SETTLEMENT AGREEMENT

This Settlement Agreement is made and entered into this thirtieth day of June 1997, by and between the State of New York ("New York" or "Plaintiff") by Dennis C. Vacco, Attorney General, and DowBrands, L.P. ("DowBrands").

WHEREAS, New York will file a Complaint against DowBrands for damages and injunctive relief on its own behalf and as parens patriae on behalf of all natural persons residing in New York who during 1995 to 1997, the Complaint will allege, would have redeemed manufacturers' coupons on their purchases of Grocery Products from retailers in Western New York that would have been issued but for an alleged conspiracy; and the Complaint will allege that DowBrands participated in an unlawful agreement to eliminate or reduce the number of coupons issued in Western New York in violation of federal and state antitrust laws; and DowBrands denies the allegations of the Complaint;

WHEREAS, the parties agree that this Settlement Agreement shall not be deemed or construed to be an admission or evidence of any violation of any statute or law or of any liability or wrongdoing by DowBrands or of the truth of any of the claims or matters alleged in New York's Complaint;

WHEREAS, this Settlement Agreement is the result of arm's length negotiations, and New York considers this Settlement Agreement to be fair, reasonable, adequate and in

the best interests of the parens patriae group;

WHEREAS, the parties have determined it to be in their best interests to resolve this dispute:

I. DEFINITIONS

For purposes of this Settlement Agreement, the following terms have the following meanings:

(a) "Coupon" means a coupon to be redeemed by a consumer;

(b) "FSI coupon" means a coupon issued (or "dropped") by a manufacturer and published in a free standing insert distributed with a newspaper;

(c) "Grocery Products" means food and non-food items typically sold by supermarkets and other grocery retailers;

(d) "Manufacturer Defendants" means all the manufacturers that will be named defendants in New York's Complaint;

(e) "Settling Defendants" means the following manufacturers: The Clorox Company, Colgate-Palmolive Company, S.C. Johnson & Son, Inc., Conopco Inc., The Dial Corporation, DowBrands, L.P., The Pillsbury Company, James River Paper Company, Inc. and Reckitt & Colman Inc.;

(f) "Parens patriae group" means all natural persons residing in New York State who purchased Grocery Products from retailers in Western New York at any time prior to the effective date of this Settlement Agreement;

(g) "Settlement Fund Account" means an interest-bearing escrow account established by New York and administered by a Trustee appointed pursuant to Section VII for the purpose of implementing Settlement Agreements entered into by and between New York and Settling Defendants. The principal of the Settlement Fund Account shall be funded by the specified monetary payments of all Settling Defendants, made in each case pursuant to that party's Settlement Agreement. The principal in the Settlement Fund Account shall be used to the extent there are sufficient funds in this Account to fund a distribution to consumers in the form of a coupon to be issued by New York and distributed in a free standing insert and to pay for the costs of administering this Agreement.

(h) "Western New York" means the areas in and around the cities of Buffalo, Rochester and Syracuse, New York, including the counties of Niagara, Orleans, Genesee, Erie, Chautauqua, Cattaraugus, Livingston, Monroe, Ontario, Wayne, Cayuga, Onondaga, Oswego, Madison, Oneida and Jefferson.

II. AGREEMENT

Subject to the approval of the Court, the parties agree to compromise, settle and resolve fully and finally on the terms set forth herein, any and all claims, actions and causes of action covered by the Release attached hereto as Exhibit A, including any such claims arising under any

federal or New York State antitrust, unfair competition, deceptive trade practices or consumer protection law, or other law, regulations or common law.

III. MONETARY PAYMENT

(a) DowBrands agrees to pay New York the total sum of $100,000.00 in full and final settlement of those claims described in Section II above and in the Release. This sum shall be deposited into the Settlement Fund Account. The monies in the Settlement Fund Account shall be used to pay for the Consumer Restitution, as described in Section IX below, and to pay for all administrative or other costs incurred in implementing the terms of this Settlement Agreement, as set forth in Section VII below.

(b) DowBrands is making the monetary payment described in this Settlement Agreement solely to settle claims for restitution. The parties agree that such payment is not a fine or similar penalty paid to New York for the violation of any law. Payment hereunder does not constitute, nor shall it be construed as or treated as, payment in lieu of treble damages or as a fine, penalty, punitive recovery or forfeiture.

IV. INJUNCTION

(a) DowBrands agrees that, for a period of two (2) years from the date of New York's application for preliminary approval of this Settlement Agreement, DowBrands shall not enter directly or indirectly into any contract, combination, conspiracy, agreement or arrangement with any of its manufacturer competitors to eliminate or reduce the number of coupons in Western New York.

(b) DowBrands agrees that, for a period of two (2) years from the date of New York's application for preliminary approval of this Settlement Agreement, DowBrands shall not conduct any program or test pursuant to which it eliminates or substantially reduces the number of FSI coupons issued in Western New York on DowBrands products unless such program or test is carried out in a multi-state or larger geographic area of the United States.

(c) The parties agree that, upon entry of the Final Judgment and Consent Decree, New York and all natural persons residing in New York who purchased Grocery Products from retailers in Western New York at any time prior to the effective date of the Settlement Agreements (except persons who have timely and properly requested exclusion) will be permanently barred and enjoined from prosecuting against Settling Defendants, their present and former parents, subsidiaries, divisions, affiliates, stockholders, officers, directors, employees, agents and any of their legal

representatives (and the predecessors, heirs, executors, administrators, successors and assigns of each of the foregoing), any of the claims foreclosed or released in accordance with the Settlement Agreements and the Releases.

(d) DowBrands agrees to maintain records from materials generated in its ordinary course of business sufficient to reflect its compliance with injunctive provision IV(b) above, which records it shall make available to the New York State Attorney General on reasonable notice. DowBrands shall keep such records until at least three years after the date of New York's application for preliminary approval of this Settlement Agreement. Annually for each of two (2) years, no later than sixty (60) days following the anniversary date of New York's application for preliminary approval, DowBrands shall submit a letter, signed by an officer of DowBrands, to the New York State Attorney General, in care of the Chief of the Attorney General's Antitrust Bureau at New York, New York, stating that DowBrands has complied with injunctive provisions IV(a) and IV(b) above for the prior year ending on the anniversary date.

(e) New York agrees that if at any time within two (2) years after New York's application for preliminary approval of this Settlement Agreement, New York enters into a settlement agreement or obtains an injunction in this action against a manufacturer relating to couponing

activities in Western New York that contains less restrictive or demanding injunctive terms than those applicable to DowBrands, then the Final Judgment and Consent Decree shall, at the written election of DowBrands, automatically be modified to make the terms of the decree applicable to DowBrands no more restrictive or demanding for its remaining term than such subsequent settlement or injunction.

V. APPLICATION FOR PRELIMINARY APPROVAL

At a future time to be determined by New York, but no later than forty (40) days after filing the Complaint, New York shall make an application to the Court requesting preliminary approval of this Settlement Agreement. At the time of the filing of the Complaint or within twenty (20) days thereafter New York will file a stipulation with the Court relieving DowBrands of any obligation to answer the Complaint, provide mandatory discovery as a party, participate in a scheduling conference or enter into a scheduling order under the Federal Rules of Civil Procedure between the date of filing of the Complaint through determination of the motion for final approval.

VI. PLAN FOR DISSEMINATION OF NOTICE

(a) New York will give notice of this litigation and this Settlement Agreement in accordance with 15 U.S.C.

§ 15c(b)(1) to the parens patriae group by publication, in substantially the form agreed to by the parties in Exhibit B hereto and as approved by the Court.

(b) Subject to Court approval, the notice shall be published within thirty (30) days after preliminary approval of this Settlement Agreement. The notice period shall extend for forty-five (45) days after publication. Members of the parens patriae group who choose to exercise their right to opt out of this litigation or to express their objections to this Settlement Agreement must do so within this forty-five (45) day period or their requests for exclusion or objections shall be invalid. Notice of this litigation and this Settlement Agreement shall be made by the publication of notices in the Buffalo News, the Rochester Democrat & Chronicle, the Syracuse Herald American and such other newspapers as may be reasonably selected by New York. The size of the newspaper notice shall be no larger than 1/4 of a page of display advertising. A single notice shall appear in one Sunday edition of each of the newspapers named above.

(c) Consumers who request information shall be sent, by first class mail, a legal notice substantially in the language of Exhibit D hereto describing the right to opt out of this litigation and/or object to this Settlement Agreement and setting forth the procedures to be followed when doing so.

(d) The Attorney General shall compile a list of those natural persons in the parens patriae group who in their individual capacity have timely and properly requested to be excluded from this litigation. A copy of such list shall be provided to each Settling Defendant ten (10) or more days before the hearing on the Order for final approval of the settlement. The Attorney General shall retain the written requests for exclusion, which the Settling Defendants shall have the option of examining upon request. Should the number of individual members of the parens patriae group who timely and properly request exclusion pursuant to 15 U.S.C. § 15c(b)(2) exceed five thousand (5,000), DowBrands shall have the option prior to entry of an Order finally approving the settlement to withdraw from this agreement on the same terms as if this Settlement Agreement had not been approved.

(e) Simultaneously with or prior to submission of the motion for an Order finally approving this settlement and entry of the Final Judgment and Consent Decree, New York shall submit to the Clerk of the Court a list of those members of the parens patriae group who have timely and properly requested exclusion pursuant to 15 U.S.C. § 15c(b)(2).

VII. SETTLEMENT FUND ACCOUNT

(A) Simultaneously with submission of New York's application for preliminary approval of this Settlement Agreement and New York's execution and delivery of the Release specified in Section X(D), DowBrands shall pay $ 100,000.00 to New York by depositing such amount in the Settlement Fund Account established under Section VII(B). A portion of this monetary payment shall be used by New York to pay for administrative and other costs, including but not limited to:

a. Payment of the costs of providing fair and adequate notice by publication to consumers who are members of the parens patriae group as well as the costs of responses by mail to requests for information provided pursuant to Section VI(d);

b. Payment of expert consulting and witness fees incurred in connection with the investigation of this matter pursuant to N.Y. Gen. Bus. Law § 343, economic analysis of consumer impact, and seeking final approval of this Settlement Agreement;

c. Payment of the costs and fees of the Trustee appointed pursuant to Section VII(B);

d. Payment of costs incurred in administering the consumer restitution in the form of coupons to be distributed in free standing inserts pursuant to Section IX. This includes all costs associated with the issuance of these coupons, including design, placement, handling and clearing fees; and

e. Payment of court costs and reasonable attorneys fees to New York in connection with the investigation of this matter and preparation for bringing this action against the Settling Defendants, in an amount to be approved by the Court.

(B) The Settlement Fund Account shall be managed by a Trustee appointed by New York. The Trustee shall be responsible for investing and maintaining the monies of the Settlement Fund Account and paying all costs associated with the implementation of the terms of this Settlement Agreement and any additional instructions made in writing by New York. The Trustee shall invest the Settlement Fund Account in obligations of or guaranteed by the United States of America or any of its departments or agencies to obtain the highest

available return. Subject to the approval of New York, the Trustee may make other investments offering a higher return with similar security. The Trustee shall not act in a manner contrary to the terms of this Settlement Agreement.

(C) The amounts deposited pursuant to Section VII(A) shall be in complete and final settlement of all claims covered by this Settlement Agreement. New York will not seek from DowBrands additional funds should the Settlement Fund Account prove to be insufficient to cover the expenses listed above.

VIII. MOTION FOR FINAL APPROVAL OF THE SETTLEMENT AND FOR A FINAL JUDGMENT AND CONSENT DECREE

(A) Following preliminary approval of this settlement by the Court and expiration of the notice period, New York shall seek entry of an Order and a Final Judgment and Consent Decree (in the form attached hereto as Exhibit C):

(a) as to the action, approving finally this settlement as required by 15 U.S.C. § 15c(c);

(b) expressly determining that there is no just reason for delay and expressly directing that final judgment be entered, as authorized by Fed. R. Civ. P. 54(b);

(c) directing that, as to DowBrands, the action be dismissed with prejudice and, except as provided for herein, without costs;

(d) reserving exclusive jurisdiction over the settlement and this Settlement Agreement, including the administration and consummation of this settlement; and

(e) directing that, for a period of two (2) years, the Clerk of the Court shall maintain the record of those members of the parens patriae group who have timely and properly requested exclusion pursuant to 15 U.S.C. § 15c(b)(2) and that a certified copy of such record be provided to DowBrands within thirty (30) days of entry of the Final Judgment and Consent Decree.

(B) This Settlement Agreement shall become final upon the occurrence of all of the following three events:

(a) it is approved in all respects by the Court as required by 15 U.S.C. § 15c(c);

(b) entry is made in substantially the form attached hereto as Exhibit C of a final judgment of dismissal with prejudice as to DowBrands against New York and the members of the parens patriae group who have not timely and properly requested exclusion; and

(c) the time for appeal or to seek permission to appeal from the Court's Order approving this Settlement Agreement and entry of the Final Judgment and Consent Decree has expired or, if appealed, approval of this Settlement Agreement and the Final Judgment and Consent Decree have been affirmed in their entirety by the court of last resort

to which such appeal has been taken and such affirmance has become no longer subject to further appeal or review.

(C) It is agreed that the provisions of Rule 60 of the Federal Rules of Civil Procedure shall not be taken into account in determining the above-stated times for further appeal or review.

IX. CONSUMER RESTITUTION

(A) After this Settlement Agreement becomes final according to the terms of Section VIII(B), the monetary payment by DowBrands as well as all other funds deposited into the Settlement Fund Account pursuant to Settlement Agreements between New York and other parties, minus all administrative or other costs, shall be used by New York to fund the issuance by the Attorney General of one or more coupons in Western New York redeemable by natural person consumers. These specially issued coupons shall be distributed in Sunday newspaper FSIs in Buffalo, Rochester and Syracuse and shall not be redeemable for more than the total price of the product(s) purchased.

(B) In no event shall DowBrands have any liability or responsibility whatsoever with respect to the issuance of such consumer coupons by the Attorney General. Issuance and redemption of such coupons shall not be construed as approval of, or participation in, the Attorney General's consumer restitution plan by DowBrands.

X. COOPERATION AND IMPLEMENTATION

(A) The parties agree to cooperate fully to implement the terms and conditions of this Settlement Agreement to the extent that the Settlement Agreement requires action on either party's part.

(B) DowBrands agrees not to oppose any petition by New York for court costs and attorney's fees of less than twenty-five (25) percent of the principal in the Settlement Fund Account. Such attorney's fees and costs shall be considered as administrative costs to be paid out of the Settlement Fund Account and any interest accrued thereon.

(C) If New York determines that DowBrands is not in compliance with the terms of the Settlement Agreement, it shall give DowBrands written notice of such non-compliance and DowBrands shall have fifteen (15) working days from receipt to respond in writing. If New York is not satisfied with DowBrands's response, it shall notify DowBrands in writing and DowBrands shall have fifteen (15) working days from receipt to cure such non-compliance. If after such time New York deems that DowBrands remains in non-compliance, New York may seek the civil remedies available to it under the terms of the Final Judgment and Consent Decree.

(D) Simultaneously with submission of the application for preliminary approval of this Settlement Agreement, New

York shall execute and deliver to outside counsel of DowBrands a Release of all claims against DowBrands in the form attached hereto as Exhibit A. Outside counsel shall hold the Release in escrow until this Settlement Agreement becomes final in accordance with Section VIII(B). If the Court does not finally approve this Settlement Agreement and enter the Final Judgment and Consent Decree or if the settlement approval and Final Judgment and Consent Decree are reversed or vacated, the Release shall be returned by DowBrand's outside counsel to New York and shall become null and void.

(E) Upon execution of this Settlement Agreement, Settling Defendants shall no longer be deemed parties to this action for purposes of discovery and trial.

(F) This Settlement Agreement, the Order and the Final Judgment and Consent Decree, including their exhibits, whether or not they shall become final, and any and all negotiations, documents and discussions generated in connection with them shall not be used or construed by any person as an admission of liability by DowBrands to any party or person, or be admissible against DowBrands (1) as evidence of any violation of any statute, law or order or (2) as an admission (a) of any liability or wrongdoing by DowBrands or (b) of the truth of any of the claims or allegations contained in the Complaint.

(G) If for any reason this Settlement Agreement is not approved by the Court and the Final Judgment and Consent Decree entered, or if such approval and final judgment are reversed on appeal, the principal in the Settlement Fund Account, and any interest accrued thereon, shall be refunded to DowBrands, reduced only by a pro rata share of any costs of notice and the costs and fees of the Trustee incurred in the administration of this settlement to the date of Court disapproval or appellate reversal. In such event, New York shall retain full rights to assert any and all causes of action against DowBrands. DowBrands shall retain any and all defenses thereto.

XI. BENEFIT AND BINDING EFFECT

The terms of this Settlement Agreement shall be binding on, and shall inure to the benefit of, the parties and their successors and assigns. Upon this Settlement Agreement becoming final, it shall be binding upon and inure to the benefit of all members of the parens patriae group who have not timely exercised the right to opt out of the litigation as provided in the Court-approved notice, their heirs and assigns, and upon New York.

XII. TERM

This agreement shall become effective as of the day and the year first written above, and shall terminate two (2) years after entry of the Final Judgment and Consent Decree

in this matter, except as may be provided differently herein as to any reports and record keeping requirements.

XIII. MISCELLANEOUS

This Settlement Agreement and the attached Exhibits contain the entire agreement and understanding of the parties. There are no additional promises or terms of the Agreement other than those contained herein. This Agreement shall not be modified except in writing signed by New York and DowBrands or by their authorized representatives.

AGREED AND CONSENTED TO:

Michael McClain

MICHAEL McCLAIN
m.m.
DowBrands, L.P.

DENNIS C. VACCO
Attorney General
of the State of New York

PAMELA JONES HARBOUR
Deputy Attorney General
Public Advocacy

By: _____
STEPHEN D. HOUCK
Assistant Attorney General in Charge
Antitrust Bureau

Dated: June 30, 1997