

(b) That no bonuses to executive employees as set forth in this Article shall be paid or accrued at any time when the book value of all securities ranking junior to the first preferred stock is less than the total amount of the outstanding first preferred stock.

(c) That no bonuses to executive employees as set forth in this Article shall be paid or accrued at any time unless and until there has first been set apart a "base reserve" which, for the purposes of this Agreement, shall be defined to be an amount equivalent to the dividend requirements on the outstanding first preferred stock in addition to the amount required for redemption of the outstanding first preferred stock computed after consideration of the application of federal and state taxes on income.

(d) In the event that the Corporation operates at a loss in any year or years following a year or years of profitable operations in which bonuses shall have been paid or accrued no bonuses shall be paid or accrued until there shall be added to the "base reserve" such sums as may become necessary to restore the impairment caused by any prior bonus payments; provided, however, that this provision shall not be applicable at any time when the net current assets of the Corporation are equivalent to or in excess of One Hundred Twenty-five (125%) per cent of the full amount of the outstanding first preferred stock.

THIRD: Determination of the sums payable to the executive employees under this Article by way of salary or bonus shall be made quarter-annually.

FOURTH: In the event of the death of either or any of the executive employees the Board of Directors are authorized to employ