"Continuing Affiliate" shall mean any Affiliate of Seller other than the Canadian Subsidiary.

"Contracts" shall have the meaning set forth in Section 2.1(e).

"Covered Liabilities" shall mean any and all debts, losses, liabilities, claims, Actions, damages (including consequential, incidental, punitive or exemplary damages), costs, fines, penalties, obligations (including those arising out of any Action, such as any settlement or compromise thereof or judgment or award therein), and any reasonable out-of-pocket costs and expenses (including reasonable attorneys', experts', contractors' and consultants' fees and expenses) incurred in connection with any of the foregoing (including the reasonable cost of investigation, preparation or defense of any Action in connection therewith); provided that, in any Action between any of the Buyer Indemnified Parties and any of the Seller Indemnified Parties, Covered Liabilities shall exclude punitive damages, exemplary damages, lost profits or any other consequential damages.

"Current Canadian Employee" shall have the meaning set forth in Section 6.2(b).

"Current Policies" shall have the meaning set forth in Section 3.12.

"Current U.S. Employee" shall have the meaning set forth in Section 6.2(a).

"December Balance Sheet" shall mean the audited combined statement of net assets of the Division as of December 31, 1993, as set forth in Column (i) of Exhibit 2.7.

"December Net Worth" shall mean the Adjusted Net Worth as reflected on the Adjusted December Balance Sheet.

"Determination" shall have the meaning set forth in Section 7.9(a).

"Dispute" shall have the meaning set forth in Section 13.2(b).

"Division" shall mean Seller with respect to its Friction Products Division and, for all purposes of this Agreement other than Article VII, the Canadian Subsidiary, but in all events excluding the Indian Venture.

"Encumbrances" shall mean mortgages, liens, encumbrances, security interests, easements, encroachments and any other encumbrances affecting title.