

the Company's expense, not oftener than once in each year an audit of the books of account of the Company and of each Subsidiary by a firm of independent accountants selected by the Company and approved by the Mortgagee or Cities Service, as the case may be. The Company shall not, without the written consent of Cities Service and the Mortgagee, increase the total compensation paid, together by the Company and its present Subsidiaries, of any of the officers of any thereof in excess of the amount now payable on account of such compensation (except that the aggregate annual compensation of I. R. Ball may be increased to Ten Thousand Dollars (\$10,000.00) per annum) and will cause to be elected to the Company's Board of Directors from time to time one person designated in writing by Cities Service, and one person designated in writing by the Mortgagee.

THIRD: The Company shall have and hereby reserves the right at any time to dissolve or otherwise liquidate any Subsidiary from time to time, provided that all of the assets of such Subsidiary, after the discharge of all of its liabilities shall be acquired and transferred to the Company, and if so requested by the Mortgagee, be further expressly subjected to the lien hereof.

Unless the Company be in default hereunder the Company and each of the Subsidiaries shall be suffered and permitted to possess, use and enjoy the mortgaged and pledged property, and to use the rents, issues, income, products and profits from all of the mortgaged and pledged property, with power in the ordinary course of business freely and without hindrance on the part of the Mortgagee to use and conserve materials and supplies.

The Company, or any Subsidiary may at any time while in possession of any of the mortgaged property, without any release and consent of the Mortgagee, sell or otherwise dispose of, free from the lien of this Indenture, any trade fixtures, furniture, furnishings, tools, implements, machinery or equipment which may have become obsolete or unfit for use, upon replacing the same by or substituting for the same, new trade fixtures, furniture, furnishings, tools, implements, machinery or equipment of at least equal value of those disposed of.

Anything herein contained to the contrary notwithstanding the Company or the subsidiaries may

(a) Purchase equipment for the conduct of the business of the Company or the subsidiaries upon credit and subject to a vendor's lien but in any such event the Company and the subsidiaries consent and agree to duly and punctually pay any amounts secured by any such vendor's lien promptly when due, and

(b) The Company and the subsidiaries may at any time while not in default hereunder trade or sell any automobiles or motor trucks owned by the Company or the subsidiaries free from the lien of this Indenture and without any release and consent of the Mortgagee.

So long as there be no existing default hereunder on the part of the Company, or of any Subsidiary, the Mortgagee will release from the lien hereof any property which may be sold or disposed of by the Company at its fair market value, provided that the Mortgagee is satisfied that such sale or other disposition, whether by way of exchange for other property or otherwise, is at the then fair market value thereof, and that the proceeds of any such sale, or other disposition be subjected to the lien hereof in substitution for the property so to be released, or applied, if cash proceeds, as and when received by the Company, or by any Subsidiary, first towards the payment of the Bank Note, principal and interest and, second, towards the payment of the principal of the indebtedness hereby secured last maturing hereunder.

FOURTH: Any proceeds of insurance payable to the Mortgagee hereunder, as its interest may appear, received by the Mortgagee will be applied by the Mortgagee, at the request of the Company, either to the replacement or repair of the property damaged or destroyed or