

improvements, and/or machinery, and/or inventory, and/or to the redemption and retirement of the Debentures. So long as any of the Debentures shall be outstanding and unpaid, the Company also will maintain in force and effect use and occupancy insurance in respect to its principal plant buildings at its Greenville, South Carolina, plant to indemnify the Company against loss of use and occupancy of such buildings as result of fire and/or windstorm, and in an amount at least sufficient to pay interest which shall accrue on the Debentures during the period of time such building pending repair or restoration shall not be tenantable, and to the extent required to currently pay all interest on such Debentures and the principal of all Debentures maturing during such period, shall apply the proceeds of all such use and occupancy insurance solely to the payment of such interest and to the payment of the principal of such Debentures.

Section 2.08. So long as any of the Debentures shall be outstanding and unpaid, the Company will cause an audit of its books and accounts to be made by a Certified Public Accountant for each fiscal year, and a copy to be furnished to the Trustee within five days following the completion of such audit. The Company will furnish to the Trustee such additional copies of the audit as may be reasonably requested by the Trustee.

Section 2.09. So long as any of the Debentures are outstanding and unpaid, the Company will deposit with the Trustee quarterly, on or before the last day thereof, an amount of money that shall be not less than one-fourth of the annual Debenture requirements, both principal and interest; and as soon as possible after the close of each fiscal year, not later, however, than sixty (60) days thereafter, it will deposit with the Trustee an amount which, together with the annual Debenture requirements, both principal and interest, will equal thirty (30%) percent of the net profits of the Company for the fiscal year last passed, as determined by the certified audit provided in Section 2.08 above.

Section 2.10. So long as any of the Debentures are outstanding and unpaid, and in order to assure the payment of interest when due, and of the Debentures as they mature, during the first five years, the Company will deposit with the Trustee one-half of the amount of money which shall become due and owing by it to John O. Hunt, on account of royalties on certain unpatented articles and on the following patents:

U. S. Patent No. 2351513, 6-13-44

U. S. Patent No. 2408645, 10-1-46

The said deposit shall be made with the Trustee within fifteen (15) days after the amount has been determined to be due and owing by the Company to the said John O. Hunt, but the aggregate amount of the deposits will not exceed One Hundred Thousand Dollars (\$100,000.00). These deposits may be in cash, or in securities acceptable to the Trustee, with the right of substitution. At the end of five (5) years, if all payments due on the Debentures on account of principal and interest have been made, the total amount then on deposit, or the securities on deposit, will be paid or transferred and delivered to John O. Hunt.

Section 2.11. It is contemplated that the Company from time to time will deposit amounts in addition to the Debenture requirements for the purpose of enabling the Trustee to purchase Debentures in the open market, or to call Debentures for redemption. The Company, at its option, may require the Trustee to utilize any surplus in its hands for the purchase of Debentures in the open market at a price not in excess of the call price, or to call any outstanding Debenture by lot.