Statement of Net Assets") shall be prepared using the same principles, practices and procedures that were used in preparing the statement of net assets dated March 31, 1998, which is attached hereto as Exhibit IV (the "**Peg Statement of Net Assets**"). Any change in accounting principles, practices and procedures after March 31, 1998 (including any changes required by GAAP) will not apply in determining the Preliminary and Final Closing Statements of Net Assets. Notwithstanding the foregoing, the following paragraphs (a) through (n) shall take precedence over such principles, practices and procedures in the preparation of the Preliminary and Final Closing Statements of Net Assets:

(a) The asset and liability amounts included in the Preliminary and Final Closing Statements of Net Assets will be the same as those included in the Peg Statement of Net Assets except as necessary to reflect those changes in the asset and liability amounts that result from new transactions and actual changes in facts and circumstances occurring during the period after (but not including) March 31, 1998, (the "**Peg Date**") through and including the Closing Date (the "**Change Period**"), subject to paragraphs (b) through (n) below which shall take precedence. For example, any liability which is not accrued or is under-accrued or over-accrued as of the Peg Date, absent a change in facts and circumstances during the Change Period, will be recorded so that it is under-accrued or over-accrued in an equal dollar amount as of the Closing Date.

(b) The quantities of inventory used to determine the inventory amount to be included in the Preliminary and Final Closing Statements of Net Assets will be based on the results of a physical inventory of the Champion Companies to be taken as of the close of business on the Closing Date in accordance with the normal procedures of the Champion Companies. The physical inventory will be taken by Buyer (or its representatives) and observed by Seller (or its representatives). Each party shall bear its own expenses with respect to the physical inventory. The physical inventory quantities will be priced utilizing the same standard costs on a full absorption basis which were used to determine the inventory amount reflected in the Peg Statement of Net Assets and, in the case of items which were not on hand as of the Peg Date, in accordance with the normal