

SECTION 9.06 IRS Ruling. A ruling shall have been received from the Internal Revenue Service or, at its option, Emery shall have received an opinion of Messrs. Taft, Stettin & Hollister, substantially to the effect that for Federal income tax purposes:

(a) The Merger of Emery into NDCC will constitute a "reorganization" within the meaning of Section 368(a)(1)(A) and Section 368(a)(2)(D) of the Internal Revenue Code, and National, NDCC and Emery will each be a party to such "reorganization" within the meaning of Section 368(b) of the Internal Revenue Code.

(b) No gain or loss will be recognized by National, NDCC or Emery as a result of the Merger.

(c) The adjusted basis of the assets of Emery acquired by NDCC as a result of the Merger will be the same as the adjusted basis of such assets in the hands of Emery prior to the Merger and the holding period of such assets for NDCC will include the period during which such assets were held by Emery.

(d) No gain or loss will be recognized by former holders of Emery Common Shares who, pursuant to the Merger Agreement, exchange such Emery Common Shares solely for shares of National Preference Stock.

(e) The adjusted basis of the shares of National Preference Stock received by the former holders of Emery Common Shares who, pursuant to the Merger Agreement, receive solely such National Preference Stock, will be the same as the adjusted basis of such Emery Common Shares surrendered in exchange therefor, and the holding period of such National Preference Stock will include the period during which such Emery Common Shares exchanged therefor were held by them provided that such Emery Common Shares are held as a capital asset at the Effective Time of the Merger.

(f) Amounts received by the former holders of Emery Common Shares who, pursuant to the Merger Agreement, exchange such Emery Common Shares solely for cash, will be treated as received by such holders as a distribution in redemption of such Emery Common Shares subject to the provisions of Section 302 of the Internal Revenue Code.

(g) No loss will be recognized by former holders of Emery Common Shares who, pursuant to the Merger Agreement, exchange such Emery Common Shares for both cash and National Preference Stock, and such holders' gain, if any, will be recognized in an amount not in excess of the cash received, in accordance with Section 356 of the Internal Revenue Code.

(h) The adjusted basis of the shares of National Preference Stock received by the former holders of Emery Common Shares who, pursuant to the Merger Agreement, receive both cash and National Preference Stock, will be the same as the adjusted basis of such Emery Common Shares surrendered in exchange therefor, decreased by the amount of cash received and increased by the amount of gain or income recognized, and the holding period of such National Preference Stock will include the period during which such Emery Common Shares exchanged therefor was held provided that the Emery Common Shares are held as a capital asset at the Effective Time of the Merger.

(i) The receipt of National Preference Stock by former shareholders of Emery pursuant to the Merger Agreement will not be treated as a distribution of property to which Section 301 of the Internal Revenue Code applies by reason of the application of Section 305 of the Internal Revenue Code.

SECTION 9.07. No Material Adverse Change. Since December 31, 1977, no material adverse change shall have occurred in the consolidated financial condition or business of National and its subsidiaries, and National shall not have suffered any material loss or damage which materially affects or impairs National's ability to conduct its business as presently conducted, and Emery shall have received a certificate, dated the day of the Effective Time of the Merger, to such effect signed by the Chairman of the Board, the President or any Vice President and the Secretary or the Treasurer of National.