

into 3 fully paid and non-assessable shares of the presently authorized Common Stock of the par value of \$20 per share (herein called "Common Stock") of the Surviving Corporation. The shares of Original Preferred Stock, if any, of Coast Line held in the treasury of Coast Line shall be retired and canceled. Dividends, at the regular rate of 5% per annum, shall accrue on shares (other than treasury shares, if any) of Original Preferred Stock of Coast Line to the effective date of the Plan.

(b) Each share of the Common Stock of Coast Line which is

(i) issued and outstanding (other than shares held in its treasury), or

(ii) reacquired and held in its treasury, and called for by unexercised options granted prior to the effective date of the Plan pursuant to Coast Line's Restricted Stock Option Plan, approved at Coast Line's annual stockholders' meeting on April 15, 1958,

shall become and be converted into 1.42 shares of Common Stock of the Surviving Corporation. All shares of Common Stock of the Surviving Corporation so issuable shall be fully paid and non-assessable. The shares of Common Stock, if any, of Coast Line held in the treasury of Coast Line (except any treasury shares referred to in the second preceding sentence) shall be retired and canceled. If the shares of Common Stock of Coast Line reacquired and held in its treasury shall not aggregate the full number called for by the Coast Line options above described, the Surviving Corporation shall reserve for that purpose such number of shares of its authorized and unissued Common Stock as will be adequate for such purpose on the basis of the above ratio.

(c) Upon and after the effective date of the Plan and upon presentation and surrender by any holder of stock of Coast Line to the Surviving Corporation for cancellation and extinguishment, of the certificate or certificates representing the share or shares of Coast Line held by such holder, but subject to the provisions set forth in subparagraph (d) of this Paragraph THIRD, there shall be delivered to such holder a certificate or certificates (in definitive form or in temporary form exchangeable without charge for definitive certificates when prepared) representing the number of full shares of fully paid and non-assessable stock to which such holder is entitled and a scrip certificate (to the extent and in the manner hereinafter described) for any fractional shares resulting upon the conversion, at the respective rates hereinbefore in this Paragraph THIRD provided, and, in the case of the surrender of certificates for shares of Original Preferred Stock of Coast Line, there shall be paid to the holders thereof the accrued unpaid dividends to which they are entitled as hereinabove provided in this Paragraph THIRD. Anything in this Paragraph THIRD to the contrary notwithstanding, no fractional shares of stock of the Surviving Corporation will be delivered upon any such conversion or exchange; but, in lieu thereof, fractional rights shall be provided for as stated in sub-paragraph (d) of this Paragraph THIRD.

(d) Fractional rights to Common Stock of the Surviving Corporation resulting from the conversion of stock of Coast Line into Common Stock of the Surviving Corporation shall be provided for in the following manner:

(i) For a period of two years next following the effective date of the Plan, scrip certificates in bearer form shall be issued for such fractional rights. At any time within such two-year period, the Surviving Corporation, upon surrender to it of such scrip certificates in amounts representing in the aggregate one or more full shares of stock, shall issue a certificate or certificates for such number of full shares of stock, together with a new scrip certificate for any remaining fractional right, and pay over the amount of any dividends declared and payable upon such full shares subsequent to the effective date of the Plan. The right to exchange scrip certificates for certificates representing full shares, as aforesaid, shall expire at the end of such two-year period. Scrip certificates shall not entitle the holder thereof to vote or to receive dividends (except upon surrender and exchange as provided above) or to any of the rights, powers, or privileges of a stockholder of the Surviving Corporation, and the holder thereof shall have only such rights and privileges as are expressly provided for herein.

(ii) As soon as may be practicable after the expiration of two years next following the effective date of the Plan, the Surviving Corporation shall cause to be sold for cash, at public or private sale,