Exhibit B

STATE OF NORTH CAROLINA

File No. 09 CVD 830

CATAWBA County

In The General Court of Justice
☐ District ☒ Superior Court Division

Name of Plaintiff	
BOBBY E. MCKINNON	
Address	**CIVIL SUMMONS**
c/o C. GARY TRIGGS, P.A., Post Office Drawer 579	
City, State, Zip	☐ ALIAS AND PLURIES SUMMONS
Morganton, NC 28680-0579	G.S. 1A-1, Rules 3, 4
VERSUS	
Name of Defendant(s)	Date Original Summons Issued
CV INDUSTRIES, INC.	Date(s) Subsequent Summon(es) Issued

To Each Of The Defendant(s) Named Below:

Name And Address of Defendant 1	Name And Address of Defendant 2
CV INDUSTRIES, INC. 401 11TH STREET HICKORY, NC 28601 P.O. BOX 608 HICKORY, NC 28603-0608	Richard Reese, Registered Agent CV Industries, Inc. 401 11th Street Hickory, NC 28601

A Civil Action Has Been Commenced Against You!

You are notified to appear and answer the complaint of the plaintiff as follows:

1. Serve a copy of your written answer to the complaint upon the plaintiff or plaintiff's attorney within thirty (30) days after you have been served. You may serve your answer by delivering a copy to the plaintiff or by mailing it to the plaintiff's last known address, and

2. File the original of the written answer with the Clerk of Superior Court of the county named above.

If you fail to answer the complaint, the plaintiff will apply to the Court for the relief demanded in the complaint.

Name And Address of Plaintiff's Attorney (If None, Address of Plaintiff)	Date Issued	Time
C. GARY TRIGGS, P.A. Attorney at Law Post Office Drawer 579 Morganton, NC 28680-0579 (828) 433-0872	3-11-09	1:0 ☐ AM ☒ PM
	Signature	
	☐ Deputy CSC ☒ Assistant CSC ☐ Clerk of Superior Court	

☐ ENDORSEMENT

This Summons was originally issued on the date indicated above and returned not served. At the request of the plaintiff, the time within which this Summons must be served is extended sixty (60) days.

Date of Endorsement	Time
	☐ AM ☐ PM
Signature	
☐ Deputy CSC ☐ Assistant CSC ☐ Clerk of Superior Court	

NOTE TO PARTIES: *Many Counties have **MANDATORY ARBITRATION** programs in which most cases where the amount in controversy is $15,000 or less are heard by an arbitrator before a trial. The parties will be notified if this case is assigned for mandatory arbitration, and, if so, what procedure is to be followed.*

AOC-CV-100, Rev. 10/01

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(Over)

STATE OF NORTH CAROLINA

IN THE GENERAL COURT JUSTICE
SUPERIOR COURT DIVISION

COUNTY OF CATAWBA

FILE NO. 09-CvS- 830

BOBBY E. MCKINNON,
Plaintiffs.

vs.

COMPLAINT
(JURY TRIAL DEMANDED)

CV INDUSTRIES, INC.,
Defendants.

The Plaintiff, for cause of action and in claim for relief, alleges and says as follows:

I.
PARTIES

1. The Plaintiff, Bobby E. McKinnon (hereinafter "McKinnon") is a citizen and resident of Catawba County, North Carolina with his present address being 1486 Knolls Drive, Newton, North Carolina 28658.

2. The Defendant, CV Industries, Inc. ("hereinafter "CVI") is a duly organized corporation existing by, through and under the General Statutes of the State of North Carolina with one of its principal places of business being located in Hickory, Catawba County, North Carolina and having as a Register Agent, Richard Reese, a Registered Office address of 401 11th Street, Hickory, North Carolina 28601 and a Registered Mailing address of P.O. Box 608, Hickory, North Carolina 28603-0608.

II.
GENERAL ALLEGATIONS

3. That all preceding paragraphs are incorporated herein by reference as if fully set forth herein.

4. The Plaintiff first became associated with CVI or its predecessors or subsidiaries when he was hired on August 8, 1978 as President of Valdese Weavers located in Valdese, North Carolina. From that time until May 25, 2000 the Plaintiff worked continuously for CVI or its predecessors or subsidiaries in various executive capacities, the last being as President of CV Industries, Inc.

5. During the course of the Plaintiff's employment with the Defendant or its predecessors or subsidiaries a number of incentive agreements, plans, packages and programs for the Plaintiff were developed during his employment. Those included:

COPY

a. A Shadow Equity plan with CVI dated January 1, 1997 which was amended by an Agreement dated January 5, 1998, an agreement dated June 9, 1999 and an informal agreement in November 1999 ("**Plan A**");

b. A salary continuation agreement with Valdese Weavers, Inc., dated November 1, 1984 ("Plan B");

c. A salary deferral agreement with Valdese Weavers, Inc., which became effective on January 1, 1992 ("Plan C"); and

d. An employment agreement with CVI dated January 1, 1997 ("Plan D").

6. On or about May 3, 2000, the Plaintiff advised the Defendant that he had to resign his current position as President and Chief Executive Officer of CVI due to his having agreed to become employed by and acquire an ownership and equity interest in Joan Fabrics Corporation and/or Mastercraft Fabric Corporation (collectively hereinafter "Mastercraft") which was at the time a competitor both indirectly and directly of CVI's subsidiaries.

7. At all relevant times during his association with the Defendant its subsidiaries or predecessors the Plaintiff provided his best efforts which produced record profits and growth for the companies with which he was associated,

8. At all relevant times the Plaintiff possessed the knowledge and skill to compete directly with the Defendant and its subsidiaries and had the ability given the close association he had with key employees and workers for the various companies to disrupt the entire operation of the Defendant and its subsidiaries by competition in the market place and by competition for key employees and workers, a fact that was acknowledged by the agents for the Defendant during the negotiations entered into with the Plaintiff to reach a severance agreement and release.

9. Prior to May 25, 2000, the Plaintiff and the agents for the Defendant entered into a series of negotiations which resulted in the signing of a Severance Agreement and Release dated May 25, 2000, a copy of which is attached marked **Exhibit "A"** and incorporated herein by reference.

10. As a condition precedent to the entry into the Severance Agreement and Release the Defendant through its duly appointed agents made various inducements, representations and promises to the Plaintiff which induced him to enter into the agreement marked as **Exhibit "A"**, those inducements included but were not limited to the following:

a. That the Plaintiff would agree to a standstill agreement with regard to the solicitation or employment by Plaintiff, by Plaintiff's employer, partner or affiliate of any employee, salesman, designer or independent contractor of CVI or anyone of its subsidiaries for the period of the Plaintiff's employment by Mastercraft or any other competitor of CVI or the Plaintiff engaging in competition with CVI or any of its subsidiaries;

b. For the purposes of the agreement an employee was defined as anyone with the title and/or the responsibility of department head or higher or fabric designers with two or more years of industry experience;

c. The Plaintiff further agreed to the same standstill agreement with regard to the solicitation or employment of any employee, salesman, designer or independent contractor of the entity owning or controlling the fire retardant patents or processes owned by Frank J. Land or Land Fabric Company;

d. Plaintiff agreed not to acquire the patents representing any inventions by Land, any company owned or controlled by Land, rights to manufacture any products covered by such patents;

e. That the Plaintiff would seek to create minimal disruption to CVI and its subsidiaries due to the resignation of the Plaintiff; and

f. That provided the Plaintiff complied with the terms and conditions of the agreement, he would be entitled either individually or through his designated beneficiary or estate to the proceeds of the provision known as **"Plan A."**

11. At all relevant time the Plaintiff relied upon the promises, covenants and inducements by the Defendant and its agents to be true and considered those conditions to be conditions precedent to his entry into the agreement marked Exhibit "A".

12. That the provisions of **"Plan A"**, by agreement, would be suspended until such time as the Plaintiff left his employment with Mastercraft or was not employed by any other competitor of and not engaged in competition with CVI or any of its subsidiaries. The provisions of the Plaintiff's benefits under **"Plan A"** were fixed and agreed to be based on One and Forty-five Thousand Two Hundred and Eighty (145,280) as of June 16, 2000. The value of the Plaintiff's units under **"Plan A"** were established as of December 31 of the calendar year immediately preceding the date Plaintiff became eligible to receive benefits under **"Plan A"**.

13. The parties agreed that if the value of the units used to calculate the Plaintiff's benefits at the time he becomes eligible to receive the benefits pursuant to **"Plan A"** are below the value as calculated for the value CVI Esop Stock as of December 31, 1999, the benefits under **"Plan A"** would be forfeited.

14. Upon information and belief at all relevant times the parties believed that **"Plan A"** would act as a positive incentive for the Plaintiff to help improve the Defendant's financial condition and the value of its stock.

15. At all relevant times the Plaintiff carefully abided by the agreement and complied with all terms and conditions as specified in Paragraphs 7 and 8 of **Exhibit "A"**. In addition, since his resignation the Plaintiff has diligently sought to help improve the Defendant's financial condition and the value of its stock.

16. On or about June 23, 2008, the Plaintiff contacted Richard Reese, Treasurer, of CVI and advised him that the Plaintiff was in the process of personally disengaging himself from any employment, consulting or ownership with companies that competed in anyway with any CVI divisions. The intention being for the Plaintiff to file for and begin receiving payments for the benefits due to the Plaintiff as outlined in Paragraph 8 of Shadow Equity Plan described as **"Plan A"**.

17. During the conversation by the Plaintiff with Mr. Reese, the Plaintiff was advised that Harley F. Shuford, Jr. with whom the Plaintiff was acquainted was on vacation and would not return until after the week of July 4th at which time Mr. Reese would discuss the situation with Mr. Shuford and thereafter contact the Plaintiff.

18. Having received no response as promised, the Plaintiff again called Mr. Reese on July 14th and was advised that he, Harley Shuford and Brad Blaylock had discussed the situation and felt that there was no obligation on the part of the company to follow the agreement as written. Mr. Reese further advised that, if the Plaintiff wished to discuss the matter further, he should contact Brad Blaylock.

19. On July 14, 2008, the Plaintiff attempted to contact Mr. Blaylock by phone leaving a message which was not returned.

20. On July 25, 2008, the Plaintiff sent a letter to Mr. Harley F. Shuford, Jr., a copy of which is attached marked **Exhibit "B"** apprising Mr. Shuford of what had transpired.

21. On September 8, 2008, having received no response to the letter of July 25, 2008, the Plaintiff sent a second letter to Mr. Shuford again placing him on notice of the Plaintiff's desire to begin receiving the benefits under the Shadow Equity Plan know as "**Plan A**". A copy of the letter is attached marked **Exhibit "C".**

22. On or about September 18, 2008, the Plaintiff had an opportunity to discuss with Mr. Reese the issues regarding the position of CVI regarding "**Plan A**" and in response to the request from Mr. Reese forwarded a letter dated September 20, 2008, which set forth the ways in which the Plaintiff has competed with CVI since his resignation and some of the positives that the Plaintiff had undertaken to assist the corporation. A copy of the letter is attached marked **Exhibit "D".**

23. On or about October 10, 2008, the Plaintiff received a letter from Richard L. Reese in which the Defendant advised that it would not honor the provisions of "**Plan A**". A copy of the letter is attached marked **Exhibit "E".**

24. The letter of October 10, 2008, from Richard L. Reese was factually inaccurate in that it contended that the Plaintiff ceased engagement in competition with CVI at the termination of his tenure with Joan Fabric in November 2002 which the Defendant knew or by reasonable diligence should have known was false.

25. At all relevant times up to and including the date of notification by the Plaintiff of his election to cease competition, the Plaintiff had been affiliated with companies in competition with the Defendant or its affiliates as defined by the terms and conditions of the prerequisites for "**Plan A.**"

26. In addition, on the date Plaintiff advised the Defendant of his ceasing competition, the stock value of CVI was above $9.90 per share and was thus not precluded under the terms of the agreement.

27. That upon information and belief the Defendant through its agents knew or by reasonable diligence should have known at the time of the entry into the agreement marked Exhibit "A" that said Defendant had no intention of honoring the terms and provisions related to the benefits designated as "Plan A"; however, despite such knowledge proceeded with the negotiations which included making false or misleading promises and inducements to the Plaintiff in order to protect the Defendant corporation and its subsidiaries from the potential impact of the loss of the Plaintiff as its President and CEO.

28. That upon information and belief the acts and omissions on the part of the Defendant and its agents were a calculated and systematic fraud perpetrated to induce the Plaintiff to entry into an agreement that, had he been given correct information including the true intentions of the Defendant with regard to "**Plan A**", he would not have agreed to.

29. That upon information and belief the Defendant and/or its agents have systematically sought to undermine the agreement marked **Exhibit "A"** and/or deprive the Plaintiff of his just payments pursuant to the contractual agreement entered into between the parties.

30. That the acts and omissions on the part of the Defendant through its agents constitutes a material breach of the contract between the parties marked **Exhibit "A"**.

31. That the Plaintiff has at all relevant times complied with all of the terms and conditions of the contract and is entitled to all of the payments as designated within the contract marked **Exhibit "A"** regarding **"Plan A."**

32. Upon information and belief the Defendant through its agents intended to deceive or defraud the Plaintiff by the making of false or misleading promises and inducements and did in fact mislead the Plaintiff who relied upon the truth and accuracy of the promises and inducements made by the Defendant or its agents to his detriment.

33. The agreement between the parties marked **Exhibit "A"** is a valid contract which is enforceable by the Plaintiff.

34. That upon information and belief the value of **"Plan A"** as contemplated by the parties is in excess of One Million Dollars ($1,000,000.00).

III.
FIRST CAUSE OF ACTION
BREACH OF CONTRACT

35. That all preceding paragraphs are incorporated herein by reference as if fully set forth herein.

36. That **Exhibit "A"** is a legally binding contract obligating both the Plaintiff and the Defendant to the terms and conditions contained therein.

37. That the Plaintiff has fully complied with all terms and conditions of the contact and is entitled to receive all of the benefits set forth in the subject contract.

38. That the Plaintiff has fully complied with all of the conditions necessary to establish his eligibility for the payments designated as **"Plan A."**

39. That the Plaintiff gave proper notice to the Defendant through its agents of his withdrawal from competition with the Defendant at a time and in such a manner as to comply with the terms and conditions of the contract.

40. At the date of the notice of compliance with the non-competition provisions of the contract, the stock of the Defendant was in excess of the value of the stock determined as the baseline value thus entitling the Plaintiff to the provisions of "**Plan A.**"

41. That the Defendant and its agents have breached the terms and conditions of the contract between the parties by failing to pay in a timely fashion the benefits due and payable to the Plaintiff pursuant to "**Plan A.**"

42. That the acts and omissions on the part of the Defendant and its agents constitute a material breach of the contract marked **Exhibit "A".**

43. As a direct and proximate result of the breach of contract by the Defendant and its agents, the Plaintiff has suffered compensatory damages in an amount in excess of Ten Thousand Dollars ($10,000.00) and continues to suffer damages on a monthly basis.

44. That the acts and omissions on the part of the Defendant and its agents are so outrageous and so egregious as to entitle the Plaintiff to punitive damages in an amount in excess of Ten Thousand Dollars ($10,000.00).

IV.
SECOND CAUSE OF ACTION
SPECIFIC PERFORMANCE

45. That all preceding paragraphs are incorporated herein by reference as if fully set forth herein.

46. That the Plaintiff having complied with all terms and conditions of the contract between the parties marked **Exhibit "A"** is entitled to Specific Performance by the Defendant of all obligations set forth in said contract with respect to "**Plan A.**"

47. That the Court should enter an Order requiring the Defendant to comply with the terms and conditions of the provisions of Exhibit "A" and in particular the terms and conditions related to "**Plan A.**"

V.

THIRD CAUSE OF ACTION
FRAUD/MISREPRESENTATION

48. That all preceding paragraphs are incorporated herein by reference as if fully set forth herein.

49. Upon information and belief the Defendant and/or its agents engaged in fraud or misrepresentation in order to induce the Plaintiff to enter into the contractual agreement designated as **Exhibit "A"** at a time when they knew of by reasonable diligence should have known that they had no intentions of honoring the terms and conditions of the contract regarding **"Plan A."**

50. Upon information and belief the Defendant and its agents knew or by reasonable diligence should have known that the Plaintiff was relying upon the promises, covenants and agreements of the Defendant including the assurance that **"Plan A"** would be paid to the Plaintiff as a condition precedent to the entry into the agreement between the parties.

51. Upon information and belief the Defendant and its agents sought to deceive and did in fact deceive the Plaintiff by the making of false and misleading promises which the Defendant had no intention of honoring.

52. That as a direct and proximate result of the fraud and misrepresentation on the part of the Defendant and its agents the Plaintiff has suffered compensatory damages in an amount in excess of Ten Thousand Dollars ($10,000.00).

53. That the acts and omissions on the part of the Defendant and its agents are so outrageous and so egregious as to entitle the Plaintiff to punitive damages in an amount in excess of Ten Thousand Dollars ($10,000.00).

VI.

FOURTH CAUSE OF ACTION
UNFAIR AND DECEPTIVE TRADE PRACTICE VIOLATIONS
(N.C.G.S. 75-1.1 et seq.)

54. That all preceding paragraphs are incorporated herein by reference as if fully set forth herein.

55. At all relevant times the Defendant was engaged in commerce.

56. That the acts and omissions on the part of Defendant and its agents as complained of herein above constitute fraud and misrepresentation which is an Unfair and Deceptive Trade Practice as defined by N.C.G.S. 75-1.1 et seq.

57. That at all relevant times the Defendant and/or its agents sought, through unfair and deceptive trade practices, to prevent the Plaintiff from engaging in what would otherwise have been lucrative competition with the Defendant by the promises of the provision set forth in **"Plan A."**

58. That as a direct and proximate result of the Unfair and Deceptive Trade Practices on the part of the Defendant and its agents, the Plaintiff has suffered and continues to suffer compensatory damages in an amount in excess of Ten Thousand Dollars ($10.000.00) with the actual amount to be determined by a jury at trial.

59. That all damages recovered by the Plaintiff should be trebled pursuant to the provisions of the Statute and in addition thereto, all costs incurred including reasonable attorney's fees taxed against the Defendant.

WHEREFORE. The Plaintiff respectfully prays the Court as follows:

1. That the Plaintiff have and recover of the Defendant compensatory damages in an amount in excess of Ten Thousand Dollars ($10,000.00);

2. That the Plaintiff have and recover of the Defendant Specific Performance as to the terms and conditions of **Exhibit "A"** and particularly the provision related to **"Plan A"** of said contract;

3. That the Plaintiff have and recover of the Defendant punitive damages in an excess of Ten Thousand Dollars ($10,000.00);

4. That the acts and omissions on the part of the Defendant through its agents be determined to be in violation of the Unfair and Deceptive Trade Practices Act, as set forth in N.C.G.S. 75-1.1 et seq.;

5. That pursuant the provisions of N.C.G.S. 75-1.1 et seq. all damages recovered by the Plaintiff against the Defendant be trebled and in addition thereto, all costs incurred including reasonable attorney's fees be taxed against the Defendant;

6. That the Plaintiff be awarded pre and post judgment interest on any sums found by the Court or jury to be due and payable to the Plaintiff;

7. That the Plaintiffs be afforded a trial by jury on all issues; and

8. For such other and further relief as the Court shall deem just and proper.

THIS, the 11th day of March, 2009

C. GARY TRIGGS, P.A.

By: _____

C. Gary Triggs
North Carolina State Bar Number 5865
Post Office Drawer 579
207 East Union Street
Morganton North Carolina 28680-0579
Telephone Number (828) 433-0872

STATE OF NORTH CAROLINA

COUNTY OF CATAWBA

VERIFICATION

I, **BOBBY E. MCKINNON,** first being duly sworn, depose and say that I have read the foregoing document and that the same is true of my own knowledge, except as to those matters and things alleged therein on information and belief, and as to those matters and things, I believe them to be true.

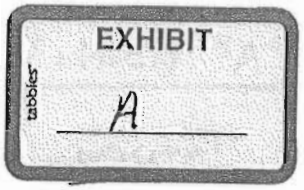
THIS the 11th day of March, 2009

BOBBY E. MCKINNON

SWORN TO and subscribed before me
this the 11th day of March, 2009

NOTARY PUBLIC

My commission expires 11/3/2013



NORTH CAROLINA)
) SEVERANCE AGREEMENT
CATAWBA COUNTY) AND RELEASE

THIS AGREEMENT, made and entered into this 25 day of May, 2000, by and between BOBBY E. McKINNON (hereinafter "McKinnon"), and C V INDUSTRIES, INC. (hereinafter "CVI");

W I T N E S S E T H:

1. McKinnon has worked continuously for CVI or its predecessors or its subsidiaries in executive capacities from August 8, 1978, until the present.

2. CVI or its predecessors or its subsidiaries have entered into a number of incentive agreements, plans, packages and programs for McKinnon during that time period. These include: (a) a Shadow Equity Plan with CVI dated January 1, 1997, which has been amended by an Agreement dated January 5, 1998, an Agreement dated June 9, 1998, and an informal amendment in November, 1999 ("Plan A"); (b) a Salary Continuation Agreement with Valdese Weavers, Inc., dated November 1, 1984 ("Plan B"); (c) a Salary Deferral Agreement with Valdese Weavers, Inc., which became effective on January 1, 1992 ("Plan C"); (d) and an Employment Agreement with CVI dated January 1, 1997, ("Plan D").

3. On May 3, 2000, McKinnon conveyed to CVI his desire to resign his current position of President and Chief Executive Officer of CVI. McKinnon has agreed to become employed by and to acquire an ownership and an equity interest in Joan Fabrics Corporation and/or Mastercraft Fabrics Corporation (collectively hereinafter "Mastercraft") which may compete indirectly with one or more of CVI's subsidiaries and does compete directly with one or more of CVI's subsidiaries.

4. McKinnon's voluntary termination of his employment by CVI and his employment by Mastercraft will have an impact on his rights and liabilities under each of the Plans described in Paragraph 2 above. Such impact includes but is not limited to the following: (a) Benefits payable to McKinnon and others under Plan A are to be suspended for one month and then permanently cancelled if McKinnon continues in competition with CVI; (2) Benefits payable to McKinnon and others under Plan B and Plan C shall be postponed until such time as McKinnon is no longer engaged in competition or is employed by a competitor; and (3) Benefits under Plan D are terminated as of the date McKinnon's employment by CVI is terminated.

5. McKinnon and CVI desire to reach an agreement regarding McKinnon's resignation of his employment which creates minimal disruption to CVI and its subsidiaries, and which reflects favorably upon McKinnon's career and reputation within the various industries within which CVI, its subsidiaries and McKinnon have been involved and expect to continue to be involved.

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants and promises hereinafter set forth by McKinnon and CVI each to the other, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties do hereby agree as follows:

1. McKinnon's resignation will become effective on Friday, June 16, 2000.

2. McKinnon and CVI will issue an industry press release or releases which will reflect positively upon McKinnon, his achievements, his contributions to CVI and its subsidiaries and his career goals.

3. All benefits due McKinnon under Plan D will terminate on June 16, 2000, except for a final bonus and severance payment in the gross amount of $300,000 less required withholdings which will be paid to him by CVI prior to December 15, 2000.

4. Deferred Compensation payments to McKinnon or his designated beneficiaries or his estate under Plan C in an annual amount of $148,067 will be paid annually less required withholdings commencing on June 17, 2000, and will continue for fifteen years thereafter, except as such payments may be terminated and forfeited in accordance with the provisions set forth in Paragraph 7 below.

5. Deferred Compensation payments to McKinnon or his designated beneficiaries or his estate under Plan B in an annual amount of $75,000 will be paid annually less required withholdings commencing on June 17, 2000, and will continue for fifteen years, except as such payments may be terminated and forfeited in accordance with the provisions outlined in Paragraph 7 below.

6. In consideration of the payments to be paid by CVI under Plan B and Plan C in advance of McKinnon's termination of his employment by a competitor or his engaging in competition, McKinnon agrees to a standstill agreement with regard to the solicitation or employment by McKinnon or McKinnon's employer or partner or affiliate of any employee, salesman, designer or independent contractor of CVI or of any of its subsidiaries for the period of McKinnon's employment by Mastercraft or any other competitor of CVI or McKinnon's engaging in competition with CVI or any of its subsidiaries. For this purpose an employee is defined as anyone with the title and/or responsibility of department head or higher and fabric designers with two or more years industry experience. Furthermore, McKinnon agrees to the same standstill agreement with regard to the solicitation or employment of any employee, salesman, designer, or

independent contractor of the entity owning or controlling the fire retardant patents or processes owned by Frank J. Land or Land Fabric Company. McKinnon agrees not to acquire the patents representing any inventions by Land, any company owned or controlled by Land, or rights to manufacture any products covered by such patents.

7. Any violation of the standstill agreements referred to in Paragraph 6 above will result in the immediate termination and forfeiture of benefits to McKinnon or his designated beneficiaries or his estate remaining to be paid under Plans B and C. Such termination and forfeiture of benefits will occur whether or not such employment was solicited by McKinnon. This prohibition shall only apply for a period of thirty months after the employee, salesman, consultant, designer, or independent contractor leaves the employment of CVI or any of its subsidiaries. CVI may waive the provisions of the paragraph, in writing, in any case in which it deems it in its best interests to do so.

8. Benefits due McKinnon or his designated beneficiaries or his estate under Plan A will not be cancelled as called for under Plan A, but rather will be suspended until such time as McKinnon leaves the employment of Mastercraft, is not employed by any other competitor of and is not engaged in competition with CVI or any of its subsidiaries. McKinnon's benefits under Plan A are fixed and agreed to be based on 145,280 units as of June 16, 2000. The value of McKinnon's units under Plan A will be determined as of December 31 of the calendar year immediately preceding the time he becomes eligible to receive benefits under Plan A. However, if the value of such units used to calculate McKinnon's benefits at the time he becomes eligible to receive such benefits is below the value calculated by Houlihan Lokey Howard & Zukin for the value of CVI ESOP stock as of December 31, 1999, all benefits due McKinnon, his beneficiaries, and his estate under Plan A

will be forfeited. It is the intention of the parties hereto, in addition to the negative consequences set forth in Paragraph 7 above, to create a positive incentive for McKinnon to help improve CVI's financial condition and the value of CVI's stock.

9. Any benefits due McKinnon under Plans A, B, or C as limited by Paragraphs 7 and 8 above will be paid to McKinnon's designated beneficiaries or his estate if McKinnon should die before all benefits due under said plans are paid to McKinnon before his death.

10. In the event of the sale of CVI or the liquidation of CVI or the merger of CVI in which merger CVI is not the surviving corporation, any and all benefits due McKinnon, or his designated beneficiaries or his estate under Plans A, B, and C as limited by Paragraphs 7 and 8 above shall become immediately due and payable in full, after proper adjustment for the time value of money has been determined using a 7% interest factor.

11. In consideration of CVI's agreement to provide McKinnon with the payments and benefits listed in Paragraphs 3, 4, 5 and 8 above, McKinnon, for himself, his heirs, legal representatives and assigns, fully releases, discharges and covenants not to sue CVI, Valdese Weavers, Inc., Century Furniture Industries, Inc., Shuford Development, Inc., Expressions Furniture, Inc., and their respective subsidiaries regarding any matter arising from his employment with or separation from CVI or any of its subsidiaries or affiliates including, but not limited to, all claims under Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. §2000e, et seq; the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. §621-634; the Americans with Disabilities Act, and any and all other claims of which he now knows or should know that arise under federal or North Carolina statutory or common law, such as claims under ERISA, COBRA,

wage payment laws or claims for wrongful termination. This Agreement is not intended to waive any claims that may arise after the date the Agreement is executed.

12. After receiving the payments hereinabove provided to be made to or for him, his designated beneficiaries or his estate, McKinnon agrees that he will have no further right, claim or action against CVI or any of its officers, directors, agents or employees or against any of its subsidiaries or any of their officers, directors, agents or employees, for salary, expenses, bonuses, deferred compensation, stock, stock options, or for any other thing or matter.

13. This Agreement shall enure to and be binding upon the parties hereto and their respective heirs, legal representatives, successors and assigns.

14. This Agreement shall be construed in accordance with the laws of North Carolina, except as federal law may apply.

15. The parties agree that the provisions of this Agreement shall be deemed severable and that the invalidity or unenforceability of any portion of any provision shall not affect the validity or enforceability of other portions of such provision or of other provisions. Such provisions shall be appropriately limited and given effect to the extent that they may be enforceable.

16. This Agreement may not be changed orally but only by an agreement in writing signed by the parties hereto.

17. McKinnon agrees that he will not disclose matters relating to the contents of this Agreement, including the amount of monetary payments, to anyone other than his attorneys, accountants or immediate family members or to others on a "need to know" basis. CVI agrees that it will not disclose matters relating to the contents of this Agreement, including the amount of

monetary payments, to anyone other than its Board of Directors, officers, accountants, attorneys, or others on a "need to know" basis.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

(SEAL)
Bobby E. McKinnon

C V INDUSTRIES, INC.
By: _____

July 25, 2008

Mr. Harley F. Shuford, Jr.
820 9th Ave., NW
Hickory, NC 28601

Dear Buck,

Please refer to the severance agreement dated May 25, 2000 between CV Industries and Bobby E. McKinnon.

Since that time I have carefully abided by the agreement in total and particularly as specified in paragraphs 7 and 8 and have done all possible to help improve CVI's financial condition and the value of CVI's stock.

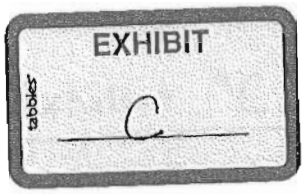
Around June 23, 2008 I telephoned Richard Reese to advise him that I am in the process of personally disengaging from any employment, consulting, or ownership with companies that compete in anyway with any CVI division. Additionally I informed him of my desire to file for and receive payment for the benefits due me as outlined in paragraph 8, specifically the Shadow Equity Plan described as Plan "A".

Richard advised that you were on vacation and would not return until after the week of July 4th, after which he would be back in touch. After no response, I telephoned him on July 14th at which time he advised that you and Brad Blaylock feel no obligation to follow the agreement as written. He further advised that if I wished to discuss the matter I should telephone Brad. I phoned Brad on that day (July 14th) and left a message. As of today I have had no response from him.

Buck, I still have strong positive feelings for Century and Valdese and continue to be supportive of CVI's efforts. I hope you will give this matter immediate attention and that we can resolve any questions you may have regarding the payment of these benefits.

Best personal regards,

Bob McKinnon



September 8, 2008

Mr. Harley F. Shuford, Jr.
820 9th Ave., NW
Hickory, NC 28601

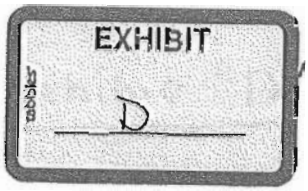
Dear Buck,

It has been over five weeks since I notified you officially of my desire to begin receiving Shadow Equity Plan benefits resulting from the contractual agreement between CV Industries and me dated May 25, 2000.

My preference is that we conclude this matter in a respectful and peaceful manner that is in keeping with your commitments outlined in the above mentioned agreement. However, if you and CVI within a reasonable period of time do not take positive steps to resolve this issue we will take whatever action we deem necessary.

Best Regards,

Bob McKinnon



September 20, 2008

Mr. Richard Reese
Treasurer
CV Industries Inc.
P.O. Box 608
Hickory, NC 28603

Dear Richard,

In response to your request of Thursday, September 18, 2008, I am listing some of the ways I have competed with CVI since my retirement from the company and some positive actions I have taken to assist.

1. May 2000-November 2002- Served as President of Joan Fabrics and competed daily with Valdese.

2. December 2001-June 2002- With the knowledge of Joan formed the following companies for participation in Furniture, Upholstery Fabrics, Bedding and Top of the Bed fabrics arena.

   A. Basofil Fibers, LLC-Former division of BASF-Manufacturer of multi-purpose fiber for yarn and non-wovens.

   B. McKinnon-Land, LLC-Owner of Alessandra Yarn and other patents plus being an R & D Company.

   C. McKinnon-Land-Moran- Responsible for the business, sales, marketing and general business for domestic and international activities of all companies.

3. March, 2002-October 2006- Was CEO and primary shareholder of all three companies. The business was sold in October, 2006. During the 31 months I was involved in this business I competed with as well as assisted CVI in several ways.

   A. I met with and shared new technology information with the board of directors of UFAC and the ATMI Upholstery Fabrics committee on the first day of our Incorporation(3/4/02). This exposed our products to a large number of CV Competition.

   B. We met with and shared new information during an open meeting of the U.S. Consumer products Safety Commission on the subject of woven flame resistant products to protect upholstery in the home. Frank Land spoke at this meeting which was conducted in 2003.

Many key members of the woven textile and upholstery manufacturing community were present and were advised of the technology.

C. During the entire period we owned the companies we worked with weavers and spinners of yarn and fabric to produce and distribute both to the market place. Much of the 100's of thousands of yards of fabrics produced were made by Inman Mills. Samples of these same types of fabrics were originally produced by Valdese in accordance with the agreement they had with Frank Land. McKinnon-Land initiated an agreement with Hanes who distributed the products to their customers in the home furnishings industry.

D. During 2003 and 2004 I was a consultant to and helped sell fabrics for Metropolis Fabrics, LLC in Duncan, South Carolina a jacquard competitor of Valdese. I, in fact hosted Joe Feege in Spartanburg to view their facilities and asked that Valdese consider using Metropolis as a weaving resource should they need more capacity. I used my knowledge of weaving, furniture manufacturing and other areas to try to influence customers to buy from them. In fact Century bought products from them upon my recommendation.

E. In April 2003 we showed a video of upholstered chair burn tests manufactured with our fabric by Century to the California Bureau Of Home Furnishings at a nationwide conference. In attendance were many Century and Valdese competitors. The results of the test provided Century with recognition from the California Fire Marshalls Association. The protective woven fabric(same as that woven by Valdese in earlier years) was the product used and was the first non-chemical, non-toxic manner of passing California's stringent tests.

F. We negotiated with and signed an agreement with Deslee, an International weaver and knitter of fabrics for upholstery and bedding. We further worked with what was formerly Burlington Industries on jacquard fabrics and progressed so far as exchanging technical information as we were selling the business. Discussions were also held with Culp and Blumenthal.

G. I personally made presentations to Klausnner Furniture regarding their use of our products for export as well as for use on sleeper sofas which Century also makes and distributes. Century also exports. We further had discussions with many other upholstery companies at various flame resistant product "Show Time" type sessions and did sell goods. We provided some test fabrics to William Smith, VP of Sherrill for consideration in their export program. We sold the company before they made a decision.

H. Valdese sells some of their products into the contract market. We developed goods for that market and were entering that area at the time of our sale.

I. In 2006 Quaker was one of Valdese's major competitors. We met with them in Las Vegas and in Hickory to discuss our products and to initiate action with our many protective categories.

J. We negotiated with and had trade agreements with several large international trading companies including Maribeni and Mitsui. Maribeni trades hundreds of products over the world and initiates weaving, dyeing, cut & sew, knitting and many other textile activities for all types of product categories. Not only did we work with them regarding our products, we introduced them to Joe Feege and arranged a golf game to allow him to become better acquainted. Today, I am advised that Valdese is not only doing business with them but is receiving 20,000 yard orders.

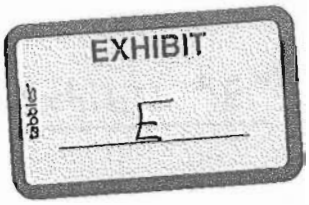
K. Since selling ML, MLM and Basofil in October of 2006 I have investigated possibly acquiring Circa, been invited to rejoin Elkin MacCallum and have in fact served as a consultant for Jacquard Fabrics which again competes directly with Valdese. I resigned from Jacquard when Leonard Gliner(owner of Jacquard) was entertaining the thought of recruiting David McClaren, a Circa designer. I immediately told him of my contractual commitment to CVI and further that I was advising Mike Shelton of this matter, which I did.

There have been numerous occasions when current employees have telephoned me regarding their desire to leave CVI and I have encouraged them to remain. Further, I have recommended that customers remain with the company and not be disgruntled over a single incident. Other times I have referred customers and potential employees to the company.

I have competed over the years but have done my best to help the company and its employees reach higher levels.

If you have questions, please advise.

Bob E. McKinnon



CV INDUSTRIES, INC

Century Furniture, LLC
Valdese Weavers, LLC
Shuford Development, Inc

Richard L. Reese
CFO Secretary & Treasurer

Direct: (828) 326-8365
Fax: (828) 326-8677
RLR@CenturyFurniture.com

October 10, 2008

Mr. Bob E. McKinnon
1486 Knolls Drive
Newton, NC 28658

Dear Bob:

I circulated your letter of September 20, 2008, and wish to respond.

Under the Severance Agreement, your Shadow Equity Plan is identified as Plan A. For that plan, benefits were suspended until such time as you left Joan and were not employed by a competitor and engaged in competition with CVI. It appears to us that that occurred in November 2002 at the end of your tenure at Joan.

At that time our stock value was $8.60 per share. Since that value was less than our December 31, 1999 value of $9.90 per share, our obligation for Plan A ceased to you at that point. The agreement does not contemplate restoring the competitive element once your competition ceased.

We do appreciate you honoring the standstill requirements for our employees, but that is a condition of the Plans B and C benefits[1]. The Severance Agreement does not tie that requirement to Plan A.

Based on the foregoing, we will continue to honor the obligations under Plans B and C. The rights you may have had with respect to Plan A ended on December 31, 2002, and we do not owe anything on Plan A.

Sincerely,

Richard L. Reese

[1] Severance Agreement and Release, paragraph 7