

**STATE OF ARKANSAS
SECURITIES DEPARTMENT**

IN THE MATTER OF

DWAIN A. NEWMAN, THE NEWMAN
FAMILY, LLC and NATIONAL HOME
CENTERS, INC.

ORDER EXEMPTING TAKEOVER
OFFER PURSUANT TO ARK. CODE
ANN. § 23-42-108(c)

NO. 01-046-S

FINDINGS OF FACT

1. Dwain A. Newman, the founder, majority stockholder, and Chairman of the Board of National Home Centers, Inc., an Arkansas corporation (“NHC”), intends to make a tender offer to purchase all of the outstanding shares (the “Shares”) of common stock of NHC not currently owned by him.
2. Mr. Newman currently owns approximately sixty-four percent (64%) of the outstanding common stock of NHC. The Newman Family, LLC, which is owned by Mr. Newman and his wife, will be the purchaser (the “Purchaser”).
3. In the event that less than all of the Shares are tendered for purchase in the tender offer, Mr. Newman will cause NHC to be merged with a separate entity and each stockholder who did not tender his Shares in the tender offer will receive the same consideration in the merger.
4. The purchase price for the Shares in the tender offer and the merger is \$1.40 per share. Duff & Phelps, LLC, a Chicago-based investment banking and financial advisory firm, rendered an opinion that the offer price of \$1.40 was fair, from a financial point of view, to the minority shareholders.

5. Upon representations of counsel for the Purchaser and upon other information and belief, it appears that:
- (a) The tender offer will be conducted in accordance with the regulations of the Securities and Exchange Commission (“SEC”), which are designed to ensure that all material information is disclosed to the stockholders and that the tender offer is conducted in a fair manner;
 - (b) The merger will be conducted in accordance with Arkansas law and those stockholders who oppose the merger will have dissenters’ rights, allowing them, if they choose, to obtain an appraisal of their Shares under statutorily prescribed procedures;
 - (c) Duff & Phelps has issued its opinion to the effect that the consideration to be paid for the Shares is fair to minority stockholders from a financial point of view;
 - (d) The board of directors of NHC has unanimously (with Mr. Newman and another director not participating) approved the offer and is recommending that the minority stockholders accept the offer;
 - (e) The offer price of \$1.40 represents a 22% premium over the \$1.15 closing price per share of NHC common stock on October 4, 2001, the last trading day prior to the public announcement by NHC of the offer price.

CONCLUSIONS OF LAW

Ark. Code Ann. § 23-43-108(c) provides that the commissioner may by rule or order exempt from any provisions of the Arkansas Investor Protection Takeover Act (the “Act”) any takeover offers where compliance with the Act is not necessary for the protection of the equity security holders of the target company.

OPINION

Based on the foregoing findings of fact and upon other facts, information and belief, it is the opinion of the Arkansas Securities Commissioner that compliance by the Purchaser and NHC with the provisions of the Act is not necessary for the protection of the shareholders of NHC. The Purchaser is required, in connection with the tender offer, to provide all shareholders of NHC, including those who may be Arkansas residents, with the information required to be disclosed under the Act. Completion of the proposed tender offer and merger will require distribution to the shareholders of disclosure materials containing detailed information about NHC and the transaction. Information provided through compliance with the Act would thus be duplicative in all material respects.

The intent of the Act is to afford adequate protection to a target company and its shareholders through full disclosure of all material facts relating to a tender offer. It does not appear that compliance with the provisions of the Act would afford the shareholders of NHC any further protection beyond that afforded by federal securities law. Due to the nature of the transaction and the disclosures to be contained within the materials, it is found that compliance with the provisions of the Act by the Purchaser is not necessary for the protection of the shareholders of NHC.

ORDER

IT IS THEREFORE ORDERED that, pursuant to Ark. Code Ann. § 23-43-108(c), the cash tender offer of Dwain A. Newman and The Newman Family, LLC for shares of the outstanding common stock of National Home Centers, Inc., and the related merger are exempt from the provisions of Ark. Code Ann. §§ 23-43-101 through 117.

WITNESS MY HAND AND SEAL this 26th day of October 2001.



MAC DODSON
SECURITIES COMMISSIONER