the Company shall advise the Company in writing that in the opinion of such counsel the directors and officers of the Company are under a fiduciary obligation to so cooperate with such party

and that the directors and officers of the Company would have had such a fiduciary obligation even had this proviso not been contained in this Merger Agreement; and provided further, that nothing contained in this Section 5.1(e) shall prohibit the Company or its Board of Directors from taking and disclosing to the Company's stockholders a position contemplated by Rule 14e-2(a)(2) or (3) promulgated under the Exchange Act or from making such disclosure to the Company's stockholders which, in the judgment of the Board of Directors of the Company with the advice of counsel, is required under applicable law. The Company shall promptly advise Parent orally and in writing of any takeover proposals. As used in this paragraph, "takeover proposal" shall mean any proposal for a merger or other business combination involving the Company or any Significant Subsidiary of the Company or any proposal or offer to acquire in any manner a substantial equity interest in the Company or any Significant Subsidiary of the Company or a substantial portion of the assets of the Company or any Significant Subsidiary of the Company.

(f) No Acquisitions. Except in connection with its acquisition of the Spectrum Group, Inc, the Company shall not, and shall not permit any Subsidiary of the

Company to, acquire or agree to acquire by merging or consolidating with, or by purchasing a substantial portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof or otherwise acquire or agree to acquire any assets which are material, individually or in the aggregate, to the Company and its Subsidiaries taken as a whole.

(g) No Dispositions. The Company shall not, and shall not permit any Subsidiary of the Company to, sell, lease or otherwise dispose of, or agree to sell, lease or otherwise dispose of, any of its assets, which are material, individually or in the aggregate, to the Company and its Subsidiaries taken as a whole, or which are the subject of the purchase agreement being executed concurrently with the execution of this Agreement (the "Ragu Purchase Agreement"), except in the ordinary course of business consistent with prior practice in connection with the disposition of "PDLA". For purposes of this Section 5.1(g), the capital stock of any Subsidiary of the Company shall be deemed an "asset" of the Company and of any other Subsidiary of the Company which shall own or control such Subsidiary in the manner described in Section 3.1(b).

(h) Indebtedness. The Company shall not, and shall not permit any Subsidiary of the Company to, incur any indebtedness for borrowed money or guarantee any such indebtedness or issue or sell any debt securities of the Company or any Subsidiary of the Company or guarantee any debt securities of others other than in the ordinary course of business consistent with prior practice.

(i) Benefit Plans, Etc. The Company shall not, and shall not permit any Subsidiary of the Company to, adopt or amend in any material respect any collective bargaining agreement or Employee Benefit Plan.

(j) Executive Compensation. The Company shall not, and shall not permit any Subsidiary of the Company to, grant to any executive officer any increase in compensation or in severance or termination pay, or enter into any employment agreement with any executive officer, except as may be required under employment or termination agreements in effect on the date of this Agreement or in the ordinary course of business consistent with prior practice.

(k) Other Actions. The Company shall not, and shall not permit any Subsidiary of the Company to, take any action that would or might result in any of the representations and warranties of the Company set forth

in this Agreement becoming untrue or in any of the conditions to the Merger set forth in Article VII not being satisfied.

(l) Advice of Changes. The Company shall promptly advise Parent orally and in writing of any change or event having a material adverse effect on the Company and its Subsidiaries taken as a whole.

ARTICLE VI

ADDITIONAL AGREEMENTS

6.1. Preparation of Proxy Statement. If stockholder approval of the Merger is required by law, as promptly as practicable, the Company will prepare and file a preliminary Proxy Statement with the SEC and will use its best efforts to respond to any comments of the SEC and to cause the Proxy Statement to be mailed to the Company's stockholders at the earliest practicable time. The Company will notify Parent promptly of the receipt of any comments from the SEC or its staff and of any request by the SEC or its staff for amendments or supplements to the Proxy Statement or for additional information and will supply Parent with copies of all correspondence between the Company or any of its representatives, on the on hand, and the SEC or its staff, on the other hand, with respect to the Proxy Statement or the Merger. If at any time prior to the Effective

Time of the Merger any event shall occur which should be set forth in an amendment of, or a supplement to, the Proxy Statement, the Company will promptly prepare and mail such an amendment or supplement. The Company will not mail the Proxy Statement, or any amendment thereof or supplement thereto, to the Company's stockholders unless it has first obtained the consent of Parent to such mailing, which consent shall not be unreasonably withheld.

6.2. Access to Information. The Company shall (and shall cause each of its Subsidiaries to) afford to Parent and to Parent's accountants, counsel and other representatives, reasonable access during normal business hours during the period prior to the Effective Time of the Merger to all their respective properties, books, contracts, commitments and records and, during such period, the Company shall (and shall cause each of its Subsidiaries to) furnish promptly to Parent (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 Federal and state securities laws and (b) all other information concerning its business, properties and personnel as Parent may reasonably request. Parent will hold such nonpublic information in confidence until such time as such information otherwise becomes publicly available and in the

event of termination of this Agreement for any reason Parent shall promptly return all nonpublic documents obtained from the Company or any of its Subsidiaries and any copies made of such documents for Parent.

6.3. Stockholder Approval. At Parent's request, the Company shall call a meeting of its stockholders for the purpose of adopting this Agreement and approving related matters. Any such stockholders' meeting shall be held as promptly as practicable after the expiration or termination of the Offer. The Company will, through its Board of Directors, recommend to its stockholders approval of the Merger. Subject to the satisfaction of the conditions set forth in Section 7.2, Parent will cause all shares of Common Stock owned by it or any Affiliate of Parent to be voted in favor of the Merger.

6.4. Legal Conditions to Offer and Merger. The Company will take all reasonable actions necessary to comply promptly with all legal requirements which may be imposed on the Company with respect to the Offer and the Merger (including furnishing all information required under the HSR Act) and will promptly cooperate with and furnish information to Parent in connection with any such requirements imposed upon Parent, Sub or any other Subsidiary of Parent in connection with the Offer and the Merger. The Company will take, and will cause its Subsidiaries to take, all reasonable actions

necessary to obtain (and will cooperate with Parent and its Subsidiaries in obtaining) any consent, authorization, order or approval of, or any exemption by, any Governmental Entity, or other third party, required to be obtained or made by the Company or any of its Subsidiaries (or by Parent or any of its Subsidiaries) in connection with the Offer or the Merger or the taking of any action contemplated thereby or by this Agreement.

Each of Parent and Sub will take all reasonable actions necessary to comply promptly with all legal requirements which may be imposed on them with respect to the Offer and the Merger (including furnishing all information required under the HSR Act) and will promptly cooperate with and furnish information to the Company in connection with any such requirements imposed upon the Company or any Subsidiary of the Company in connection with the Offer and the Merger. Parent and Sub will take all reasonable actions necessary to obtain (and will cooperate with the Company and its Subsidiaries in obtaining) any consent, authorization, order or approval of, or exemption by, any Governmental Entity, or other third party, required to be obtained or made by Parent or any of its Subsidiaries (or by the Company or any of its Subsidiaries) in connection with the Offer or the Merger or the taking of any action contemplated thereby or by this Agreement.

6.5. INTENTIONALLY DELETED

6.6. Expenses. Whether or not the Merger is consummated, all costs and expenses incurred in connection with the Offer, this Agreement and the transactions contemplated hereby and thereby shall be paid by the party incurring such expense.

6.7. Brokers or Finders. Each of Parent and the Company represents, as to itself, its Subsidiaries and its affiliates, that no agent, broker, investment banker 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 Shearson Lehman Brothers Inc., whose fees and expenses will be paid by the Company in accordance with the Company's agreement with such firm (the material terms of which have been disclosed in writing by the Company to Parent prior to the date of this Agreement), and Goldman, Sachs & Co., whose fees and expenses will be paid by Parent and each of Parent and the Company respectively agree to indemnify and hold the other harmless from and against any and all claims, liabilities or obligations with respect to any other 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 affiliate.

6.8. Indemnification; Insurance. Parent and Sub agree that all rights to indemnification now existing in favor of the directors and officers of the Company and its Subsidiaries as provided in their Certificates of Incorporation or By-laws or otherwise in effect on the date of this Agreement shall survive the Merger and shall continue in full force and effect for a period of six years from the Effective Time of the Merger. Parent agrees to guarantee the payment by Sub of such indemnification for a period of six years from the Effective Time of the Merger, provided that Parent's liability hereunder shall not exceed the amounts that would have been payable under the Company's policies of directors' and officers' insurance currently in effect if such policies had been maintained in effect.

6.9. Additional Agreements. Subject to the terms and conditions of this Agreement, each of the parties hereto agrees to use all reasonable efforts to take, or cause to be taken, all action 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, subject to the appropriate approval of stockholders of the Company required so to approve. In the event at any time after the Effective Time of the Merger any further action is necessary or desirable to carry out the purposes of this Agreement or to

vest the Surviving Corporation with full title to all properties, assets, rights, approvals, immunities and franchises of either of the Constituent Corporations, the proper officers and directors of each corporation that is a party to this Agreement shall take all such necessary action.

ARTICLE VII

CONDITIONS PRECEDENT

7.1. Conditions to Each Party's Obligation To Effect the Merger. The respective obligation of each party to effect the Merger is subject to the satisfaction prior to the Closing Date of the following conditions:

(a) Stockholder Approval. If required by law, this Agreement shall have been approved and adopted by the affirmative vote or consent of the holders of at least two-thirds of the outstanding shares of Common Stock.

(b) Other Approvals. All authorizations, consents, orders or approvals of, or declarations or filings with, or expirations of waiting periods imposed by, any Governmental Entity necessary for the consummation of the transactions contemplated by this Agreement shall have been filed, occurred or been obtained.

(c) No Injunctions or Restraints. 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 shall be in effect.

7.2. Conditions of Obligations of Parent and Sub. The obligations of Parent and Sub to effect the Merger are subject to the satisfaction of the following conditions unless waived by Parent and Sub:

(a) Conditions to Offer. The Offer shall not have been abandoned or terminated due to the failure of any of the conditions included in Exhibit A.

(b) Performance of Obligations of the Company. The Company shall have performed all obligations required to be performed by it under this Agreement, the Stock Option Agreement, and the Purchase Agreement (collectively, the "Operative Agreements") at or prior to the Closing Date, and Parent shall have received a certificate signed by the chief executive officer and by the chief financial officer of the Company to such effect.

7.3. Conditions of Obligation of the Company. The obligation of the Company to effect the Merger is subject to the condition, unless waived by the Company, that

Parent and Sub shall have (i) purchased shares pursuant to the Offer or exercised any of the Stock Options, unless the Offer shall have been terminated as a result of a condition set forth in paragraph (f), (g) or (h) of Exhibit A and (ii) performed all obligations required to be performed by them under this Agreement prior to the Closing Date, and the Company shall have received a certificate signed by the chief executive officer and by the chief financial officer of Parent to such effect.

ARTICLE VIII

TERMINATION, AMENDMENT AND WAIVER

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

(a) by mutual consent of Parent and the Company;

(b) by either Parent or the Company if the Merger shall not have been consummated before March 31, 1987;

(c) by Parent if it determines, in its sole discretion, that the Merger has become inadvisable or impracticable by reason of the existence of the conditions described in paragraph (b) of Exhibit A; or

(d) by either party if any required approval of the stockholders of the Company shall not have been obtained.

8.2. Effect of Termination. In the event of termination of this Agreement by either the Company or Parent as provided in Section 8.1, this Agreement shall forthwith become void and there shall be no liability or obligation on the part of Parent, Sub or the Company or their respective officers or directors except as set forth in Sections 6.2, 6.6 and 6.7 and except to the extent that such termination results from the wilful breach by a party hereto of any of its representations, warranties, covenants or agreements set forth in this Agreement.

8.3 Amendment. This Agreement may be amended by the parties hereto, by action taken by their respective Boards of Directors (subject to Section 8.5), at any time before or after any required approval of matters presented in connection with the Merger by the stockholders of the Company but, after any such approval, no amendment shall be made which by law requires further approval by such stockholders without such further approval. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

8.4. Extension; Waiver. At any time prior to the Effective Time of the Merger, the parties hereto, by action

taken by their respective Boards of Directors (subject to Section 8.5), may, to the extent legally allowed, (i) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (ii) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (iii) waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

8.5. Procedure for Termination, Amendment, Extension or Waiver. A termination of this Agreement pursuant to Section 8.1, an amendment of this Agreement pursuant to Section 8.3 or an extension or waiver pursuant to Section 8.4 shall, in order to be effective, require (a) in the case of Parent, Sub or the Company, action by its Board of Directors or the duly authorized designee of its Board of Directors and (b) in the case of the Company, action by a majority of the members of the Board of Directors of the Company who were such members on the date of this Agreement and remain as such hereafter or the duly authorized designee of such members.

ARTICLE IX

GENERAL PROVISIONS

9.1. Nonsurvival of Representations, Warranties and Agreements. None of the representations, warranties and agreements in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Effective Time of the Merger, except for the agreements contained in Sections 6.6, 6.7, 6.8 and 6.9 of this Agreement.

9.2. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally 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 shall be specified by like notice):

(a) if to Parent or Sub, to

Unilever United States, Inc.
Unilever Acquisition Corp.
10 East 53rd Street
New York, N.Y. 10022

Attention: Vice President and General Counsel

(b) if to the Company, to

Chesebrough-Pond's Inc.
222 Nyala Farms Road
Westport, Connecticut 06881

Attention: President

9.3 Interpretation. When a reference is made in this Agreement to Sections or Exhibits, such reference shall be to a Section or Exhibit to this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall 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 shall be deemed to be followed by the words "without limitation".

9.4 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one 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.

9.5 Entire Agreement; No Third Party Beneficiaries. This Agreement (including the documents and instruments referred to herein), together with the Operative Agreements (a) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof; and (b) is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

9.6. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York except to the extent the laws of the State of New York shall apply to the Merger.

9.7. Publicity. So long as this Agreement is in effect, neither the Company nor Parent shall, or shall 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 the consent of the other party, which consent shall not be unreasonably withheld.

9.8. Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto without the prior written consent of the other parties, except that Sub may assign, in its sole discretion, any or all of its rights, interests and obligations hereunder to Parent or to any affiliate of Parent. 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.

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

UNILEVER UNITED STATES, INC.,

by Gordon K.G. Stevens

UNILEVER ACQUISITION CORP.,

by Herbert J. Baumgarten

CHESEBROUGH-POND'S INC.,

by Ralph E. Ward

Conditions of the Offer

Notwithstanding any other term of the Offer or this Agreement, Sub shall not be required to accept for payment or to pay for any shares of Common Stock tendered pursuant to the Offer unless at least 51% of the outstanding shares of Common Stock (assuming the issuance of all shares currently issuable under employee benefit plans of the Company) shall have been validly tendered pursuant to the Offer and not withdrawn prior to the expiration of the Offer, which condition may be waived by Sub in its sole discretion. Furthermore, notwithstanding any other term of the Offer or this Agreement, Sub shall not be required to commence the Offer or to accept for payment or pay for any shares of Common Stock not theretofore accepted for payment or paid for, and may terminate or amend the Offer as to such shares of Common Stock, if, at any time on or after November 24, 1986, and before the acceptance of such shares for payment or the payment therefor, any of the following conditions exists:

(a) there shall be threatened, instituted or pending any action or proceeding by any government or governmental authority or agency, domestic or foreign, before any court or governmental authority or agency, domestic or foreign, (i) challenging or seeking to make

illegal, or to delay or otherwise directly or indirectly to restrain or prohibit the making of the Offer, the acceptance for payment of or payment for any shares of Common Stock by Parent, Sub or any other Affiliate of Parent, or the consummation of the Merger, or seeking to obtain material damages in connection with the Offer or the Merger, (ii) seeking to prohibit Parent's or Sub's ownership or operation of all or a material portion of the business or assets of the Company and its Subsidiaries or of Parent and its Subsidiaries or to compel Parent or Sub to dispose of or to hold separately all or a material portion of the business or assets of Parent or any of its Subsidiaries or of the Company or any of its Subsidiaries, as a result of the Offer or the Merger, (iii) seeking to impose or confirm limitations on the ability of Parent or Sub effectively to exercise full rights of ownership of any shares of Common Stock, including, without limitation, the right to vote any shares of Common Stock acquired by Sub pursuant to the Offer or otherwise on all matters properly presented to the Company's stockholders, (iv) seeking to require divestiture by Parent or Sub of any shares of Common Stock, (v) seeking or causing any material diminution in the benefits to be derived by Parent or Sub as a result of

the transactions contemplated by the Offer or the Merger, or (vi) which otherwise might materially adversely affect the Company and its Subsidiaries taken as a whole or Parent or its Affiliates;

(b) there shall be any action taken, or any statute, rule, regulation, judgment, order or injunction proposed, enacted, entered, enforced, promulgated, issued or deemed applicable to the Offer or the Merger by any Federal, state or foreign court, government or governmental authority or agency, other than the application of the waiting period provisions of the HSR Act to the Offer or to the Merger, which may, directly or indirectly, result in any of the consequences referred to in clauses (i) through (iv) of paragraph (a) above;

(c) there shall have occurred (i) any general suspension of, or limitation on prices for, trading in securities on the New York Stock Exchange or on the London Stock Exchange or the Amsterdam Stock Exchange, (ii) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, the United Kingdom or The Netherlands or any limitation by the United States, United Kingdom, or Netherlands authorities on the extension of credit by lending institutions or any imposition or currency

controls in the United States, the United Kingdom or The Netherlands, (iii) a material change in the United States, United Kingdom, Netherlands or any other currency exchange rates or a suspension of, or limitation on, the markets therefor, or (iv) a commencement of a war or armed hostilities or other national or international calamity directly or indirectly involving the United States, the United Kingdom or The Netherlands, or, in the case of any of the foregoing existing at the time of the commencement of the Offer, a material acceleration or worsening thereof;

(d) any change shall have occurred or been threatened (or any development shall have occurred or been threatened involving a prospective change) in the businesses, condition (financial or otherwise), operations, liabilities, assets, properties or prospects of the Company or any of its Subsidiaries which is or may be materially adverse to the Company and its Subsidiaries taken as a whole;

(e) a tender or exchange offer for any shares of the Common Stock other than the offer for shares of Common Stock made by American Brands, Inc. pursuant to its Offer to Purchase dated December 1, 1986 (the "American Brands Offer") shall have been commenced by

another person, or the American Brands Offer shall have been amended in any material aspect or it shall have been publicly disclosed or Sub shall have learned that (i) any person, entity or "group" (within the meaning of Section 13(d)(3) of the Exchange Act) shall have acquired or proposed or be attempting to acquire more than 20% of any class or series of capital stock of the Company (including the Common Stock), or shall have been granted any right, option or warrant conditional or otherwise, to acquire more than 20% of any class or series of capital stock of the Company (including the Common Stock), other than acquisitions for bona fide arbitrage purposes and other than acquisitions by persons or groups who have publicly disclosed in a Schedule 13D or 13G (or amendments thereto on file with the SEC) such ownership on or prior to November 28, 1986, (ii) any such person, entity or group who has publicly disclosed in a Schedule 13D or 13G any such ownership of more than 20% of the Common Stock prior to such date shall have thereafter acquired more than 1% of of any class or series of capital stock of the Company (including the Common Stock), or shall have been granted any right, option or warrant to acquire more than 1% of any class or series of capital stock of the Company (including the Common Stock), (iii) any new

group shall have been formed which beneficially owns more than 20% of any class or series of capital stock of the Company (including the Common Stock) or (iv) any person, entity or group shall have entered into a definitive agreement or an agreement in principle with respect to a tender offer or exchange offer for any shares of the Common Stock or a merger, consolidation or other business combination with or involving the Company;

(f) The Board of Directors of the Company shall have withdrawn or modified in any respect its recommendation of the Offer;

(g) any of the representations and warranties of the Company set forth in the Operative Agreements shall be inaccurate in any material respect;

(h) the Company shall have failed to perform in all material respects any obligation or to comply in all material respects with any agreement, covenant or condition of the Company to be performed or complied with by it under the Operative Agreements; or

(i) this Agreement shall have been terminated in accordance with its terms or the Offer shall have been amended or terminated with the consent of the Company;

which in the sole judgment of Sub in any case, and regardless of the circumstances (including any action or inaction

by Parent or any of its Affiliates) giving rise to any such condition, makes it inadvisable to commence the Offer or to proceed with such acceptance for payment or payment.

The foregoing conditions are for the sole benefit of Sub and Parent and may be asserted by Sub and Parent regardless of the circumstances giving rise to such condition or may be waived by Sub and Parent in whole or in part at any time and from time to time in their sole discretion. Any determination by Sub or Parent concerning the events described in this Exhibit A will be final and binding upon all parties.

SHEARSON
LEHMAN
BROTHERS

December 1, 1986

Board of Directors
Chesebrough-Pond's Inc.
Nyala Farm Road
Westport, CT 06881

Dear Sirs and Madam:

We understand that Unilever United States, Inc. (the "Purchaser"), Unilever Acquisition Corp. ("Sub") and Chesebrough-Pond's Inc. ("Chesebrough" or the "Company") are parties to an Agreement and Plan of Merger dated as of December 1, 1986 (the "Merger Agreement"), pursuant to which Sub will commence a tender offer (the "Offer") to purchase all issued and outstanding shares of common stock of the Company at a price of $72.50 net per share in cash. Under the terms of the Merger Agreement, after the consummation of the Offer, Sub will be merged with the Company and each issued and outstanding share of common stock of the Company not owned directly or indirectly by the Purchaser or the Company (except shares of common stock held by stockholders exercising appraisal rights) will be converted into a right to receive $72.50 net per share in cash, without interest.

You have requested our opinion, as investment bankers, as to whether the consideration to be received by the Company's stockholders pursuant to the Merger Agreement is fair from a financial point of view.

We have acted as financial advisor to Chesebrough in connection with the transactions contemplated by the Merger Agreement. In arriving at our opinion we have: (i) reviewed a copy of the Merger Agreement; (ii) reviewed a copy of the Offer; (iii) reviewed financial statements of Chesebrough for the five years ended December 31, 1985, and for the nine months ended September 30, 1986; (iv) reviewed internal financial projections of Chesebrough provided to us by senior management; (v) discussed with senior management Chesebrough's business and operations, assets, present condition and future prospects; (vi) compared operating results and other financial statement information for Chesebrough with those of certain other companies which we deemed appropriate; (vii) compared the financial terms of the proposed transactions with certain other recent business combinations; (viii) considered the reported trading range of the Company's common stock from 1981 to the present; and (ix) made such other analyses, studies and investigations as we deemed relevant.

We have not independently verified any of the foregoing information or data and have relied on its being complete and accurate in all material respects. Furthermore, we have not made any independent evaluation of Chesebrough's properties. Our opinion is necessarily based upon market, economic and other conditions as they exist and can be evaluated as of the date of this letter.

On the basis of the foregoing it is our opinion that as of the date hereof, the consideration to be received by the Company's stockholders pursuant to the Merger Agreement is fair from a financial point of view.

Very truly yours,

SHEARSON LEHMAN BROTHERS INC.

CONSOLIDATED LAWS OF NEW YORK

BUSINESS CORPORATION LAW; ARTICLE 6 - SHAREHOLDERS

§ 623. Procedure to enforce shareholder's right to receive payment for shares

Sept. 1, 1986. Effective in this form.

(a) A shareholder intending to enforce his right under a section of this chapter to receive payment for his shares if the proposed corporate action referred to therein is taken shall file with the corporation, before the meeting of shareholders at which the action is submitted to a vote, or at such meeting but before the vote, written objection to the action. The objection shall include a notice of his election to dissent, his name and residence address, the number and classes of shares as to which he dissents and a demand for payment of the fair value of his shares if the action is taken. Such objection is not required from any shareholder to whom the corporation did not give notice of such meeting in accordance with this chapter or where the proposed action is authorized by written consent of shareholders without a meeting.

(b) Within ten days after the shareholders' authorization date, which term as used in this section means the date on which the shareholders' vote authorizing such action was taken, or the date on which such consent without a meeting was obtained from the requisite shareholders, the corporation shall give written notice of such authorization or consent by registered mail to each shareholder who filed written objection or from whom written objection was not required, excepting any shareholder who voted for or consented in writing to the proposed action and who thereby is deemed to have elected not to enforce his right to receive payment for his shares.

(c) Within twenty days after the giving of notice to him, any shareholder from whom written objection was not required and who elects to dissent shall file with the corporation a written notice of such election, stating his name and residence address, the number and classes of shares as to which he dissents and a demand for payment of the fair value of his shares. Any shareholder who elects to dissent from a merger under section 905 (Merger of subsidiary corporation) or paragraph (c) of section 907 (Merger or consolidation of domestic and foreign corporations) or from a share exchange under paragraph (g) of section 913 (Share exchanges) shall file a written notice of such election to dissent within twenty days after the giving to him of a copy of the plan of merger or exchange or an outline of the material features thereof under section 905 or 913.

(d) A shareholder may not dissent as to less than all of the shares, as to which he has a right to dissent, held by him of record, that he owns beneficially. A nominee or fiduciary may not dissent on behalf of any beneficial owner as to less than all of the shares of such owner, as to which such nominee or fiduciary has a right to dissent, held of record by such nominee or fiduciary.

(e) Upon consummation of the corporate action, the shareholder shall cease to have any of the rights of a shareholder except the right to be paid the fair value of his shares and any other rights under this section. A notice of election may be withdrawn by the shareholder at any time prior to his

acceptance in writing of an offer made by the corporation, as provided in paragraph (g), but in no case later than sixty days from the date of consummation of the corporate action except that if the corporation fails to make a timely offer, as provided in paragraph (g), the time for withdrawing a notice of election shall be extended until sixty days from the date an offer is made. Upon expiration of such time, wthdrawal of a notice of election shall require the written consent of the corporation. In order to be effective, withdrawal of a notice of election must be accompanied by the return to the corporation of any advance payment made to the shareholder as provided in paragraph (g). If a notice of election is withdrawn, or the corporate action is rescinded, or a court shall determine that the shareholder is not entitled to receive payment for his shares, or the shareholder shall otherwise lose his dissenter's rights, he shall not have the right to receive payment for his shares and he shall be reinstated to all his rights as a shareholder as of the consummation of the corporate action, including any intervening preemptive rights and the right to payment of any intervening dividend or other distribution or, if any such rights have expired or any such dividend or distribution other than in cash has been completed, in lieu thereof, at the election of the corporation, the fair value thereof in cash as determined by the board as of the time of such expiration or completion, but without prejudice otherwise to any corporate proceedings that may have been taken in the interim.

(f) At the time of filing the notice of election to dissent or within one month thereafter the shareholder of shares represented by certificates shall submit the certificates representing his shares to the corporation, or to its transfer agent, which shall forthwith note conspicuously thereon that a notice of election has been filed and shall return the certificates to the shareholder or other person who submitted them on his behalf. Any shareholder of shares represented by certificates who fails to submit his certificates for such notation as herein specified shall, at the option of the corporation exercised by written notice to him within forty-five days from the date of filing of such notice of election to dissent, lose his dissenter's rights unless a court, for good cause shown, shall otherwise direct. Upon transfer of a certificate bearing such notation, each new certificate issued therefor shall bear a similar notation together with the name of the original dissenting holder of the shares and a transferee shall acquire no rights in the corporation except those which the original dissenting shareholder had at the time of transfer.

(g) Within fifteen days after the expiration of the period within which shareholders may file their notices of election to dissent, or within fifteen days after the proposed corporate action is consummated, whichever is later (but in no case later than ninety days from the shareholders' authorization date), the corporation or, in the case of a merger or consolidation, the surviving or new corporation, shall make a written offer by registered mail to each shareholder who has filed such notice of election to pay for his shares at a specified price which the corporation considers to be their fair value. Such offer shall be accompanied by a statement setting forth the aggregate number of shares with respect to which notices of election to dissent have been received and the aggregate number of holders of such shares. If the corporate action has been consummated, such offer shall also be accompanied by (1) advance payment to each such shareholder who has submitted the certificates representing his shares to the corporation, as provided in paragraph (f), of a amount equal to eighty percent of the amount of such offer, or (2) as to each shareholder who has not yet submitted his certificates a statement that advance payment to him

of an amount equal to eighty percent of the amount of such offer will be made by the corporation promptly upon submission of his certificates. If the corporate action has not been consummated at the time of the making of the offer, such advance payment or statemant as to advance payment shall be sent to each shareholder entitled thereto forthwith upon consummation of the corporate action. Every advance payment or statement as to advance payment shall include advice to the shareholder to the effect that acceptance of such payment does not constitute a waiver of any dissenters' rights. If the corporate action has not been consummated upon the expiration of the ninety day period after the shareholders' authorization date, the offer may be conditioned upon the consummation of such action. Such offer shall be made at the same price per share to all dissenting shareholders of the same class, or if divided into series, of the same series and shall be accompanied by a balance sheet of the corporation whose shares the dissenting shareholder holds as of the latest available date, which shall not be earlier than twelve months before the making of such offer, and a profit and loss statement or statements for not less than a twelve month period ended on the date of such balance sheet or, if the corporation was not in existence throughout such twelve month period, for the portion thereof during which it was in existence. Notwithstanding the foregoing, the corporation shall not be required to furnish a balance sheet or profit and loss statement or statements to any shareholder to whom such balance sheet or profit and loss statement or statements were previously furnished, nor if in connection with obtaining the shareholders' authorization for or consent to the proposed corporate action the shareholders were furnished with a proxy or information statement, which inclued financial statements, pursuant t Regulation 14A or Regulation 14C of the United States Securities and Exchange Commission. If within thirty days after the making of such offer, the corporation making the offer and any shareholder agree upon the price to be paid for his shares, payment therefor shall be made within sixty days after the making of such offer or the consummation of the proposed corporate action, whichever is later, upon the surrender of the certificates for any such shares represented by certificates.

(h) The following procedure shall apply if the corporation fails to make such offer within such period of fifteen days, or if it makes the offer and any dissenting shareholder or shareholders fail to agree with it within the period of thirty days thereafter upon the price to be paid for their shares:

(1) The corporation shall, within twenty days after the expiration of whichever is applicable of the two periods last mentioned, institute a special proceeding in the supreme court in the judicial district in which the office of the corporation is located to determine the rights of dissenting shareholders and to fix the fair value of their shares. If, in the case of merger or consolidation, the surviving or new corporation is a foreign corporation without an office in this state, such proceeding shall be brought in the county where the office of the domestic corporation, whose shares are to be valued, was located.

(2) If the corporation fails to institute such proceeding within such period of twenty days, any dissenting shareholder may institute such proceeding for the same purpose not later than thirty days after the expiration of such twenty day period. If such proceeding is not instituted within such thirty day period, all dissenter's rights shall be lost unless the supreme court, for good cause shown, shall otherwise direct.

(3) All dissenting shareholders, excepting those who, as provided in paragraph (g), have agreed with the corporation upon the price to be paid for their shares, shall be made parties to such proceeding, which shall have the effect of an action quasi in rem against their shares. The corporation shall serve a copy of the petition in such proceeding upon each dissenting shareholder who is a resident of this state in the manner provided by law for the service of a summons, and upon each nonresident dissenting shareholder either by registered mail and publication, or in such other manner as is permitted by law. The jurisdiction of the court shall be plenary and exclusive.

(4) The court shall determine whether each dissenting shareholder, as to whom the corporation requests the court to make such determination, is entitled to receive payment for his shares. If the corporation does not request any such determination or if the court finds that any dissenting shareholder is so entitled, it shall proceed to fix the value of the shares, which, for the purposes of this section, shall be the fair value as of the close of business on the day prior to the shareholders' authorization date. In fixing the fair value of the shares, the court shall consider the nature of the transaction giving rise to the shareholder's right to receive payment for shares and its effects on the corporation and its shareholders, the concepts and methods then customary in the relevant securities and financial markets for determining fair value of shares of a corporation engaging in a similar transaction under comparable circumstances and all other relevant factors. The court shall determine the fair value of the shares without a jury and without referral toan appraiser or referee. Upon application by the corporation or by any shareholder who is a party to the proceeding, the court may, in its discretion, permit pretrial disclosure, including, but not limited to, disclosure of any expert's reports relating to the fair value of the shares whether or not intended for use at the trial in tye proceeding and notwithstanding subdivision (d) of section 3101 of the civil practice laws and rules.

(5) The final order in the proceeding shall be entered against the corporation in favor of each dissenting shareholder who is a party to the proceeding and is entitled thereto for the value of his shares so determined.

(6) The final order shall include an allowance for interest at such rate as the court finds to be equitable, from the date the corporate action was consummated to the date of payment. In determining the rate of interest, the court shall consider all relevant factors, including the rate of interest which the corporation would have had to pay to borrow money during the pendency of the proceeding. If the court finds that the refusal of any shareholder to accept the corporate offer of payment for his shares was arbitrary, vexatious or otherwise not in good faith, no interest shall be allowed to him.

(7) Each party to such proceeding shall bear its own costs and expenses, including the fees and expenses of its counsel and of any experts employed by it. Notwithstanding the foregoing, the court may, in its discretion, apportion and assess all or any part of the costs, expenses and fees incurred by the corporation against any or all or the dissenting shareholders who are parties to the proceding, including any who have withdrawn their notices of election as provided in paragraph (e), if the court finds that their refusal to accept the corporate offer was arbitrary, vexatious or otherwise not in good faith. The court may, in its discretion, apportion and assess all or any part of the costs, expenses and fees incurred by any or all of the dissenting shareholders who

are parties to the proceeding against the corporation if the court finds any of the following: (A) that the fair value of the shares as determined materially exceeds the amount which the corporation offered to pay; (B) that no offer or required advance payment was made by the corporation; (C) that the corporation failed to institute the special proceeding within the period specified therefor; or (D) that the action of the corporation in complying with its obligations as provided in this section was arbitrary, vexatious or otherwise not in good faith. In making any determination as provided in clause (A), the court may consider the dollar amount or the percentage, or both, by which the fair value of the shares as determined exceeds the corporate offer.

(8) Within sixty days after final determination of the proceeding, the corporation shall pay to each dissenting shareholder the amount found to be due him, upon surrender of the certificates for any such shares represented by certificates.

(i) Shares acquired by the corporation upon the payment of the agreed value therefor or of the amount due under the final order, as provided in this section, shall become treasury shares or be cancelled as provided in section 515 (Reacquired shares), except that, in the case of a merger or consolidation, they may be held and disposed of as the plan of merger or consolidation may otherwise provide.

(j) No payment shall be made to a dissenting shareholder under this section at a time when the corporation is insolvent or when such payment would make it insolvent. In such event, the dissenting shareholder shall, at his option:

(1) Withdraw his notice of election, which shall in such event be deemed withdrawn with the written consent of the corporation; or

(2) Retain his status as a claimant against the corporation and, if it is liquidated, be subordinated to the rights of creditors of the corporation, but have rights superior to the non-dissenting shareholders, and if it is not liquidated, retain his right to be paid for his shares, which right the corporation shall be obliged to satisfy when the restrictions of this paragraph do not apply.

(3) The dissenting shareholder shall exercise such option under subparagraph (1) or (2) by written notice filed with the corporation within thirty days after the corporation has given him written notice that payment for his shares cannot be made because of the restrictions of this paragraph. If the dissenting shareholder fails to exercise such option as provided, the corporation shall exercise the option by written notice given to him within twenty days after the expiration of such period of thirty days.

(k) The enforcement by a shareholder of his right to receive payment for his shares in the manner provided herein shall exclude the enforcement by such shareholder of any other right to which he might otherwise be entitled by virtue of share ownership, except as provided in paragraph (e), and except that this section shall not exclude the right of such shareholder to bring or maintain an appropriate action to obtain relief on the ground that such corporate action will be or is unlawful or fraudulent as to him.

(l) Except as otherwise expressly provided in this section, any notice to be given by a corporation to a shareholder under this section shall be given in

the manner provided in section 605 (Notice of meetings of shareholders).

(m) This section shall not apply to foreign corporations except as provided in subparagraph (e) (2) of section 907 (Merger or consolidation of domestic and foreign corporations).

CONSOLIDATED LAWS OF NEW YORK

BUSINESS CORPORATION LAW; ARTICLE 9 - MERGER OR CONSOLIDATION; GUARANTEE; DISPOSITION OF ASSETS; SHARE EXCHANGES

§ 910. Right of shareholder to receive payment for shares upon merger, or consolidation, or sale, lease, exchange or other disposition of assets, or share exchanges.

Sept. 1, 1986. Effective in this form.

(a) A shareholder of a domestic corporation shall, subject to and by complying with section 623 (Procedure to enforce shareholder's right to receive payment for shares), have the right to receive payment of the fair value of his shares and the other rights and benefits provided by such section, in the following cases:

(1) Any shareholder entitled to vote who does not assent to the taking of an action specified in subparagraphs (A), (B) and (C).

(A) Any plan of merger or consolidation to which the corporation is a party; except that the right to receive payment of the fair value of his shares shall not be available:

(i) To a shareholder of the surviving corporation in a merger authorized by section 905 (Merger of subsidiary corporation), or paragraph (c) of section 907 (Merger or consolidation of domestic and foreign corporations); and

(ii) To a shareholder of the surviving corporation in a merger authorized by this article, other than a merger specified in subparagraph (i), unless such merger effects one or more of the changes specified in subparagraph (b) (6) of section 806 (Provisions as to certain proceedings) in the rights of the shares held by such shareholder.

(B) Any sale, lease, exchange or other disposition of all or substantially all of the assets of a corporation which requires shareholder approval under section 909 (Sale, lease, exchange or other disposition of assets) other than a transaction wholly for cash where the shareholders' approval thereof is conditioned upon the dissolution of the corporation and the distribution of substantially all of its net assets to the shareholders in accordance with their respective interests within one year after the date of such transaction.

(C) Any share exchange authorized by section 913 in which the corporation is participating as a subject corporation; except that the right to receive payment of the fair value of his shares shall not be available to a shareholder whose shares have not been acquired in the exchange.

(2) Any shareholder of the subsidiary corporation in a merger authorized by section 905 or paragraph (c) of section 907, or in a share exchange authorized by paragraph (g) of section 913, who files with the corporation a written notice of election to dissent as provided in paragraph (c) of section 623.