



London, 20<sup>th</sup> December 1999

Board of Directors  
TELE PIZZA, S.A.

**Members of the Board of Directors:**

TELECHEF CORPORACION, S.A. (the "Company"), and TELE PIZZA, S.A. (the "Acquiror") propose to enter into a merger agreement (the "Agreement") pursuant to which the Company will be merged with the Acquiror in a transaction (the "Merger") in which the 29,100 outstanding A shares of the Company's common stock of par value ESP 10,000 each, and the outstanding 41,520 B shares of the Company's common stock of par value ESP 1,500 each (together with the A shares, the "Company Shares"), will be converted into the right to receive 7,363,055 shares and 1,575,845 shares, respectively (the "Exchange Ratios") of the common stock of the Acquiror of par value ESP 5 each (the "Acquiror Shares").

You have asked us whether, in our opinion, the Exchange Ratios are fair from a financial point of view to the Acquiror.

In arriving at the opinion set forth below, we have, among other things:

- (1) Reviewed certain publicly available business and financial information relating to the Company and the Acquiror that we deemed to be relevant;
- (2) Reviewed certain information, including financial forecasts, relating to the business, earnings, cash flow, assets, liabilities and prospects of the Company and the Acquiror, as well as the amount and timing of the cost savings and related expenses and synergies expected by the management of the Company and the Acquiror to result from the Merger (the "Expected Synergies") furnished to us by the Company and the Acquiror, respectively;
- (3) Conducted discussions with members of senior management and representatives of the Company and the Acquiror concerning the matters described in clauses 1 and 2 above, as well as their respective businesses and prospects before and after giving effect to the Merger and the Expected Synergies;
- (4) Reviewed the market prices and valuation multiples for the Company Shares and the Acquiror Shares and compared them with those of certain publicly traded companies that we deemed to be relevant;



- (5) Reviewed the results of operations of the Company and the Acquiror and compared them with those of certain publicly traded companies that we deemed to be relevant;
- (6) Compared the proposed financial terms of the Merger with the financial terms of certain other transactions that we deemed to be relevant;
- (7) Participated in certain discussions among representatives of the Company and the Acquiror and their financial and legal advisors; and
- (8) Reviewed the potential pro forma impact of the Merger, including the management's expectations of the Expected Synergies, assuming that the Merger will not generate any goodwill for the Acquiror under generally accepted accounting principles in Spain.

In preparing our opinion, we have assumed and relied on the accuracy and completeness of all information supplied or otherwise made available to us, discussed with or reviewed by or for us, or publicly available, and we have not assumed any responsibility for independently verifying such information or undertaken an independent evaluation or appraisal of any of the assets or liabilities of the Company or the Acquiror. In addition, we have not assumed any obligation to conduct any physical inspection of the properties or facilities of the Company or the Acquiror. With respect to the financial forecast information and the Expected Synergies furnished to or discussed with us by the Company or the Acquiror, we have assumed that they have been reasonably prepared by the management of the Company and the Acquiror and reflect the best currently available estimates and judgment of the Company's or the Acquiror's management as to the expected future financial performance of the Company or the Acquiror, as the case may be, and the Expected Synergies.

Our opinion is necessarily based upon market, economic and other conditions as they exist and can be evaluated on, and on the information made available to us as of, the date hereof. We have assumed that in the course of obtaining the necessary regulatory or other consents or approvals (contractual or otherwise) for the Merger, no restrictions, including any divestiture requirements or amendments or modifications, will be imposed that will have a material adverse effect on the contemplated benefits of the Merger.

In connection with the preparation of this opinion, we have not been authorized by the Acquiror or the Board of Directors to solicit, nor have we solicited, third party indications of interest for the acquisition of all or any part of the Company.

The Acquiror has agreed to indemnify us for certain potential liabilities arising out of our engagement. We have, in the past, provided financial advisory and financing services to the Acquiror and may continue to do so and have received, and may receive, fees for the rendering of such services. In addition, in the ordinary course of our business, we may actively trade the Acquiror Shares and other securities of the Acquiror, for our own account and for the accounts of customers and, accordingly, may at any time hold a long or short position in such securities.

This opinion is solely for the use and benefit of the Board of Directors of the Acquiror in its evaluation of the Merger and shall not be used for any other purpose. Our opinion does not address the merits of the underlying decision by the Acquiror to engage in the Merger and does not constitute a recommendation to any shareholder of the Acquiror as to how such shareholder should vote on the proposed Merger or any matter related thereto. This opinion is not intended to be relied upon or confer any rights or remedies upon any employee, creditor, shareholder or other equity holder of the Acquiror, or any other party. This opinion shall not be reproduced, disseminated, quoted, summarized or referred to at any time, in any manner or for any purpose, nor shall any public references to



**Merrill Lynch**

Merrill Lynch International ("Merrill Lynch") or any of its affiliates be made by the Acquiror or any of its affiliates, without the prior written consent of Merrill Lynch.

We are not expressing any opinion herein as to the prices at which the Acquiror Shares will trade following the announcement or consummation of the Merger.

On the basis of and subject to the foregoing, we are of the opinion that, as of the date hereof, the Exchange Ratios are fair from a financial point of view to the Acquiror.

Very truly yours,

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