procedures of the Champion Companies. The Peg Statement of Net Assets does not, and the Preliminary and Final Closing Statements of Net Assets will not, include any reserve or accrual for inventory shrinkage or deferred variances The Peg Statement of Net Assets does, and the Preliminary and Final Closing Statements of Net Assets will, include an aggregate inventory allowance of $56,447,327 for all other inventory valuation matters including excess, obsolete and slow moving inventory and deferred revaluation.

(c) The Peg Statement of Net Assets does not, and the Preliminary and Final Closing Statements of Net Assets will not, include (i) the inventory consigned to Standard Motor Products pursuant to Section 7.20 of the Asset Exchange Agreement dated as of March 28, 1998 among Standard Motor Products and certain Champion Companies, (ii) any receivable for the purchase price adjustment that may be due from Standard Motor Products pursuant to Section 7.20(e) of such Asset Exchange Agreement; and (iii) any payable for the purchase price adjustment that may be due to Standard Motor Products pursuant to Section 2.9(b) of such Asset Exchange Agreement.

(d) The Peg Statement of Net Assets and the Preliminary and Final Closing Statements of Net Assets will include reserves or accruals for uncollectible accounts receivable in the amount of $18,110,111.

(e) No amortization expense shall be recorded for the Change Period and no depreciation expense shall be recorded for the period from March 31, 1998 through September 30, 1998. As a result, the accumulated depreciation and amortization balances reflected in the Preliminary and Final Closing Statements of Net Assets will be the same as the amounts included in the Peg Statement of Net Assets adjusted only for any depreciation expense for the period after September 30, 1998 and for asset sales or other dispositions in the ordinary course of business and for translation