

(c) DEVELOPMENT will be, on the Effective Date of the Merger, duly qualified to do business as a foreign corporation in the states of North Carolina, South Carolina, Florida and Georgia.

(d) The entering into of this Agreement and the consummation of the transactions contemplated hereby will not conflict with any provision contained in the Certificate of Organization or By-Laws of CYANAMID or the Certificate of Incorporation or By-Laws of DEVELOPMENT or result in a breach of any provision of, or constitute a default under, any agreement or instrument to which CYANAMID or DEVELOPMENT is a party or by which either of them may be bound.

(e) The financial statements of CYANAMID and subsidiaries contained in its 1969 Annual Report to Shareholders, including the notes thereto, present fairly the financial position of CYANAMID and subsidiaries at the respective dates thereof and the results of their operations for the periods covered thereby, 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. Since December 31, 1969 there has been no material adverse change in the financial condition or results of operations of CYANAMID and its subsidiaries on a consolidated basis.

(f) The shares of CYANAMID Common Stock to be issued and delivered pursuant to this Agreement will, when issued and delivered, be validly issued and outstanding, fully paid and non-assessable and no shareholder of CYANAMID will have any preemptive rights in respect thereof.

§ 3.03 EFFECT OF REPRESENTATIONS AND WARRANTIES. In entering into this Agreement, CYANAMID and DEVELOPMENT on the one hand, and ERVIN on the other hand, have relied solely upon the truth and correctness of the representations and warranties set forth in §§ 3.01 and 3.02 (which shall survive the closing and any investigation made with respect thereto except for those contained in § 3.01(j) (ii) and (iii) which shall not survive as to any contract disclosed to CYANAMID) and the information referred to therein as having been supplied by one to the other, and there are no other representations and warranties, express or implied, made by any party to any other in connection with the transactions contemplated.

#### ARTICLE IV

##### CERTAIN ACTION OF THE ERVIN COMPANIES AND THE ERVIN JOINT VENTURES

§ 4.01 CONDUCT OF BUSINESS. Except as otherwise consented to by CYANAMID and DEVELOPMENT in writing, from the date hereof until the Effective Date of the Merger:

(a) The businesses of the ERVIN Companies and the ERVIN Joint Ventures shall be continued to be conducted in, and only in, the ordinary course, and the ERVIN Companies and the ERVIN Joint Ventures shall use their best efforts to maintain and preserve intact their business organizations and relations with employees, suppliers, customers and others having business relations with them, to the end that their going businesses shall be unimpaired on the Effective Date of the Merger.

(b) No increase shall be made in the rate of compensation of any officer or employee of the ERVIN Companies or the ERVIN Joint Ventures whose compensation exceeds \$12,000 per year.

(c) No contract or amendment of any contract of the kinds required to be listed on the Contract List shall be entered into by any of the ERVIN Companies or the ERVIN Joint Ventures, except for the acquisition, development, construction and financing of properties in the ordinary course of business.

(d) No action of the nature specified in § 3.01(1) shall be taken by any of the ERVIN Companies or the ERVIN Joint Ventures, except that ERVIN may resell shares reacquired by it from terminated employees to other employees.