

(b) Ipso facto and without any action on the part of the holders thereof, the 3,337 issued and outstanding shares of no par value Common Stock of American (other than the 116,600 shares held by Auto), the 457,517 issued and outstanding shares of \$2.50 par value Common Stock of Auto (exclusive of the 132,394 Treasury Shares), the 606,400 issued and outstanding shares of \$1.00 par value Common Stock of Factors, and the 112,000 issued and outstanding shares of \$1.00 par value Common Stock of Fleets shall become and be converted into shares of the no par value Common Stock of American on the following basis:

(i) 2.59 shares of no par value Common Stock of American for each of such 3,337 shares of no par value Common Stock of American then held by stockholders of American other than Auto;

(ii) One share of no par value Common Stock of American for each of such 457,517 shares of \$2.50 par value Common Stock of Auto;

(iii) One share of no par value Common Stock of American for each 8 shares of such 606,400 shares of \$1.00 par value Common Stock of Factors; and

(iv) One share of no par value Common Stock of American for each 2.24 shares of such 112,000 shares of \$1.00 par value Common Stock of Fleets;

and outstanding certificates representing shares of the Common Stocks of American, Auto, Factors and Fleets (other than shares in American or Auto held by Auto) shall thenceforth represent shares of the no par value Common Stock of American in the ratios aforesaid, and such certificates may, after the merger becomes effective, be exchanged by the holders thereof for new certificates for the appropriate aggregate number of shares bearing the name "American Discount Company"; provided, however, that no right to vote or receive any dividend or other distribution shall attach to any fraction of a share resulting from any of the conversions above provided for, and that no stock certificate for a fraction of a share of the no par value Common Stock of American will be issued, but, in lieu thereof, American will pay the value of fractions of shares in cash, based upon the mean between the bid and asked prices of Auto Common Stock in the Charlotte, North Carolina over-the-counter market at the close of business on September 29, 1961 (as determined by the Board of Directors of American at its first meeting after the Merger shall have become effective) as the value of a whole share of no par value Common Stock of American, to the holders of such fractional shares of record on the effective date of the Merger;

(c) All shares in Auto held by Auto in its treasury and all shares in American held by Auto shall be cancelled and no shares in American shall be issuable in respect of any thereof; and