



**Petition for Waiver of the Principal Licensure Requirement
for Jarden Corporation Audit Committee Members**

**Prepared For:
Pennsylvania Gaming Control Board**

March 23, 2011

Introduction of Participants/Witnesses

The United States Playing Card Company (“USPC”)

- ◆ **Phillip G. Dolcimascolo (Dolci), President and CEO, USPC; USPC Holding; and BHI Holding**
- ◆ **John E. Capps, Executive Vice President, General Counsel and Secretary, Jarden Corporation; and Vice President of USPC; USPC Holding and BHI Holding**
- ◆ **Stephanie Krummert, Manager of Key Accounts and Regulatory, USPC**
- ◆ **Mark Stewart, Attorney, Eckert Seamans Cherin & Mellott, LLC**

Jarden Restructuring

- ◆ **Corporate restructuring is occurring at the Jarden (ultimate parent) level.**
- ◆ **The restructuring is part of a nationwide effort and is not limited to Pennsylvania.**
- ◆ **Jarden has sought to isolate control over its USPC subsidiary through continued dialogue and feedback from the regulators.**
- ◆ **Jarden is implementing the changes in order to address the extensive time commitment that its outside directors have had to expend for one of its over 200 subsidiaries that they have had limited oversight of and, post-changes, will have no control over.**

**Phillip G. Dolcimascolo (Dolci),
President and CEO
The United States Playing Card Company**

Overview of USPC's Casino Gaming Business

- ◆ **USPC is a Delaware corporation that has been in business for more than 100 years and produces high quality playing cards for both retail sales and the casino gaming industry.**
- ◆ **USPC holds over 120 licenses and services over 500 commercial and Native American casinos in North America.**
- ◆ **USPC has great respect for the role of regulatory compliance, and has gone to great lengths to comply with and manage its regulatory compliance filings.**
- ◆ **Since the 2005 amendments to the BHI Bylaws, general operational control has been vested in USPC, USPC Holdings, and BHI management personnel.**



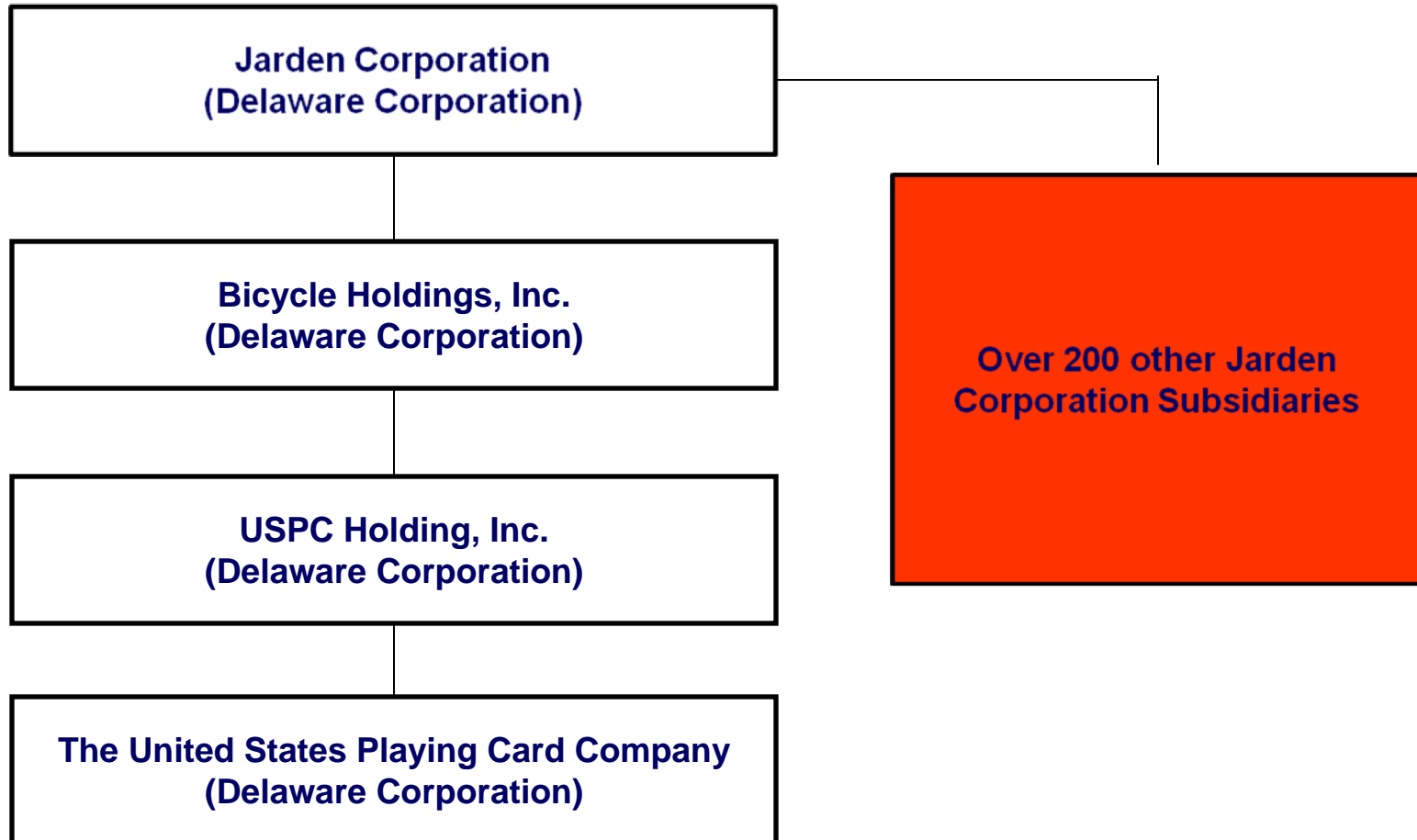
**John E. Capps, Executive Vice President,
General Counsel and Secretary, Jarden
Corporation; and Vice President of USPC;
USPC Holding and BHI Holding**

Overview of USPC's Ultimate Parent (Jarden)

- ◆ USPC's ultimate parent company is Jarden Corporation ("Jarden"), a widely held, publicly traded company listed on the New York Stock Exchange (symbol "JAH") that is subject to the regulatory and reporting requirements of the Securities and Exchange Commission.
- ◆ Jarden has over 100 active brands including 24 domestic brands that have been in continuous use for over 100 years.



Jarden Corporate Organization Chart



Jarden Corporation

- ◆ Jarden conducts business through more than 200 subsidiaries, with USPC being the only entity supplying the casino industry.
- ◆ Jarden does business in over 100 countries and has over 25,000 employees.
- ◆ Jarden is a publicly-traded, Fortune 500 company with 2010 Net Sales of \$6.023 billion and a market capitalization of over \$3.080 billion.
- ◆ USPC's net domestic sales are 1.5% of Jarden's 2010 Total Net Sales, and the casino-related sales of USPC represent only three tenths of one percent (0.2995%) of Jarden's 2010 Total Net Sales.

Practical Concerns of Jarden's Outside Directors

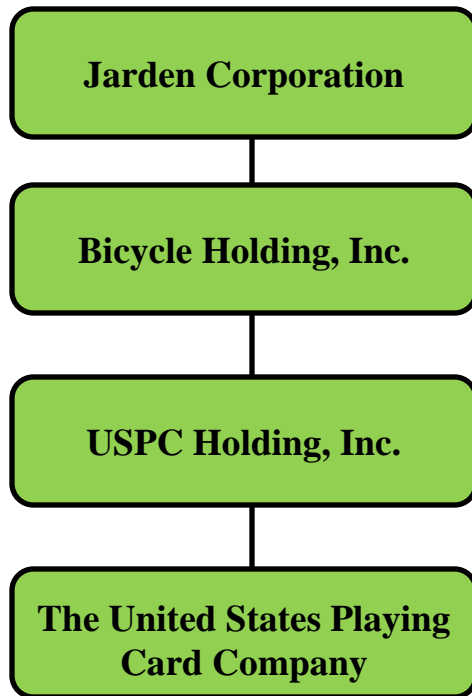
- ◆ **USPC holds more than 120 casino supplier and/or manufacturer licenses from commercial and Native American jurisdictions in North America, thus placing extensive licensure and regulatory requirements on Jarden's outside directors.**
- ◆ **For the last several years, USPC and Jarden have explored alternative business structures that will remove corporate control over USPC operations from Jarden's outside directors, including members of its Audit Committee:**
 - ◆ USPC's President and CFO have been vested with full managerial and operational control over the company's operations
 - ◆ In 2005, BHI, USPC's parent entity, amended its Bylaws to remove any and all control by Jarden's Board of Directors over the operations of BHI and USPC
- ◆ **With the proposal before the PGCB, USPC and Jarden have outlined a process to engage in further corporate restructuring that will ensure regulatory oversight of the entities and individuals that exercise actual control over BHI and USPC.**

USPC Proposed Restructuring Includes

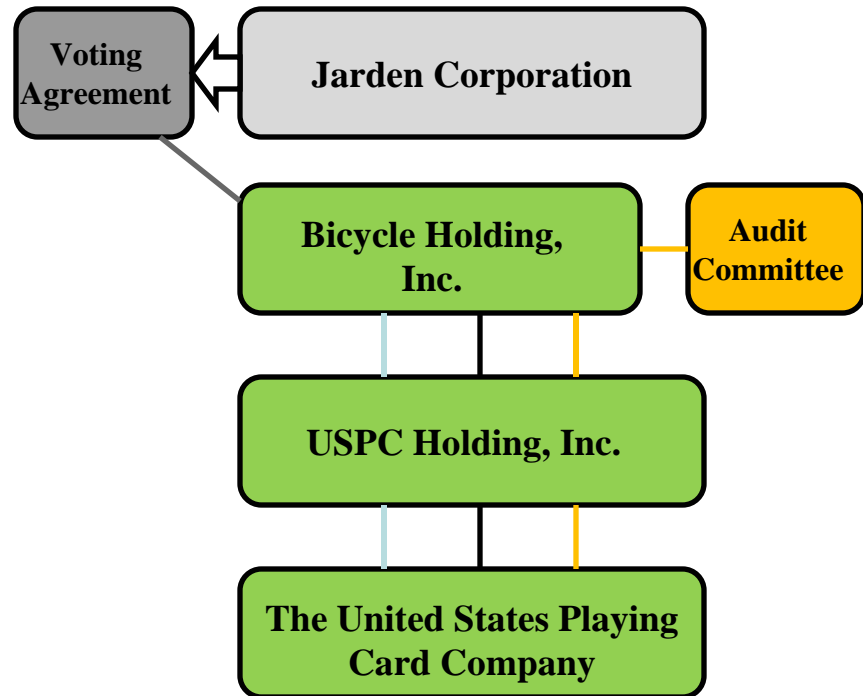
- ◆ USPC and Jarden have spent the past year and a half working with its advisors and discussing the proposed restructuring with a number of gaming jurisdictions, include Pennsylvania.
- ◆ Proposed Restructuring to consist of:
 1. A Voting Agreement that will provide for the appointment of a “Shareholder Representative” who will be vested with sole and exclusive power to vote the shares of BHI and USPC;
and
 2. The Creation of an Audit and Financial Reporting Committee for BHI that will oversee the financial statements and financial reporting process of BHI and its subsidiaries (including USPC)

Corporate Organization Control Comparison

Before Voting Agreement and Audit Committee



Post Voting Agreement and Audit Committee



-  Voting Agreement Shareholder Representative to be found Suitable.
-  BHI Audit and Financial Reporting Committee Members to be found Suitable.
-  Corporate Entities, Officers, and Directors to be found Suitable.
-  Corporate Entities, Officers and Inside Directors to be found Suitable.

The Voting Agreement

- ◆ Establishes a Shareholder Representative and Alternate Shareholder Representative, neither of whom may be an officer or otherwise hold a position within or material equity interest in Jarden
- ◆ Vested with sole and exclusive power to vote the shares of BHI and its subsidiaries (including USPC) via an irrevocable proxy
- ◆ The voting rights apply to all business activities of BHI and its subsidiaries (including USPC), not just the gaming-related activities of these companies.
- ◆ The term of the Voting Agreement is for three (3) years, with automatic successive one (1) year terms. Further, Jarden may only terminate the Shareholder Representative if:
 - ◆ He/she is no longer an officer or director of BHI or its subsidiaries
 - ◆ He/she becomes an officer, director or significant shareholder of Jarden
 - ◆ He/she no longer complies with all gaming laws and/or required gaming qualifications
 - ◆ He/she commits a material breach of the Voting Agreement
 - ◆ IMPORTANTLY: Cannot be removed based on specific actions or votes of the Shareholder Representative

The Voting Agreement Cont.

- ◆ **Designed to separate control and economic interests.**
- ◆ **The Shareholder Representative will be required to comply with all gaming laws and regulations and obtain all necessary qualification and/or approvals before assuming the position.**
- ◆ **It is currently expected that USPC President and CEO, Phil Dolci and will be the Shareholder Representative. Mr. Dolci has been found suitable in all other jurisdictions where USPC does business, and have applications pending before the Board.**

The BHI Audit and Financial Reporting Committee

- ◆ **A new Audit and Financial Reporting Committee (Committee) will be created for BHI.**
- ◆ **BHI Committee takes on greater control over USPC financial oversight.**
- ◆ **The Committee will consist of two (2) members, and be charged with:**
 - ◆ **Overseeing the financial statements and financial reporting process for BHI and its subsidiaries (including USPC)**
 - ◆ **Overseeing BHI's system of internal accounting and financial controls**
 - ◆ **Overseeing the work of independent accountants or auditors**
 - ◆ **Certifying the financial integrity of BHI's (and USPC's) financial statements to the Shareholder Representative and Jarden's independent auditors.**
- ◆ **It is currently expected that Jarden CFO, Ian Ashken and Jarden, SVP and Chief Accounting Officer, Richard Sansone, will serve on the Committee. Both Mr. Ashken and Mr. Sansone have filed for a finding of suitability in Pennsylvania and other jurisdictions where USPC does business.**

**Mark Stewart, Attorney,
Eckert Seamans Cherin & Mellott, LLC**

USPC's Request of the PGCB Includes

- ◆ **The issuance of a waiver from the Principal licensure requirement for Audit Committee Members of Jarden Corporation. The current members include three of Jarden's outside directors.**
- ◆ **USPC and Jarden will continue to file information on all directors with its applications.**
- ◆ **General personal identification information on Jarden's outside directors will also be provided so that a criminal and financial background check can be completed by the PGCB.**
- ◆ **Jarden will continue to work with Pennsylvania regulators if it is determined that additional information is required by any person associated with its subsidiary whom the state determines a more detailed review is required.**

What USPC is NOT Requesting

- ◆ BHI, USPC Holdings, and USPC Officers and Directors are NOT seeking a waiver from Principal licensing requirements.
- ◆ Jarden is NOT seeking a waiver from licensure as a Principal in connection with its ownership of USPC.
- ◆ Jarden's Chairman of the Board, Officers, and the Shareholder Representative are NOT seeking a waiver from the Principal licensing requirements.

Results of the Proposed Restructuring

- ◆ **ALL persons with control over USPC will undergo the gaming licensure process:**
 - ◆ USPC, USPC Holding, and BHI Holding
 - ◆ Jarden Corporation
 - ◆ Officers and Directors of USPC, USPC Holding, and BHI
 - ◆ Officers and Inside Directors of Jarden Corporation
 - ◆ Shareholder Representative and Alternate Shareholder Representative under the Voting Agreement
 - ◆ Members of the BHI Audit and Financial Reporting Committee

- ◆ **PGCB always maintains the ability to require licensure of any individual to protect the integrity of gaming in Pennsylvania.**

Response to OEC Answer

- ◆ **OEC Position: Jarden continues to exercise inherent control over USPC by virtue of it being a parent company**
 - ◆ **This is simply not correct.**
 - ◆ **The purpose of the Gaming Act are met, as Jarden, the Chairman of the Jarden Board of Directors, and Jarden's Officers will all be licensed.**

Response to OEC Answer

- ◆ **OEC Position: Jarden maintains control over USPC as it appoints the Shareholder Representative under the Voting Agreement**
 - ◆ **Power to appoint the Shareholder Representative does not equal control over that individual**
 - ◆ **The Shareholder Representative's proxy is irrevocable**
 - ◆ **Once appointed, Jarden cannot terminate the Voting Agreement based upon a particular vote of the Shareholder Representative**

Response to OEC Answer

- ◆ **OEC Position: Jarden's Board of Directors still appoint the BHI Board of Directors who, in turn, appoint the BHI Audit and Financial Reporting Committee Members**
- ◆ **Jarden, the Chairman of the Jarden Board of Directors, and Jarden's Officers will all be licensed**
- ◆ **Members of BHI's Board of Directors are and will always be persons required to be licensed as principals**

Response to Proposed Restructuring Plan From Other Jurisdictions

- ◆ The proposed restructuring plan has been received favorably by a number of domestic and international jurisdictions, including:
 - ◆ Arizona
 - ◆ Michigan
 - ◆ Mississippi
 - ◆ Washington
 - ◆ Nova Scotia, Canada
 - ◆ Ontario, Canada

- ◆ In addition, USPC and Jarden are actively working with regulatory staff regarding the proposed restructuring in Louisiana, New Jersey, New York, West Virginia, California, and Oregon.

Summary

- ◆ **USPC and its parent have great appreciation for the need for proper governmental oversight to ensure the integrity of Pennsylvania's gaming industry.**
- ◆ **The petition before the PGCB, and changes proposed, embrace this requirement.**
- ◆ **The request being made is unique to a certain set of factors and the remedy is case-specific.**
- ◆ **USPC appreciates the opportunity to answer any questions the PGCB may have, and is open to any suggested changes to its proposal that still enable it to achieve the desired objectives of the restructuring.**

Thank You!