

(b) ERVIN has furnished to CYANAMID a Subsidiary List showing, with respect to each ERVIN Company and each ERVIN Joint Venture, (i) its capitalization, (ii) the class and amount of all of its securities thereof owned by each of the ERVIN Companies, (iii) the class and amount of all of its securities owned by any other person, firm or corporation (and the identity of such other person, firm or corporation), and (iv) the jurisdictions in which it conducts business. The information set forth on the Subsidiary List is true and correct in all respects. The ERVIN Stockholders listed on the Stockholders List are the owners of all the issued and outstanding shares of capital stock of ERVIN; other than interests in the ERVIN Companies and the ERVIN Joint Ventures, the ERVIN Companies do not control, directly or indirectly, or have any stock or ownership interest in, any person, firm or corporation. All of the outstanding shares of capital stock of the ERVIN Companies are duly and validly issued, fully paid and non-assessable, except for shares of ERVIN issued under the Executive Stock Purchase Plan of 1968 referred to on the Contract List.

(c) The Financial Statements present fairly the respective financial positions of the corporations to which they refer at the respective dates of such statements and the results of the operations of such corporations for the periods covered by such statements, in conformity with generally accepted accounting principles applied on a basis consistent throughout the periods covered by such statements and with the period preceding the periods so covered, except for the change in 1969 in the method of computing depreciation expense.

(d) As of the Merger Balance Sheet Date, none of the ERVIN Companies had any liabilities, accrued, absolute or contingent, except as and to the extent reflected or adequately reserved against in the Merger Balance Sheet.

(e) Since the Merger Balance Sheet Date, there has been no change in the condition (financial or otherwise), assets, liabilities, or businesses of the ERVIN Companies other than changes referred to in or contemplated by this Agreement and changes in the ordinary course of business which have not materially adversely affected such condition, assets, liabilities, or businesses, except as stated in Note 12 to the Merger Balance Sheet, except for the organization of The Kingston Corp. and its entry into the public housing business and except for the discontinuance of the retail furniture business known as Hallmark Galleries.

(f) The ERVIN Companies have filed all Federal, State, County and local tax returns which are required to be filed and have paid all taxes which have become due pursuant to such returns or to any assessment received by them. The amounts set up as provisions for income taxes payable and other accrued liabilities on the Merger Balance Sheet are sufficient for the payment of all accrued and unpaid Federal, State, County and local taxes of the ERVIN Companies for the period ended on the Merger Balance Sheet Date and all prior periods. Federal income tax returns for the ERVIN Companies have been examined by the Internal Revenue Service for all fiscal periods through March 31, 1965, and all deficiencies proposed as a result thereof have been paid or reserved against pending payment on the Merger Balance Sheet.

(g) All mortgage notes held by and accounts receivable of the ERVIN Companies have been collected or are collectible in amounts not less than the book amounts thereof less applicable reserves for bad debts and sales discounts.

(h) The completed inventories of the ERVIN Companies are in good saleable or useable condition and work in process is proceeding in the normal course.

(i) The Real Property List lists all real property (other than easements and similar rights of way) owned by or leased to the ERVIN Companies and the ERVIN Joint Ventures. The ERVIN Companies and the ERVIN Joint Ventures have good and marketable title to all their respective properties listed as owned, and to all easements and similar rights of way purported to be owned but not listed, and good right under valid and subsisting leases to all their respective properties shown as leased, on the Real Property List, in each case free and clear of all mortgages, liens, charges or other encumbrances, except (i) current taxes and assessments not in default, (ii)