

Agreement, and in particular, the Board of Directors of Standard agree to call a special meeting of the stockholders of that corporation in order to seek approval of this Agreement, and the Board of Directors of Reily agree to call a special meeting of the stockholders of that corporation (1) to seek authorization for amendments to the charter of Reily designed to increase its authorized capital from \$5,000,000 to \$10,000,000, consisting of 1,200,000 shares divided into 790,000 shares of Class A Common Stock of a par value of \$8.33-1/3 per share and 410,000 shares of non-voting Class B Common Stock of a par value of \$8.33-1/3 per share; (2) to split all outstanding shares of both classes of its common stock three for one; and (3) in order to seek approval of this Agreement.

4. Manner and Basis of Converting and Exchanging Stock.

(a) All 195,000 shares of the \$8.33-1/3 par value Class A Common Stock and all 105,000 shares of the \$8.33-1/3 par value Class B Common Stock of Reily resulting from the stock split contemplated by paragraph 3 above and issued and outstanding immediately prior to the Effective Date shall remain outstanding and shall be and be deemed to be full-paid and nonassessable validly issued shares of the surviving corporation.

(b) Each of the 100,000 shares of the no par value Common Stock of Standard issued and outstanding immediately prior to the Effective Date shall, as of the Effective Date, be thereupon forthwith converted into two shares of the \$8.33-1/3 par value Class A Common Stock of Reily. After the Effective Date, each holder of an outstanding certificate or certificates theretofore representing no par value Common Stock of Standard shall be entitled, upon surrender of the same to the surviving corporation, to receive in exchange therefor one or more certificates representing two shares of \$8.33-1/3 par value Class A Reily Common Stock for each share of Standard stock formerly held. Until so surrendered for exchange for a certificate or certificates of Reily, each outstanding certificate that prior to the Effective Date of this Agreement represented no par value Common Stock of Standard shall be deemed for all corporate purposes, including the payment of dividends (except the dividend described in section 6 of this Agreement) and voting at stockholders' meetings, to evidence the ownership of the number of shares of \$8.33-1/3 par value Class A Common Stock of Reily into which the