

QUANTEL
OPTO-ELECTRONIC SYSTEMS
RD3 - 660-A, PRINCETON, N. J. 08540

December 1, 1970

To: The Stockholders of
Quantel Corporation

Dear Fellow Stockholder:

Our purpose in writing is to tell you about some of the events of the last few days that concern your interests as a Quantel Corporation stockholder.

In the past day or so you have probably received in the mail a so-called consent of stockholders of Quantel. By it Dr. Zoltan Kiss, who has been president of the Corporation, and a number of others acting at his instance, have purported to oust two of us - Messrs. Bosomworth and Kornstein - as directors of Quantel, to enlarge the board of directors from six to nine, and to appoint five new directors of Dr. Kiss' selection. These steps have been taken without a directors' or a stockholders' meeting of any kind.

In our view, and in that of the attorneys we have retained on the Corporation's behalf, this action is invalid. The directors of Quantel continue to be, as they have been for some time past, the four of us and Messrs. Kiss and Corbin.

We think you might like to know, briefly, some of the background that led up to these events.

As you are probably aware, your Corporation's board of directors has been composed, from the outset, of both

The Stockholders of
Quantel Corporation
December 1, 1970
Page 2

senior operating personnel and representatives of the principal investors in it. Among the four of us there are two representatives of each of these groups.

Increasingly in recent months, for reasons that need not be detailed here, we have become concerned with Dr. Kiss' actions as Quantel's president. As a consequence, we determined to call meetings of the board of directors, first, to amend the by-laws so as to insure that Dr. Kiss could not nullify or override the judgment of the board of directors or ignore the interests of other stockholders; second, to consider whether Dr. Kiss should continue as an officer of the Corporation; and, third, to consider the termination for cause of his employment agreement and, in that connection, to determine whether his stock in the Corporation should be repurchased at its cost to him. One directors' meeting was scheduled for November 29 and a second for November 30.

It was after receipt of these notices of directors' meetings that Dr. Kiss purported to discharge two of us and to add to the board five new directors. Obviously, this conduct was intended to prevent any action by directors exercising a judgment independent of his own.

Notwithstanding our belief that this action is invalid, we do not think that protracted litigation or other intra-corporate warfare would serve the best interests of Quantel. Hence, we have begun talks with Dr. Kiss and his representatives looking to a resolution that we hope will insure that Quantel is run in accordance with the best judgment of the directors and in the interests of all of its stockholders. In the meantime, we have worked out a temporary arrangement which hopefully will enable the Corporation to run in an orderly and productive manner in the days immediately ahead.

The Stockholders of
Quantel Corporation
December 1, 1970
Page 3

We will be in touch with you to report on further
developments when they occur.

Sincerely,

Douglas Bosomworth
Lawrence A. Goldmuntz
Edward Kornstein
Edwin Robbins