amount of such asset related reserve, accrual or allowance calculated as of the Closing Date in accordance with the same formulary or other calculation methodology utilized in the Adjusted December Balance Sheet. Any reserve or accrual included in the Adjusted December Balance Sheet as a liability the amount of which was in excess of or less than the Division's reasonable estimate at December 31, 1993 of the actual underlying liability, commitment, obligation, cost of management action plan or other matter will be included in the Adjusted Closing Balance Sheet at an amount which is equally in excess of or less than the Division's reasonable estimate at the Closing Date of the actual underlying liability, commitment, obligation, cost of a management action plan or other matter. Knowledge, as of the Closing Date or obtained during the preparation and review of the Adjusted Closing Balance Sheet, of an error, omission or other inaccuracy included in the Adjusted December Balance Sheet that was either not known or known and not corrected in the Adjusted December Balance Sheet does not constitute a change resulting from the operations of the Division and accordingly the Adjusted Closing Balance Sheet should be prepared so as to include the same effect on Adjusted Net Worth that resulted from the error, omission or inaccuracy included in the Adjusted December Balance Sheet.

The Adjusted Closing Balance Sheet which should be in the same format as the Adjusted December Balance Sheet, will consist of (i) a balance sheet column reflecting the net assets of the Division on the respective dates, determined in accordance with the provisions of this Section 2.7, (ii) a column reflecting the removal of Retained Assets and Retained Liabilities except to the extent such assets and liabilities are to be included in accordance with Schedule 2.7, (iii) an adjustment column reflecting the same dollar value of certain adjustments made to the net assets of the Division as depicted in column (iii) of the Adjusted December Balance Sheet, and (iv) an adjusted balance sheet column reflecting the sum of columns (i), (ii) and (iii).

Notwithstanding the foregoing, the matters set forth in this paragraph shall take precedence. The gross inventory value (i.e., before valuation reserves, variance allocations and similar accounting adjustments) included in the Closing Balance Sheet and the Adjusted Closing Balance Sheet will be based upon the results of a physical inventory count to be conducted by Seller and observed by Buyer as of the close of business on the Closing Date with procedures to be mutually agreed to by the parties. Damaged and defective inventory will be counted and valued on a consistent basis with the Adjusted December Balance Sheet, except that if the inventory was produced during the Change Period or there is evidence indicating that the condition of the inventory deteriorated during the