

January 1, 1985. All such interest shall be computed on the basis of a 365-day year and for the actual number of days elapsed for the rate in effect on each day of the computational period.

The principal and interest on this note are payable in any coin or currency, wire transfer of collected funds of the United States of America, or any other immediately available funds which at the respective times of payment, is legal tender for the payment of public and private debts. The final installment of the principal and interest on this note shall be paid upon presentation and surrender hereof to Coats & Clark Inc., a Delaware corporation (the "Corporation"), at the principal office of the registered owner hereof or at such other address designated by the holder pursuant to the terms of the Indenture hereinafter mentioned. All other installments of principal and interest hereon shall be paid to the registered owner hereof in immediately available funds at any account designated by such owner maintained in a bank or similar financial institution that either clears through the federal reserve system or has arrangements permitting items for such bank or financial institution to be so cleared through the federal reserve system on the due date for such payment. If no account is designated, such payments may be made by check or draft drawn by or certified by a bank and mailed to such person at his address last appearing on the Note Register or by wire transfer.

This note is duly authorized and issued by the Issuer and designated as "Greenville County, South Carolina, Industrial Development Revenue Note (Coats & Clark Inc. Project)," issued in the original principal amount of \$2,000,000 under and pursuant to the Constitution and Laws of the State of South Carolina, particularly Chapter 29 of Title 4 of the Code of Laws of South Carolina, 1976, as amended, (the "Act") and under and secured by an Indenture dated as of October 1, 1984 (the "Indenture") by and between the Issuer and First National Bank of South Carolina, a national banking association (the "Lender"). This note is being issued to defray the costs of acquiring certain land and a building or buildings and other improvements thereon and all other machinery, apparatus, equipment, office facilities and furnishings to be used for the purpose of warehousing sewing notions (the "Project"). The Project will be made available to the Corporation pursuant to the terms of a Mortgage and Financing Agreement dated as of October 1, 1984 (the "Agreement") between the Issuer and the Corporation.

Pursuant to the terms of the Agreement, the Corporation has obligated itself to make payments to or for the account of the Issuer sufficient to pay as and when the same becomes due, the principal and interest on this note

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