of all transactions and all changes in facts and circumstances actually occurring between the two dates, as well as certain specific provisions of this Section 2.7. The parties also acknowledge and agree, except as specifically provided in Section 2.7, that the adjustment contemplated by Section 2.9 can only be properly determined if the Final Net Worth is calculated consistently with the Adjusted Net Worth as reflected on the Adjusted December Balance Sheet. Accordingly, the Adjusted Closing Balance Sheet shall be prepared in accordance with the provisions of this Section 2.7 and otherwise utilizing the same methods, principles, practices and procedures as those utilized in preparing the Adjusted December Balance Sheet. The Closing Balance Sheet shall be prepared using the same methods, practices and procedures as those used in preparing the Financial Statements. In the event a transaction, fact or circumstance results in an Asset or Assumed Liability at the Closing Date of a kind or type which did not exist at the Adjusted December Balance Sheet date, the accounting for such Asset or Assumed Liability will be consistent with the Division's normal accounting methods, principles, practices, and procedures for recording such an Asset or Assumed Liability, so long as the resulting amount of such Asset or Assumed Liability is in accordance with GAAP and if not then accounted for in accordance with GAAP.

The parties agree that the aforementioned requirement for consistency is to be interpreted and construed based on the language and examples which follow. To illustrate, if certain inventory at the Closing Date is determined to be defective and the exact same inventory existed at the December Balance Sheet date and there is no available evidence that its condition had changed between the two dates, no write-down of the inventory at the Closing Date would be warranted. If the same defective inventory was produced during the period from December 31, 1993 through the Closing Date (the "Change Period") or if there is evidence indicating that the condition of the inventory deteriorated during the Change Period then a write-down would be appropriate because it would have resulted from the operations of the Division during the Change Period. To further illustrate this concept, if a liability account at the December Balance Sheet date was estimated utilizing a computational method but recorded in the December Balance Sheet at the amount determined by the computation plus $500,000, then at the Closing Date the liability should be computed utilizing the same computational method and then increased by the same additional $500,000. Any asset related reserve, accrual or allowance which was included in the Adjusted December Balance Sheet at an amount in excess of or less than the amount of such asset related reserve, accrual or allowance calculated in accordance with the formulary or other calculation methodology of the Division will be included in the Adjusted Closing Balance Sheet at an amount which is equally in excess of or less than the