

(100) shares of the common stock of the par value of One (\$1.00) Dollar per share of the surviving corporation.

TENTH: The authorized capital of the surviving corporation shall be in the amount of One Million, Twenty-five Thousand and no/100 (\$1,025,000.00) Dollars which shall consist of One million, twenty-five thousand (1,025,000) shares of common stock of the par value of One (\$1.00) Dollar per share of which nine hundred, ninety-three thousand, four hundred, eighty-eight (993,488) shares will be issued and outstanding upon the effective date of the merger. The earned, paid in and capital surplus of Gayley Mill Corporation and of Excelsior Mills Inc. shall be and shall in all respects be treated as earned, paid in and capital surplus of the surviving corporation, subject to such adjustments as the rules of good accounting practice shall require.

ELEVENTH: If at any time the surviving corporation shall consider or be advised that any further assignment or assurances in law are necessary or desirable to vest in said surviving corporation, the title to any property or rights of the constituent corporations, the proper officers and directors of said constituent corporations shall and will execute and make all such proper assignments and assurances in law, and do all things necessary or proper to vest a title in such property or rights in the surviving corporation, and otherwise to carry out the purposes of this Agreement of Merger.

TWELFTH: If the Board of Directors of either constituent corporation in its discretion shall determine, either before or after the meeting of the stockholders of either corporation for the purpose of voting for the adopting or rejection of this Agreement, that it is not in the interest of either of the constituent corporations or its stockholders, or is otherwise inadvisable or impractical to consummate the merger, the

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