UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY, Plaintiff,	)	
v.	)	Case No. 05 C 6386
NWI-1, Inc. (F/K/A/ FRUIT OF THE LOOM, INC.), LEPETOMANE II, INC., as Trustee of the Fruit of the Loom Successor Liquidation Trust, and LEPETOMANE III, INC., as Trustee of the Fruit of the Loom Custodial Trust. Defendants.	)	Judge Gottschall

SETTLEMENT AGREEMENT

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This Settlement Agreement (hereinafter referred to as the "Agreement") is made as of January, 2008, by and between American International Specialty Lines Insurance Company ("AISLIC"); NWI-I Inc. (f/k/a Fruit of the Loom, Inc.) ("NWI-I"); LePetomane II, Inc., not individually, but solely in its representative capacity as Trustee of the Fruit of the Loom Successor Liquidation Trust (the "SLT"); LePetomane III, Inc., not individually, but solely in its representative capacity as Trustee of the Fruit of the Loom Custodial Trust (the "CT"); the United States of America, on behalf of the United States Environmental Protection Agency, the United States Nuclear Regulatory Commission, the United States Department of the Interior, and the United States National Oceanic and Atmospheric Administration; the States of Illinois, Michigan, New Jersey, and Tennessee; and Union Underwear, Inc., Martin Mills, Inc., and Fayette Cotton Mill, Inc. NWI-I, the SLT, and the CT are referred to collectively herein as the "Defendants." The United States, on behalf of the above agencies, and the States of Illinois, Michigan, New Jersey, and Tennessee are referred to collectively herein as the "Environmental Agencies." Union Underwear, Inc., Martin Mills, Inc., and Fayette Cotton Mill, Inc. are referred to collectively herein as the "Non-Governmental Intervenors." AISLIC, NWI-I, the SLT, the CT, the Environmental Agencies, and the Non-Governmental Intervenors are referred to collectively herein as the "Parties."

WHEREAS:

(a) in or about October 1998, AISLIC issued an insurance policy (PLS Policy No. 267-53-70) (the "Policy") to Fruit of the Loom, Inc. ("FTL"), which is now known as NWI-I; and

(b) in or about December 1999, AISLIC issued an insurance policy (PLS/CCC No. 476 16 84) (the "Velsicol Policy") to Velsicol Chemical Corporation ("Velsicol"); and

(c) on November 8, 2005, AISLIC commenced a litigation against the Defendants in the United States District Court for the Northern District of Illinois, captioned *American International Specialty Lines Insurance Company v. NWI-I, Inc., et al.*, No. 05-C-6386 (the "Litigation"), by filing a Complaint, seeking declaratory relief concerning the obligations of AISLIC under the Policy; and

(d) on January 6, 2006, Defendants filed an Answer, Affirmative Defenses, and Counterclaim, in which Defendants responded to the claims in the Complaint, denied that AISLIC was entitled to the declaration it requested, and asserted certain counterclaims against AISLIC for breach of contract and a declaratory judgment concerning AISLIC's obligations under the Policy; and

(e) on February 27, 2006, AISLIC filed an Answer and Affirmative Defenses in response to the counterclaims of Defendants, in which AISLIC responded to the counterclaims filed by Defendants against AISLIC, denied any liability to Defendants, and denied that Defendants were entitled to the declarations requested in their counterclaims; and

(f) on December 14, 2005, the Non-Governmental Intervenors filed an Intervenor Complaint against AISLIC, in which the Non-Governmental Intervenors sought a declaratory judgment concerning the respective rights and obligations of the Non-Governmental Intervenors and AISLIC under the Policy; and

(g) on January 11, 2006, AISLIC filed an Answer to the Intervenor Complaint of the Non-Governmental Intervenors, in which ASILIC responded to the Intervenor Complaint and denied that the Non-Governmental Intervenors were entitled to the declarations requested in their Intervenor Complaint; and

(h) on March 29, 2006, the Non-Governmental Intervenors moved for voluntary dismissal of their Intervenor Complaint; and

(i) on December 18, 2006, the Court granted the Non-Governmental Intervenors' motion for voluntary dismissal of their Intervenor Complaint, subject to the condition that any future action brought by the Non-Governmental Intervenors under the Policy must be brought as part of the Litigation; and

(j) on June 13, 2006 and July 10, 2006, the United States filed a Complaint in Intervention and a First Amended Complaint in Intervention, respectively, in which the United States, on behalf of various federal government agencies, sought declaratory relief concerning the obligations of AISLIC under the Policy; and

(k) on July 31, 2006, AISLIC filed an Answer and Affirmative Defenses to the United States' First Amended Complaint in Intervention, in which AISLIC responded to the claims filed by the United States and denied that the United States was entitled to the declarations it requested in its First Amended Complaint in Intervention; and

(l) the Parties desire to avoid the burden, expense, and uncertainties associated with the Litigation and to resolve and settle the claims and controversies between them and to provide for certain agreements upon the terms and conditions set forth in this Agreement; and

(m) the SLT has provided notice to the Environmental Agencies and the Non-Governmental Intervenors of a proposed distribution of proceeds under this Agreement, a copy of which is attached hereto as Exhibit 1, and the Environmental Agencies and the Non-Governmental Intervenors do not object thereto.

NOW, THEREFORE, subject to the terms and conditions of this Agreement, and in consideration of the mutual promises and covenants stated herein and the recitals stated above, and for other good and valuable consideration, the Parties agree as follows:

1. CONDITIONS PRECEDENT TO EFFECTIVENESS OF AGREEMENT

1.1 It is a condition precedent to the effectiveness of this Agreement that: a) the Agreement be signed by all Parties in each of the signature blocks listed at the end of this Agreement, and b) the Agreement be approved by an Order of the United States District Court for the Northern District of Illinois substantially in the form of the Proposed Order attached as Exhibit 2 to this Agreement.

1.2 The Order referenced in Paragraph 1.1(b) above may be entered only after the public comment process set forth in Paragraph 13 below. Entry of the Order shall also a) make parties to the Litigation all Parties to this Agreement who are not currently such and b) dismiss with prejudice all claims and counterclaims brought by any of the Parties and any Intervenors at any point in the Litigation, all as set forth in the Proposed Order attached as Exhibit 2 to this Agreement.

1.3 No waiver of satisfaction of any of the conditions precedent outlined in Paragraph 1.1 above is effective unless such waiver is in a writing that expressly identifies the condition to be waived and expressly states that it is waived.

2. PAYMENTS IN SETTLEMENT OF THE LITIGATION

2.1 On or before the 60th day following the date this Agreement becomes effective, AISLIC will pay the sum of $30,000,000 to the SLT plus interest in accordance with Paragraph 2.2. No payment shall be required under this Agreement in the event that this Agreement does not become effective.

2.2 The interest to be paid on the $30,000,000 payment described in Paragraph 2.1 will be deemed to have started accruing on May 15, 2007, will be calculated at a rate equal to the 90-day United States Treasury Bill rate prevailing on the first day of each calendar quarter, and will be compounded quarterly.

2.3 Starting in 2008, but in no event before the date this Agreement becomes effective, AISLIC will pay the sum of $1,250,000 to the SLT each year, for ten consecutive years, on or before the 1st day of March. There will thus be ten successive annual payments as follows:

(1) $1,250,000 on or before March 1, 2008;

(2) $1,250,000 on or before March 1, 2009;

(3) $1,250,000 on or before March 1, 2010;

(4) $1,250,000 on or before March 1, 2011;

(5) $1,250,000 on or before March 1, 2012;

(6) $1,250,000 on or before March 1, 2013;

(7) $1,250,000 on or before March 1, 2014;

(8) $1,250,000 on or before March 1, 2015;

(9) $1,250,000 on or before March 1, 2016; and

(10) $1,250,000 on or before March 1, 2017.

2.4 In the event that any of the payments required by Paragraph 2.1 or Paragraph 2.3 are not made on or before their respective due dates as set forth in this Agreement, AISLIC shall pay interest on the unpaid balance of any such payments as of the respective due date at the prevailing 90-day United States Treasury-bill rate at the time that the interest accrues, such interest to be compounded quarterly.

2.5 The right to receive the payments required by Paragraphs 2.1 and 2.3 may not be assigned by the SLT without the prior written consent of AISLIC (which will not be unreasonably withheld), except that, in connection with a distribution plan of the SLT, such proceeds may be assigned to any of the beneficiaries of the SLT, but no further, and may not be reassigned by any such beneficiary. Each of the Defendant Releasees (as defined below) warrants for the benefit of AISLIC that no assignment prohibited by the preceding sentence will be made. The SLT shall give AISLIC a minimum of 30 days' no-

tice of any assignment of the right to receive the payments required by Paragraphs 2.1 and 2.3 to any of the beneficiaries of the SLT.

2.6 Notwithstanding the doctrines of executory accord or partial executory accord, the sole remedies for AISLIC's failure to make any of the payments required by Paragraph 2.3 will be a suit against AISLIC for breach of this Agreement or a motion to compel specific performance of this Agreement filed in the Court that approves the Agreement.

3. **RELEASES OF THE PARTIES AND BUY-BACK OF THE POLICY**

3.1 The Defendant Releasees (as defined below) each release and discharge AISLIC and all of its present and former subsidiaries, parents, affiliates, officers, directors, shareholders, agents, employees, and attorneys, and all of their respective heirs, executors, administrators, successors, and assigns (collectively (including AISLIC), the "AISLIC Releasees"), from any and all obligations, duties, and responsibilities of any nature and to anyone arising under the Policy from the beginning of time forward to the end of the world, including, but not limited to, any liability under the Policy arising out of any claims for property damage, bodily or personal injury, environmental clean up, investigation, or remediation, products liability, or any other theory.

3.2 In addition to and not in limitation of Paragraph 3.1, a complete buy-back, extinguishment, and termination of the Policy, and any and all rights and obligations thereunder, are hereby effected. From and after the effective date of this Paragraph 3.2 (as set forth in Paragraph 3.14 below), no person or entity shall have any further obligations, duties, or responsibilities whatsoever under or related to the Policy.

3.3 From and after the effective date of this Paragraph 3.3 (as set forth in Paragraph 3.14 below), the Defendant Releasees (as defined below) shall have no rights under the Policy and no interest in

any past, present, or future claims under the Policy. The Defendant Releasees (as defined below) agree not to submit any additional claims under the Policy at any time.

3.4 The Defendant Releasees (as defined below) further release and discharge the AISLIC Releasees from any and all claims, demands, debts, liabilities, obligations, actions, losses, rights, and causes of action of any nature and description whatsoever, whether known or unknown, whether suspected or unsuspected, whether concealed or hidden, by any Defendant Releasee, based upon or arising out of, or related to the Policy in any way, including but not limited to any and all claims, demands, debts, liabilities, obligations, actions, losses, rights, and causes of action that were, could, or might have been alleged in the Litigation.

3.5 The Defendant Releasees (as defined below) waive any claims or causes of action against the AISLIC Releasees for bad faith, any misconduct or alleged wrongdoing, breach of contract, breach of duty, or punitive, exemplary or extra-contractual damages of any type arising from, connected with, or in any way relating to the Policy, the Litigation, or any claims that were, could or might have been alleged in the Litigation. The Defendant Releasees further waive any such alleged claims against the AISLIC Releasees relating to any dispute that might arise regarding the terms, negotiation, preparation, or execution of this Agreement. Nothing in this Paragraph shall abrogate any right to enforce this Agreement in accordance with Paragraph 2.6 of this Agreement.

3.6 The AISLIC Releasees release and discharge each of the Defendants, Fruit of the Loom, Inc., NWI Land Management Corp., the FTL Entities and the FTL Protected Entities, FTL Insured Entities Under the PLL Policy (each as defined in the Bankruptcy Settlement Agreement attached hereto as Exhibit 3) and all of their present and former subsidiaries, parents, affiliates, officers, directors, shareholders, agents, employees, and attorneys, and all of their respective heirs, executors, administrators, successors, and assigns (collectively (including the Defendants), the "Defendant Releasees"), from any and all

claims, demands, debts, liabilities, obligations, actions, losses, rights, and causes of action of any nature and description whatsoever, whether known or unknown, whether suspected or unsuspected, whether concealed or hidden, by the AISLIC Releasees, based upon or arising out of, or related to the Policy in any way, including but not limited to any and all claims, demands, debts, liabilities, obligations, actions, losses, rights, and causes of action that were, could, or might have been alleged in the Litigation.

3.7 The AISLIC Releasees waive any claim or causes of action against the Defendant Releasees for bad faith, any misconduct or alleged wrongdoing, breach of contract, breach of duty, or punitive, exemplary or extra-contractual damages of any type arising from, connected with, or in any way relating to the Policy, the Litigation, or any claims that were, could or might have been alleged in the Litigation. The AISLIC Releasees further waive any such alleged claims against the Defendant Releasees relating to any dispute that might arise regarding the terms, negotiation, preparation, or execution of this Agreement.

3.8 The Governmental Releasees (as defined below) acknowledge that the instant settlement is in the nature of a buy-back of the Policy and, therefore, Covenant Not to Sue and release and discharge the AISLIC Releasees from any and all claims, demands, debts, liabilities, obligations, actions, losses, rights, and causes of action of any nature and description whatsoever, whether known or unknown, whether suspected or unsuspected, whether concealed or hidden, by the Governmental Releasees (as defined below), based upon or arising out of, or related to the Policy in any way, including but not limited to any and all claims, demands, debts, liabilities, obligations, actions, losses, rights, and causes of action that were, could, or might have been alleged in the Litigation.

3.9 In addition, the Governmental Releasees (as defined below) further Covenant Not to Sue and release and discharge the AISLIC Releasees from any and all claims, demands, debts, liabilities, obligations, actions, losses, rights, and causes of action of any nature and description whatsoever, whether

known or unknown, whether suspected or unsuspected, whether concealed or hidden, by the Governmental Releasees (as defined below) based upon or arising out of, or related to the Velsicol Policy but only with respect to the Seven Facilities and Seven Properties (both as defined in the Bankruptcy Settlement Agreement attached hereto as Exhibit 3), the Pine River in St. Louis, Michigan, and Berry's Creek in New Jersey (collectively, the "Seven Sites"). For the avoidance of doubt, the Governmental Releasees specifically reserve any and all rights that they might have related to the Velsicol Policy but only relating to any sites other than the Seven Sites. Notwithstanding Paragraph 3.8 of this Agreement and for the avoidance of doubt, the AISLIC Releasees acknowledge that this reservation shall apply regardless of whether such Sites (other than the Seven Sites) may also trigger (or in the past could have triggered) coverage under the Policy.

3.10 The AISLIC Releasees release and discharge the United States and the States of Illinois, Michigan, New Jersey, and Tennessee and all of their respective present and former agencies, instrumentalities, officers, directors, agents, employees, attorneys, and administrators, and all of their respective heirs, executors, administrators, successors, and assigns (collectively (including the Environmental Agencies), the "Governmental Releasees") from any and all claims, demands, debts, liabilities, obligations, actions, losses, rights, and causes of action of any nature and description whatsoever, whether known or unknown, whether suspected or unsuspected, whether concealed or hidden, by the AISLIC Releasees, based upon or arising out of, or related to the Policy in any way, including but not limited to any and all claims, demands, debts, liabilities, obligations, actions, losses, rights, and causes of action that were, could, or might have been alleged in the Litigation.

3.11 The AISLIC Releasees further release and discharge the Government Releasees from any and all claims, demands, debts, liabilities, obligations, actions, losses, rights, and causes of action of any nature and description whatsoever, whether known or unknown, whether suspected or unsuspected,whether

concealed or hidden, by the AISLIC Releasees, based upon or arising out of, or related to the Velsicol Policy but only with respect to the Seven Sites.

3.12 The Non-Governmental Intervenor Releasees (as defined below) release and discharge the AISLIC Releasees from any and all claims, demands, debts, liabilities, obligations, actions, losses, rights, and causes of action of any nature and description whatsoever, whether known or unknown, whether suspended or unsuspended, whether concealed or hidden, by the Non-Governmental Intervenor Releasees (as defined below), based upon or arising out of, or related to the Policy in any way, including but not limited to any and all claims, demands, debts, liabilities, obligations, actions, losses, rights, and causes of action that were, could or might have been alleged in the Litigation.

3.13 The AISLIC Releasees release and discharge the Non-Governmental Intervenors and all of their present and former subsidiaries, parents, affiliates, officers, directors, shareholders, agents, employees, and attorneys, and all of their respective heirs, executors, administrators, successors, and assigns (collectively (including the Non-Governmental Intervenors), the "Non-Governmental Intervenor Releasees") from any and all claims, demands, debts, liabilities, obligations, actions, losses, rights and causes of action of any nature and description whatsoever, whether known or unknown, whether suspected or unsuspected, whether concealed or hidden, by the AISLIC Releasees, based upon or arising out of, or related to the Policy in any way, including but not limited to any and all claims, demands, debts, liabilities, obligations, actions, losses, rights, and causes of action that were, could, or might have been alleged in the Litigation.

3.14 Notwithstanding anything to the contrary stated in this Agreement, each of the several releases, buy-backs, and other provisions in Paragraphs 3.1 to 3.13 hereof shall take place automatically, without the need for execution or delivery of any additional instrument by any party, on the date AISLIC actually makes the payment set forth in Paragraph 2.1 hereof.

3.15 The Parties stipulate and agree that, upon the releases set forth in this Paragraph 3 becoming effective in accordance with the provisions of this Agreement, the Parties shall be deemed to have and by operation of this Agreement shall have expressly waived the provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to California Civil Code § 1542, which provides:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known to him or her must have materially affected his or her settlement with the debtor.

4. COVENANT NOT TO SUE VELSICOL; CONTRIBUTION CLAIMS

4.1 Except as expressly set forth in this Paragraph 4.1, the Environmental Agencies Covenant Not to Sue or bring a civil judicial or civil administrative action against Velsicol under CERCLA §§ 106 and 107, RCRA § 7003, AEA §§ 62, 161, 232, and 234, and similar state statutes with respect to the Seven Sites. The Environmental Agencies specifically reserve any and all other rights that they might have against Velsicol. The Environmental Agencies further reserve all rights relating to any liability for any disposal at or transportation of waste material to the Seven Sites after the date this Agreement becomes effective. Notwithstanding anything to the contrary in this Agreement, the Environmental Agencies reserve the right to bring a civil judicial or civil administrative action against Velsicol for the sole purpose of securing the recovery of insurance proceeds in *Fruit of the Loom, Inc., et al.* v. *Transportation Insurance Co., et al.*, No. 97 L 13555, pending in the Circuit Court of Cook County, Illinois (the "Illinois Insurance Litigation"). The Covenant Not to Sue Velsicol and exceptions thereto hereunder shall also apply to Velsicol's employees, officers, or directors, but only to the extent that the alleged liability of the employee, officer, or director is based upon its respective status as an employee, officer, or director, and not to the extent that the alleged liability arose independently of the alleged liability of Velsicol, provided, however, that to the extent that an alleged liability of an employee, officer or director of Velsicol arises from acts, omissions, or events relating to Velsicol during such employee's, officer's or director's em-

ployment by Velsicol, it shall not be deemed to be an independent liability, and shall be covered by the Covenant Not to Sue.

4.2 If any of the Environmental Agencies exercises the right reserved in Paragraph 4.1 above to bring a civil judicial or civil administrative action against Velsicol for the purpose of securing the recovery of insurance proceeds in the Illinois Insurance Litigation with respect to the Seven Sites, and Velsicol makes any claim under the Policy or the Velsicol Policy in connection with, arising out of, or relating in any way to that civil judicial or civil administrative action, then the Environmental Agencies agree that any judgment that they are or would be entitled to against Velsicol in any such civil judicial or civil administrative action shall be reduced, dollar for dollar, by the amount of any liability AISLIC is determined to have under the Policy or the Velsicol Policy as a result thereof. (For the avoidance of doubt, it is understood that AISLIC denies that it has or could have any such liability.) Nothing in this Paragraph 4.2 shall provide any judgment reduction resulting from any claims brought by Velsicol under any insurance policies other than the Policy or the Velsicol Policy or with respect to asserted coverage for locations other than the Seven Sites.

4.3 If the Defendants enter in any further settlement agreements with any of the remaining defendants in the Illinois Insurance Litigation, the Defendants warrant that Defendants will obtain as part of any settlement agreement, a remise, release, and discharge of any claims that such insurers might have against the AISLIC Releasees with respect to claims arising out of the Illinois Insurance Litigation or other claims arising out of the policies that are part of the settlement. AISLIC shall remise, release, and forever discharge any claims it may have for contribution, equitable apportionment, or other allocation from any other insurer which may have issued policies to the Defendants or Velsicol provided such other insurer similarly agrees to remise, release, acquit, and forever discharge those claims against the AISLIC Releasees.

4.4 Provided AISLIC makes all of the payments required under this Agreement, AISLIC shall be deemed to have paid at least its fair share of FTL's liabilities in connection with the Seven Sites.

4.5 In the event that any claim or action for contribution or indemnity is brought against AISLIC under the Policy or the Velsicol Policy in respect of amounts paid or to be paid by a party to the Illinois Insurance Litigation in respect of the Seven Sites (a "Contribution Claim"), AISLIC's obligation to make future payments pursuant to Paragraph 2.3 of this Agreement shall be reduced by an amount equal to the amount of any settlement reached or judgment taken in connection with such Contribution Claim, so long as a civil action had been commenced thereon. AISLIC shall provide reasonable notice to the Defendants and the Environmental Agencies of the filing or assertion of any Contribution Claim(s), and the Defendants and the Environmental Agencies shall have the right to intervene in any action in respect of such contribution claim to protect their position hereunder. Defendants and the Environmental Agencies shall be bound by the outcome of such an action regardless of whether the right to intervene was exercised. AISLIC shall not settle a Contribution Claim without giving Defendants and the Environmental Agencies 75 days' prior notice of such settlement.

5. REMAINING RIGHTS IN ILLINOIS INSURANCE LITIGATION

5.1 Notwithstanding anything in this Agreement, nothing in this Agreement shall prevent Fruit of the Loom, Inc., Velsicol, or any Defendant from maintaining any and all causes of action already asserted against any party (including AISLIC or the AISLIC Releasees) in the Illinois Insurance Litigation.

5.2 As against the AISLIC Releasees, Fruit of the Loom, Inc., Velsicol, and the Defendants (and any entity that has received funds from any of the foregoing) shall be entitled to retain any and all funds they have received to date, or may receive in the future, from any entity as a result of the Illinois

Insurance Litigation. Nothing in this Paragraph 5.2 shall affect AISLIC's rights under Paragraph 4.5 herein.

6. WAIVER OF ANY RIGHT OF SUBROGATION

6.1 In accordance with the buy-back, termination, and extinguishment of all terms of the Policy under Paragraph 3.2 of this Agreement, the AISLIC Releasees waive any right of subrogation relating to the Policy or this Agreement.

7. REPRESENTATIONS AND WARRANTIES OF DEFENDANTS

7.1 **Representations and Warranties of Defendants**. Defendants, to the fullest extent authorized by the Bankruptcy Settlement Agreement, warrant to AISLIC, the United States, the Non-Governmental Intervenors, and the States of Illinois, Michigan, New Jersey, and Tennessee as follows: (a) Defendants have the full power, authority and legal right to execute and deliver this Agreement on their own behalf and on behalf of each of the Defendant Releasees to consummate the transactions contemplated hereby; (b) Defendants are unaware of any legal, regulatory, or other known restrictions to any of the Defendants entering this agreement; (c) this Agreement has been duly executed and delivered by Defendants and, upon becoming effective, constitutes the legal, valid, and binding obligation enforceable against the Defendants and the Defendant Releasees in accordance with its terms; (d) as outlined in Paragraph 4.3 of this Agreement above, if the Defendants enter in any further settlement agreements with any of the remaining defendants in the Illinois Insurance Litigation, Defendants will obtain as part of any settlement agreement, a remise, release, and discharge of any claims that such insurers might have against the AISLIC Releasees with respect to claims arising out of the Illinois Insurance Litigation or other claims arising out of the policies that are part of the settlement; and (e) Defendants have provided AISLIC with true, complete, and correct copies of all settlement agreements entered into to date by any parties in the

Illinois Insurance Litigation and will provide AISLIC with true, complete, and correct copies of future settlement agreements entered into by any parties to the Illinois Insurance Litigation.

7.2 **Remedy for Breach of Representations and Warranties of Defendants.**

(a) To the extent AISLIC suffers actual damage from a breach by a Defendant of any of the representations or warranties in Paragraphs 7.1(a) through 7.1(c) above, Defendants shall return any and all payments made pursuant to Paragraph 2 of this Agreement, up to the amount of such actual damage.

(b) To the extent AISLIC suffers actual damage from a breach by a Defendant of any of the representations or warranties in Paragraphs 7.1(d) or 7.1(e) above, such actual damage shall be offset against the remaining payments owed to Defendants pursuant to Paragraph 2.3 above. Such offset against such remaining payments shall be in addition to, but with duplications eliminated from, the offset set forth in Paragraph 4.5 above, and the aggregate amount offset pursuant to such Paragraph 4.5 and this Paragraph 7.2(b) combined shall in no circumstances exceed the amounts remaining to be paid under Paragraph 2.3 at the time AISLIC provides notice to Defendants that it believes the right to such offset exists.

8. **REPRESENTATIONS AND WARRANTIES OF AISLIC**

8.1 **Representations and Warranties of AISLIC**. AISLIC represents and warrants to the Defendants, the United States, the Non-Governmental Intervenors, and the States of Illinois, Michigan, New Jersey, and Tennessee as follows: (a) AISLIC has the full power, authority and legal right to execute and deliver this Agreement on its own behalf and on behalf of each of the AISLIC Releasees to consummate the transactions contemplated hereby; (b) AISLIC is unaware of any legal, regulatory or other known restrictions to AISLIC entering this Agreement; and (c) this Agreement has been duly executed and delivered by AISLIC and, upon become effective, constitutes legal, valid, and binding obligations enforceable against AISLIC in accordance with its terms.

9. REPRESENTATIONS AND WARRANTIES OF THE UNITED STATES

9.1 **Representations and Warranties of the United States**. The United States, on behalf of the United States Environmental Protection Agency (EPA), the United States Nuclear Regulatory Commission (NRC), the United States Department of the Interior (Interior), and the United States National Oceanic and Atmospheric Administration (NOAA), represents and warrants to the Defendants, AISLIC, the Non-Governmental Intervenors, and the States of Illinois, Michigan, New Jersey, and Tennessee that (a) it has full power, authority and legal right to enter into this Agreement and, upon its approval by the Court, to be bound thereby in accordance with its terms; (b) the United States is unaware of any legal, regulatory or other known restrictions to the United States entering this Agreement; and (c) this Agreement has been duly executed and delivered by the United States and, upon becoming effective, constitutes legal, valid, and binding obligations enforceable against the United States in accordance with its terms.

10. REPRESENTATIONS AND WARRANTEES OF THE STATES OF ILLINOIS, MICHIGAN, NEW JERSEY, AND TENNESSEE.

10.1 **Representations and Warranties of the States of Illinois, Michigan, New Jersey, and Tennessee**. The States of Illinois, Michigan, New Jersey, and Tennessee each represent and warrant to the Defendants, AISLIC, the United States, and the Non-Governmental Intervenors as follows: (a) the States of Illinois, Michigan, New Jersey, and Tennessee each has the full power, authority and legal right to execute and deliver this Agreement and to consummate the transactions contemplated hereby on its own behalf and on behalf of its respective state environmental agency (i.e., the Illinois Environmental Protection Agency, the Michigan Department of Environmental Quality, the New Jersey Department of Environmental Protection, and the Tennessee Department of Environment and Conservation, respectively); (b) the States of Illinois, Michigan, New Jersey, and Tennessee are unaware of any legal, regulatory, or other known restrictions to the States of Illinois, Michigan, New Jersey, and Tennessee entering this Agreement; and (c) this Agreement has been duly executed and delivered by the States of Illinois, Michigan, New Jersey, and

Tennessee and, upon becoming effective, constitutes legal, valid, and binding obligations enforceable against the States of Illinois, Michigan, New Jersey, and Tennessee and their respective state environmental agencies (i.e., the Illinois Environmental Protection Agency, the Michigan Department of Environmental Quality, the New Jersey Department of Environmental Protection, and the Tennessee Department of Environment and Conservation, respectively) in accordance with its terms.

11. REPRESENTATIONS AND WARRANTEES OF THE NON-GOVERNMENTAL INTERVENORS

11.1 **Representations and Warranties of the Non-Governmental Intervenors**. The Non-Governmental Intervenors warrant to AISLIC, the Defendants, the United States, and the States of Illinois, Michigan, New Jersey, and Tennessee as follows: (a) Each of the Non-Governmental Intervenors

has the full power, authority and legal right to execute and deliver this Agreement on its own behalf and to consummate the transactions contemplated hereby; (b) the Non-Governmental Intervenors are unaware of any legal, regulatory, or other known restrictions to any of the Non-Governmental Intervenors entering this Agreement; and (c) this Agreement has been duly executed and delivered by each of the Non-Governmental Intervenors and constitutes the legal, valid, and binding obligation enforceable against each of the Non-Governmental Intervenors in accordance with its terms.

12. NOTICES

12.1 Unless another person is designated in writing for receipt of notices hereunder, notices to the respective Parties shall be sent to the following person(s):

To Defendants:

> Jay A. Steinberg, not individually, but solely in his representative capacity as President of NWI-I, Inc. (f/k/a Fruit of the Loom, Inc.), LePetomane II, Inc., not individually but solely in its representative capacity as Trustee of the Fruit of the Loom Successor Liquidation Trust, and LePetomane III, Inc., not individually, but solely in its representative capacity as Trustee of the Fruit of the Loom Custodial Trust.

33 East Wacker Drive, Suite 1550
Chicago, IL 60601

with a copy to:

Barry A. Chatz
Arnstein & Lehr LLP
120 South Riverside Plaza, Suite 1200
Chicago, IL 60606

To AISLIC: Bruce Davidson

Complex Director
PIP Coverage Litigation Group
AIG Domestic Claims, Inc.
101 Hudson Street, 31st Floor
Jersey City, NJ 07302

with a copy to:

Edward P. Krugman
Joel Kurtzberg
Cahill Gordon & Reindel LLP
80 Pine Street
New York, NY 10005

To the United States: Alan S. Tenenbaum

Department of Justice
P.O. Box 7611
Ben Franklin Station
Washington, DC 20004

with a copy to: Robert Polin

USEPA Headquarters
Ariel Rios Building
1200 Pennsylvania Avenue, N.W.
Mail Code: 2272A
Washington, DC 20460
(202) 564-4292

To the State of Illinois: James Morgan

Assistant Attorney General
500 South Second Street
Springfield, IL 62706
Washington, DC 20004

with a copy to:

Kyle Davis
Division of Legal Counsel
Illinois Environmental Protection Agency
1021 North Grand Avenue East
P.O. Box 19276
Springfield, IL 62794-9276

To the State of Michigan:

Compliance and Enforcement Section Chief
Remediation & Redevelopment Division
Michigan Department of Environmental Quality
P.O. Box 30426
Lansing, MI 48909-7926

with a copy to:

Division Chief
Environment, Natural Resources, and Agriculture Division
Michigan Department of Environmental Quality
P.O. Box 30426
Lansing, MI 48909-7926

To the State of New Jersey: Rachel Jeanne Lehr

Deputy Attorney General
Richard J. Hughes Justice Complex
25 Market Street
Post Office Box 093
Trenton, New Jersey 08625-0093
Tel: (609) 984-6640
Fax: (609) 984-9315

with a copy to: Joan Olawski-Stiener, Esq.

New Jersey Department of Environmental Protection
Office of the Counselor to the Commissioner
401 East State Street
P.O. Box 402
Trenton, New Jersey 08625
Direct Telephone: 609-984-2052
Fax: 609-984-3962

To the State of Tennessee: Elizabeth P. McCarter

Senior Counsel
Office of the Attorney General
P.O. Box 20207
Nashville, TN 37202

with a copy to:

E. Joseph Sanders
General Counsel
Tennessee Department of Environment and Conservation
20th Floor L & C Tower
401 Church Street
Nashville, TN 37243

To Union Underwear Company, Inc: David Whitaker

Fruit of the Loom, Inc.
One Fruit of the Loom Drive
P.O. Box 90015
Bowling Green, KY 42102-9015
Telephone: 270-781-6400
Fax: 270-846-4864

To Martin Mills, Inc.: David Whitaker

Fruit of the Loom, Inc.
One Fruit of the Loom Drive
P.O. Box 90015
Bowling Green, KY 42102-9015
Telephone: 270-781-6400
Fax: 270-846-4864

To Fayette Cotton Mill, Inc.: David Whitaker

Fruit of the Loom, Inc.
One Fruit of the Loom Drive
P.O. Box 90015
Bowling Green, KY 42102-9015
Telephone: 270-781-6400
Fax: 270-846-4864

13. **PUBLIC COMMENT**

13.1 This Settlement Agreement shall be lodged with the Court for public notice and comment. After the conclusion of the public comment period, the United States will file with the Court any comments received, as well as the United States' responses to the comments, and at that time, if appropriate, the Court will be requested by motion of the United States to approve the Settlement Agreement. The United States reserves the right to withdraw or withhold its consent if the comments regarding the Settlement Agreement disclose facts or considerations which indicate that the Settlement Agreement is not in the public interest. All other Parties consent to approval of this Settlement Agreement.

13.2 If for any reason (i) the Settlement Agreement is withdrawn by the United States as provided in Paragraph 13.1, or (ii) the Settlement Agreement is not approved: (a) this Settlement Agreement shall be null and void and the parties shall not be bound hereunder; (b) the Parties shall have no liability to one another arising out of or in connection with this Settlement Agreement; (c) this Settlement Agreement shall have no residual or probative effect or value, and it shall be as if it had never been executed; and (d) this Settlement Agreement, any statements made in connection with settlement discussions, and any documents prepared in connection herewith may not be used as evidence in any litigation between the parties.

14. MISCELLANEOUS

14.1 **Integration**. This Agreement contains and constitutes the entire agreement between and among the Parties herein and supersedes all prior agreements and understandings between and/or among the Parties hereto relating to the subject matter hereof. Except as otherwise specifically provided herein, no change, modification or addition to this Agreement shall be valid unless made in writing and signed by or on behalf of each of the Parties hereto.

14.2 **Construction**. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, or neuter gender thereof or to the plurals of each, as the identity of the person or persons or the context may require. The descriptive headings contained in this Agreement are for reference purposes only and are not intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision contained herein. Nothing in this Agreement, including but not limited to the definition of the "Seven Sites" in Paragraph 3.9 of this Agreement, shall be construed to mean that the St. Louis Facility in St. Louis, Michigan does or does not include the Pine River. Nothing in this Agreement, including but not limited to the definition of the "Seven Sites" in Paragraph 3.9 of this Agreement, shall be construed to mean that the Ventron/Velsicol Facility in Wood-Ridge and Carlstadt, New Jersey does or does not include Berry's Creek.

14.3 **Counterpart / Facsimile Execution**. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument. Facsimile signatures shall be binding upon the Parties and shall constitute valid execution of this Agreement.

14.4 **Survival**. The Parties agree that the representations, warranties, and agreements contained in this Agreement shall survive the execution and delivery of this Agreement. The Parties agree that the Parties' rights to enforce the terms of this Agreement shall survive the dismissal of this case.

14.5 **Third Party Beneficiary**. The Environmental Agencies shall be third party beneficiaries of Paragraphs 2.1, 2.2, and 2.3 of this Agreement and may enforce the requirements of such Paragraphs in accordance with the terms of this Agreement.

14.6 **Contractual Intent**. This Agreement and the releases and obligations contained herein constitute a contract among the Parties and not mere recitals. The Parties have consulted with legal counsel and are fully informed of, and acquainted with, the contents of this release and have full knowledge and appreciation of its meaning and effect and agree and acknowledge that it is executed for legally sufficient and adequate consideration.

14.7 **Negotiation of the Agreements**. The Parties acknowledge that each of them has had the opportunity to consult with their respective counsel regarding the agreements contained herein. Therefore, the provisions contained herein shall not be construed in favor of or against any Party, but shall be construed as if all Parties prepared the Agreement.

14.8 **No Further Representations or Agreements**. The Parties have entered into this Agreement based upon independent investigations and not based upon any representations or agreements, except those representations, undertakings and agreements which are specifically set forth herein.

14.9 **Binding Effect**. This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective parent companies, subsidiaries, affiliates, predecessors, successors, and assigns.

14.10 **Further Actions**. At any time, and from time to time, each Party agrees, at such Party's expense, to take such actions and to execute and deliver such documents as may be reasonably necessary to effectuate the purposes of this Agreement.

14.11 **Amendment and Waiver**. Any term, covenant, agreement or condition of this Agreement may, *only* with the consent of all of the Parties hereto, be amended, or compliance therewith may be waived (either generally or in a particular instance and either retroactively or prospectively); provided, however, that no such amendment or waiver shall be effective unless in writing and signed by the Parties.

14.12 **Governing Law**. This Agreement and all its rights and obligations shall be subject to, governed and interpreted under the laws of the State of New York, without regard to its choice of law principles.

14.13 **No Admissions**. It is expressly understood and agreed by the Parties to this Agreement that nothing herein is, shall be construed to be, or may be used to prove an admission of any factual recital of any liability. This Agreement therefore shall not be taken or used or be deemed admissible in evidence, in an action, cause of action, or proceeding except to enforce the terms of this Agreement. This Agreement is being entered into because of the Parties' desire to amicably resolve their differences, and the Parties believe that the terms of this Agreement are reasonable and fair in view of all known facts and circumstances.

14.14 **Attorneys' Fees**. The Parties shall be responsible for and shall pay for their own attorneys' fees, costs and expenses incurred in the Litigation, except that a party shall be responsible to pay any expenses related to discovery that such party has previously agreed in writing to pay.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed as of the _____ day of August, 2007.

NWI-I, Inc. (f/k/a Fruit of the Loom, Inc.), LePetomane II, Inc., not individually but solely in its representative capacity as Trustee of the Fruit of the Loom Successor Liquidation Trust, and LePetomane III, Inc., not individually, but solely in its representative capacity as Trustee of the Fruit of the Loom Custodial Trust

By: _____ Not Individually but solely as President

Name: Jay A. Steinberg, not individually, but solely in his representative capacity as President.

Subject to Court Approval in case number 05-C-6386 pending in the United States District Court for the Northern District of Illinois

AIG Domestic Claims, Inc., as authorized claims administrator on behalf of American International Specialty Lines Insurance Company

Date: September 17, 2007

By: _____
Name: Glenn M. Serrano
Title: Assistant Vice President

FOR THE UNITED STATES OF AMERICA:

Date: 12/28/07

RONALD J. TENPAS
Assistant Attorney General

ALAN S. TENENBAUM
National Bankruptcy Coordinator
STEVEN R. BAER
Senior Counsel
ERIC ALBERT
Trial Attorney
Environmental Enforcement Section
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202-514-2800 eric.albert@usdoj.gov

FOR THE UNITED STATES OF AMERICA

Date: September 28, 2007

GRANTA Y. NAKAYAMA
Assistant Administrator
Office of Enforcement and Compliance Assurance
U.S. Environmental Protection Agency
Ariel Rios Building
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Attorney General of the state of Michigan

Michael A. Cox

Date: 9/6/07

James L. Stropkai (P24588)
Assistant Attorney General
Environment, Natural Resources,
and Agriculture Division
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(517)373-7540

Michigan Department of Environmental Quality
Remediation and Redevelopment Division
Andrew W. Hogarth, Chief

Andrew W. Hogarth
(517)335-1104

FOR THE STATE OF NEW JERSEY

ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY

Date: 1/8/2008

BY: _____

RACHEL JEANNE LEHR
Deputy Attorney General
Department of Law and Public Safety
Division of Law
Richard J. Hughes Justice Complex
25 Market Street
P.O. Box 093
Trenton, New Jersey 08625-0093

FOR THE NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION

Date: 1/8/2008

_____

LEONARD J. ROMINO, ADMINISTRATOR
New Jersey Spill Compensation Fund
New Jersey Department of Environmental Protection
401 East State Street
P.O. Box 413
Trenton, NJ 08625

Date: 1/8/2008

_____

AMY CRADIC, ASSISTANT COMMISSIONER
Natural & Historic Resources
New Jersey Department of Environmental Protection
501 East State Street
P.O. Box 400
Trenton, NJ 08625

ON BEHALF OF THE PEOPLE
OF THE STATE OF ILLINOIS

LISA MADIGAN
ATTORNEY GENERAL

MATTHEW DUNN
Chief, Environmental Enforcement
Asbestos Litigation Division

_____
THOMAS E. DAVIS
Chief, Environmental Bureau

FOR THE STATE OF TENNESSEE

ROBERT E. COOPER, JR
ATTORNEY GENERAL AND REPORTER

Date: Sept. 7, 2007

By: _____
ELIZABETH P. McCARTER
Senior Counsel
Environmental Division
Office of the Attorney General
P. O. Box 20207
Nashville, TN 37202

Union Underwear Company, Inc.

By: _____
Name: David T. Whitaker
Title: Senior Vice President

Martin Mills, Inc.

By: _____
Name: David T. Whitaker
Title: Senior Vice President

Fayette Cotton Mill, Inc.

By: _____
Name: David T. Whitaker
Title: Senior Vice President

EXHIBIT 1

FTL DISTRIBUTION OF AIG INSURANCE CLAIM SETTLEMENT SUMMARY

6/18/2007		Breckenridge, Michigan	St. Louis, Michigan	Ventron/Velsicol Berry's Creek, New Jersey	Hardeman County Landfill, Tennessee	Residue Hill, Tennessee	Hollywood Dump, Tennessee	Marshall Vacant Land, Illinois
SUMMARY OF DISTRIBUTION OF THE INITIAL AIG PAYMENT OF $30,000,000:								
Initial Distribution	30,000,000							
-Administrative Account - 5%								
(To pay for attorney's, accountant's								
and trustee's fees, real estate tax,								
and other administrative expenses)	-1,500,000							
-Union Underwear et al	-287,500							
-Breckenridge Trust Account	-2,100,000	2,100,000						
-Distributions to Individual Site Accounts	-26,112,500		8,704,166.67	8,704,166.67	8,704,166.66			
Interest Due from AIG Will be Distributed In the Same Percentages as the Settlement Distributions.								
SUMMARY OF AIG TEN YEAR ANNUAL DISTRIBUTION OF $1,250,000:								
Annual Payment	1,250,000							
-Administrative Account	-62,500							
Balance	1,187,500							
-Distributions to Individual Site Accounts	-1,187,500							
-To Each Site Account	395,833.33							
-Summary of Ten Annual Distributions			3,958,333.33	3,958,333.34	3,958,333.33			
Total AIG Distribution		$2,100,000.00	$12,662,500.00	$12,662,500.01	$12,662,499.99	$0.00	$0.00	$0.00
Current Balance in Trust Accounts	05/31/07	42,722.16	4,728,977.42	4,937,962.74	965,382.90	724,498.98	162,727.80	182,937.21
Grand Total After Entire AIG Distribution		$2,142,722.16	$17,391,477.42	$17,600,462.75	$13,627,882.89	$724,498.98	$162,727.80	$182,937.21

The above payments to the Site Accounts shall satisfy the Successor Liquidation Trust AIG Claim Loan in full.

EXHIBIT 2

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY,	)	
Plaintiff,	)	
v.	)	Case No. 05 C 6386
NWI-1, Inc. (F/K/A/ FRUIT OF THE LOOM, INC.), LEPETOMANE II, INC., as Trustee of the Fruit of the Loom Successor Liquidation Trust, and LEPETOMANE III, INC., as Trustee of the Fruit of the Loom Custodial Trust.	)	Judge Gottschall Magistrate Judge Mason
Defendants.	)	

PROPOSED ORDER APPROVING SETTLEMENT AGREEMENT AND DISMISSING CASE PURSUANT TO RULE 41(A)(2) OF THE FEDERAL RULES OF CIVIL PROCEDURE

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY,	)	
Plaintiff,	)	
v.	)	Case No. 05 C 6386
NWI-1, Inc. (F/K/A/ FRUIT OF THE LOOM, INC.), LEPETOMANE II, INC., as Trustee of the Fruit of the Loom Successor Liquidation Trust, and LEPETOMANE III, INC., as Trustee of the Fruit of the Loom Custodial Trust.	)	Judge Gottschall Magistrate Judge Mason
Defendants.	)	

ORDER APPROVING SETTLEMENT AGREEMENT AND DISMISSING CASE PURSUANT TO RULE 41(A)(2) OF THE FEDERAL RULES OF CIVIL PROCEDURE

Upon consideration of the Motion to Approve Settlement Agreement filed by the United States of America, on behalf of the United States Environmental Protection Agency, the United States Nuclear Regulatory Commission, and the National Oceanic and Atmospheric Administration; upon representation of counsel for the United States that all parties in the case and in the settlement concur; and upon expiration of the public comment period, the Court finds that the attached Settlement Agreement has been negotiated in good faith and is fair, reasonable, and in the public interest. Therefore, it is hereby ORDERED, ADJUDGED, AND DECREED that:

1. Upon entry of this Order, and only upon entry of this Order, the States of Illinois, Michigan, New Jersey, and Tennessee are deemed to have timely intervened in this case as Plaintiff-Intervenors, asserting the same claims against AISLIC as those made by the United States in its First Amended Complaint in Intervention, for the limited purposes of effectuating the Settlement Agreement and becoming bound by its terms.

2. Upon entry of this Order, and only upon entry of this Order, the Court's prior Order dated December 18, 2006 granting the motion for voluntary dismissal of Union Underwear, Inc., Martin Mills, Inc., and Fayette Cotton Mill, Inc., is hereby vacated, and those entities are reinstated as parties to this case for the limited purposes of effectuating the Settlement Agreement and becoming bound by its terms.

4. The attached Settlement Agreement is approved and Le Petomane II, Inc., not individually but solely as Successor Liquidation Trust Trustee, is authorized to disburse funds as detailed in Exhibit 1 of the Settlement Agreement.

5. All claims and counterclaims brought by any of the parties to the case are dismissed with prejudice under Rule 41(a)(2) of the Federal Rules of Civil Procedure.

6. The Court retains jurisdiction to enforce the Settlement Agreement in accordance with the terms thereof.

SO ORDERED this __ day of _____, 2008:

_____

The Honorable Joan B. Gottschall
United States District Judge

EXHIBIT 3

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	
	)	
FRUIT OF THE LOOM, INC., et al.	)	No. 99-4497(PJW)
	)	
	)	
Debtors.	)	
	)	
	)	
	)	

SETTLEMENT AGREEMENT

WHEREAS, on December 29, 1999, the Debtors herein filed a petition for reorganization under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101, et seq., as amended;

WHEREAS, on or about August 15, 2000, the United States, filed a Proof of Claim against Debtors FTL and NWI, which asserts a claim, pursuant to the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. §§ 9601 et seq., relating to certain facilities owned by Debtor NWI;

WHEREAS, the States of New Jersey and Tennessee have filed one or more Proofs of Claim against Debtors FTL and/or NWI with respect to certain facilities;

WHEREAS, in connection with a management buyout of Velsicol in 1986, FTL, NWI, and Velsicol entered into the A&I Agreement and NWI agreed to take title to the Seven Properties, as defined herein;

WHEREAS, the A&I Agreement provided that under certain circumstances FTL and NWI may be contractually obligated to

indemnify Velsicol for certain environmental liabilities with respect to the Seven Facilities and the A&I Facilities;

WHEREAS, on February 28, 2001, the Bankruptcy Court entered an order approving the rejection by FTL and NWI of the A&I Agreement;

WHEREAS, on or about August 11, 2000, Velsicol filed proofs of claim against Debtors FTL and NWI, on its own behalf and on behalf of EPA and all State Environmental Agencies and Subdivisions pursuant to 11 U.S.C. § 501(b) and Bankruptcy Rule 3005, for liabilities under CERCLA, contract law, and other applicable laws for the Seven Facilities and the A&I Facilities;

WHEREAS, the Governmental Parties contend that Debtors FTL and NWI have liability under CERCLA and the Atomic Energy Act ("AEA"), 42 U.S.C. §§ 2011 et seq. and regulations promulgated thereunder, for response action and/or response costs and Natural Resource Damages with respect to the Seven Facilities and the A&I Facilities and that they are entitled to administrative expense priority for some of the Debtors' environmental liability under CERCLA;

WHEREAS, the Governmental Parties contend that Velsicol has liability under CERCLA and the AEA for response action and/or response costs and Natural Resource Damages with respect to the Seven Facilities and the A&I Facilities, but Velsicol contends that it has an inability to pay or limited ability to pay such liabilities;

WHEREAS, FTL, NWI, and Velsicol have certain insurance coverage for environmental liabilities for the Seven Facilities and the A&I Facilities, including but not limited to, policies issued by the defendants in the Illinois Insurance Litigation, the PLL Policy, and the Velsicol PLL Policy;

WHEREAS, NWI is the owner of certain Preferred Shares of stock in True Specialty Corporation ("TSC"), the parent corporation of Velsicol;

WHEREAS, FTL and NWI desire to liquidate and have filed a proposed Plan of Reorganization providing for the liquidation of their assets, including the Seven Facilities;

WHEREAS, the Parties hereto, without admission of liability by any Party, desire to settle, compromise and resolve the claims and contentions of the Governmental Parties as provided herein and make provision for the Seven Facilities following the liquidation of FTL and NWI;

WHEREAS, FTL, NWI, and Velsicol, without admission of liability by any Party, desire to settle, compromise and resolve their claims and contentions as provided herein, including without limitation, the assumption of the A&I Agreement, as amended hereby;

NOW, THEREFORE, in consideration of the mutual promises contained herein, and for other good and valuable consideration receipt of which is hereby acknowledged;

IT IS HEREBY STIPULATED and agreed to by and between the parties hereto, subject to approval by the Bankruptcy Court, as follows:

1. Definitions

"AEA" shall mean the Atomic Energy Act, 42 U.S.C. §§ 2011 et seq., and regulations promulgated thereunder.

"A&I Agreement" shall mean the Assumption and Indemnity Agreement between FTL, NWI, and Velsicol dated December 12, 1986.

"A&I Facilities" shall mean the Facilities listed on Attachment A hereto, which are facilities (other than the Seven Facilities) at which Velsicol may have had a right of indemnification or other rights under the A&I Agreement. A&I Facilities shall not include any part of the Seven Facilities. In addition, the A&I Facilities shall include any additional Facilities identified by Velsicol pursuant to Paragraph 11 of this Agreement.

"Agreement" shall mean this Settlement Agreement.

"Allowed Administrative Expense Claims" shall mean an allowed administrative expense claim under the Plan of Reorganization, or if a Plan of Reorganization is not effective as of the Effective Date hereof, an allowed administrative expense claim under 11 U.S.C. § 503.

"Allowed General Unsecured Claim" shall mean an allowed general unsecured claim under the Plan of Reorganization.

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"Bankruptcy Court" shall mean the United States Bankruptcy Court for the District of Delaware.

"CERCLA" shall mean the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq.

"Custodial Trust" shall mean the Custodial Trust to be established in accordance with Paragraph 2 of this Agreement.

"DOI" shall mean the United States Department of the Interior and any successor departments or agencies of the United States.

"EPA" shall mean the United States Environmental Protection Agency and any successor departments or agencies of the United States.

"EPA Region 4 Settlement" shall mean the contemporaneous administrative settlement between EPA Region 4 and Velsicol, which, inter alia, has provisions requiring certain payments towards past costs at the Hardeman and Residue Hill Facilities.

"Effective Date" shall mean the effective date of this Agreement which shall be the first business day after the Bankruptcy Court order approving this Agreement becomes a final order.

"Execution Date" shall mean the date on which the last of Velsicol, FTL, and NWI have executed this Agreement.

"Facility", including with respect to any of the A&I Facilities or the Seven Facilities, shall include: (i) for those

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Facilities (or parts thereof) now or hereafter included on the National Priorities List ("NPL"), 42 U.S.C. § 9605, all areas as defined by EPA for purposes of the NPL, including the migration of hazardous substances therefrom and any later expansion of such Facility as may be determined by EPA, and any affected natural resources, or (ii) for those Facilities (or parts thereof) not included on the NPL, all areas affected or potentially affected by the release or threatened release of hazardous substances, and affected natural resources, as a direct or indirect result of the operations or activities occurring on or in the vicinity of the property which gave rise to the release or threatened release, including the migration of hazardous substances therefrom (but not including locations of other releases of hazardous substances resulting from the off-property disposal of hazardous substances generated from such operations or activities).

"FTL" shall mean Fruit of the Loom, Inc., a Delaware corporation debtor and debtor in possession, including, as it may exist from and after the Effective Date of the Plan of Reorganization.

"FTL Entities" shall mean (i) all debtors excluding NWI and FTL in the chapter 11 cases pending in the Bankruptcy Court entitled In re Fruit of the Loom, Inc., et al., No. 99-04497 (PJW), (ii) all subsidiaries of any of the debtors, expressly including subsidiaries of FTL, (iii) all entities created pursuant to the Plan of Reorganization, whether as a successor to

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a debtor or otherwise (excluding the NWI/FTL Successor, the Custodial Trust, and FTL as a subsidiary of the NWI/FTL Successor), (iv) New FOL, Inc., and (v) each of the debtors as the same may be reorganized pursuant to the Plan of Reorganization (but not the NWI/FTL Successor, the Custodial Trust, and FTL as a subsidiary of the NWI/FTL Successor). The Debtors and subsidiaries are listed in Attachment B hereto.

"FTL Insured Entities Under The PLL Policy" shall mean the FTL Entities and the named insureds under Endorsement #14 of the PLL Policy.

"FTL Protected Entities" shall mean any successor, assign, employee, officer, or director, of FTL, NWI, or the FTL Entities.

"Governmental Parties" shall mean the United States and the States.

"Illinois Insurance Litigation" shall mean the claims and counterclaims asserted, or which could have been asserted, by the parties in Fruit of the Loom, Inc., et al. v. Transportation Insurance Co., et al., No. 97 L 13555, pending in the Circuit Court of Cook County, Illinois.

"Natural Resource Damages" shall mean damages for injury to, destruction of, or loss of natural resources as defined in 42 U.S.C. § 101(16) and includes natural resource damages assessment costs and restoration actions.

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"New FOL Inc." shall mean the Purchaser under the Asset Purchase Agreement ("APA") as defined in the Plan of Reorganization.

"NOAA" shall mean the National Oceanic and Atmospheric Administration of the Department of Commerce and any successor department or agencies of the United States.

"NRC" shall mean the Nuclear Regulatory Commission and any successor departments or agencies of the United States.

"NWI" shall mean NWI Land Management Corp.

"NWI/FTL Successor" shall mean the Liquidating Trust to be established in accordance with Paragraph 2 of this Agreement.

"Parties" shall mean the United States, the States of Illinois, Michigan, New Jersey, and Tennessee, NWI, FTL, and Velsicol.

"Plan of Reorganization" shall mean Second Amended Joint Plan of Reorganization of Fruit of the Loom, dated January 31, 2002, as amended and/or supplemented.

"PLL Policy" shall mean the "Pollution Legal Liability Select Insurance Policy" issued to FTL by American International Specialty Lines Insurance Company having an effective date of October 30, 1998. See Paragraph 8 below.

"Revised Velsicol Agreements" shall mean the amended Certificate of Designation, Contribution Agreement, Shareholder Agreement, and related documents, attachments, and exhibits and amendments thereto, which establish the agreements of Velsicol

and the NWI/FTL Successor, including related to the Velsicol Preferred Shares to be owned by the NWI/FTL Successor.

"Seven Facilities" shall mean the following Facilities: the St. Louis Facility in St. Louis, Michigan; the Breckenridge Facility in St. Louis/Breckenridge, Michigan; the Residue Hill Facility in Chattanooga, Tennessee; the Hardeman County Landfill Facility in Toone, Tennessee; the Hollywood Dump Facility in Memphis, Tennessee; the Marshall 23 Acre Facility in Marshall, Illinois; and the Ventron/Velsicol Chemical/Berry's Creek Facility in Wood-Ridge and Carlstadt, New Jersey. With respect to each of the Seven Facilities referenced in this Agreement, such individual Facility means the corresponding property description in Appendix C and any areas within the definition of Facility above for such property.

"Seven Properties" shall mean certain real property owned by NWI, and to be owned by the Custodial Trust, as more fully described in Attachment C hereto. The Seven Properties fall within the Seven Facilities. Attachment C may be amended upon presentation of acceptable documentation of ownership by NWI agreed upon by NWI, Velsicol, the United States, and the State which the amendment relates to.

"South Coal Tar Mound" shall mean the South Coal Tar Mound portion of the Tennessee Products Superfund Facility in Chattanooga, Tennessee. The South Coal Tar Mound is located in the northernmost portion of the Residue Hill Property.

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"States" shall mean the States of Illinois, Michigan, New Jersey, and Tennessee.

"Trust Accounts and Trust Subaccounts" shall be the trust accounts and subaccounts for the Seven Facilities and the administrative accounts described in Paragraph 3 of this Agreement.

"United States" shall mean the United States of America.

"Velsicol" shall mean Velsicol Chemical Corporation and its parent, True Specialty Corporation.

"Velsicol Environmental Trust Fund" shall mean the trust to be established to provide funding for the cleanup and/or remediation of real property in accordance with the terms and limitations contained in Paragraph 11 of this Agreement.

"Velsicol Fund Trustee" shall mean the Trustee for the Velsicol Environmental Trust Fund.

"Velsicol PLL Policy" shall mean the insurance coverage provided by American International Group pursuant to the binder letter issued to Velsicol dated December 28, 1999.

"Velsicol Preferred Shares" shall mean the preferred shares of stock in True Specialty Corporation owned by NWI, and to be owned by the NWI/FTL Successor, with all rights therein, as set forth in the Revised Velsicol Agreements and under applicable law.

2. Formation and Purposes of NWI/FTL Successor and Custodial Trust

(a) The NWI/FTL Successor. The NWI/FTL Successor will be a Liquidating Trust to be formed as a successor to NWI and FTL, which shall also hold the New Capital Stock of FTL issued pursuant to the Plan of Reorganization. Through its approval of this Agreement, the Bankruptcy Court will set forth the rights, liabilities and limitations upon liability of the NWI/FTL Successor and otherwise authorize implementation of the terms of this Agreement, which has been incorporated into the Plan of Reorganization. The NWI/FTL Successor's purpose is to implement this Agreement by receiving and distributing the assets held by it as set forth herein to provide the funding to the Custodial Trust and Velsicol Environmental Trust Fund described herein and the payments to the creditors of NWI and FTL described in Paragraphs 7(b) and 8 hereof. Assets of the NWI/FTL Successor shall be held in trust for this purpose and may not be used for any purpose other than as expressly provided in this Agreement. Beneficial interests in the NWI/FTL Successor shall be held by the Governmental Parties, the Custodial Trust, the Velsicol Environmental Trust Fund, Velsicol (solely for payment of certain attorney's and insurance recovery consulting fees), FTL Insured Entities Under The PLL Policy (solely to allow them to receive certain insurance proceeds), holders of allowed claims against NWI and FTL in accordance with their respective interests as set forth in this Agreement which shall be implemented by the Plan of Reorganization, provided, however that Velsicol shall have a

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right to payment only for certain attorney's and insurance recovery consulting fees as provided in Paragraph 6 below; holders of allowed claims against NWI and FTL shall have a right to payment only as provided in Paragraph 7(b) below; and the FTL Insured Entities Under The PLL Policy shall have a right to payment only as provided in Paragraph 8 below. NWI/FTL Successor shall succeed only to the obligations, rights and benefits of NWI and FTL that are contemplated in this Agreement, which shall be implemented by the Plan of Reorganization. NWI/FTL has established other successor entities in their Plan of Reorganization for purposes other than that set forth herein.

In furtherance of the foregoing, the NWI/FTL Successor shall be the legal successor in interest to certain rights under the PLL Policy and all of NWI's and FTL's rights under the insurance policies that are the subject of the Illinois Insurance Litigation to facilitate recoveries from such policies. Contributions and accretions to the NWI/FTL Successor shall include: (1) payments for the Allowed Administrative Expense Claims, (2) proceeds from the Illinois Insurance Litigation, (3) proceeds related to the Seven Facilities and the A&I Facilities for claims made under the PLL Policy, (4) the recoveries under the Velsicol PLL Policy for the Seven Facilities, (5) proceeds in respect of the Velsicol Preferred Shares, and (6) interest earned upon funds held by the NWI/FTL Successor. The NWI/FTL Successor shall not own or have any legal interest in the Seven Properties.

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Instead, the Parties will not oppose NWI's proposed transfer of, and NWI shall, within thirty days of the Effective Date but not before payment of the Allowed Administrative Expense Claim under Paragraph 4 hereof, transfer the Seven Properties to an independent Custodial Trust which will hold title to the Seven Properties.

(b) The Custodial Trust. The purpose of the Custodial Trust will be to own the Seven Properties, carry out administrative functions related to the Seven Properties as set forth herein, manage and/or fund implementation of response actions or natural resource damage assessment and restoration actions selected and approved by the relevant Governmental Parties with respect to the Seven Facilities in order to facilitate response action at the Seven Facilities and ultimately to sell the Seven Properties, if possible. The Custodial Trust will be funded as specified herein and the documentation establishing the Custodial Trust (the "Custodial Trust Documentation"). Contributions and accretions to the Custodial Trust shall include: (1) the Seven Properties and proceeds of any lease, sale or other disposition of the Seven Properties, (2) payments from the NWI/FTL Successor of amounts received by the NWI/FTL Successor and payable to the Custodial Trust under the terms hereof, and (3) any interest earned on funds held by the Custodial Trust.

(c) As set forth below, the contributions and accretions to the NWI/FTL Successor (including to FTL, if any, see Paragraph 8) will be dedicated for the purposes set forth in this Agreement and will be distributed to: (i) the Custodial Trust for the benefit of the Trust Accounts, (ii) the holders of allowed claims against FTL and NWI, (iii) Velsicol in reimbursement of its reasonable attorney's and insurance recovery outside consulting fees and expenses in the Illinois Insurance Litigation after the Execution Date, and (iv) the Velsicol Environmental Trust Fund, all solely as provided in this Agreement.

(d) The Custodial Trust and NWI/FTL Successor shall at all times seek to treat the Trust Accounts they are holding as Qualified Settlement Funds pursuant to Treasury Regulations under Section 468B of the Internal Revenue Code.

(e) The Custodial Trust and NWI/FTL Successor shall be established within 20 days of the Bankruptcy Court's approval of this Agreement, whether or not a Plan of Reorganization has been confirmed and becomes effective. Jay A. Steinberg has tentatively agreed that a corporation or limited liability corporation to be established by him with himself as President is willing to be the Trustee for the NWI/FTL Successor, the Trustee for the Custodial Trust, and the Trustee for the Velsicol Environmental Trust Fund.

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(f) The Plan of Reorganization shall provide that holders of claims against NWI/FTL other than the Parties to this Agreement shall have no rights against the NWI/FTL Successor, FTL, the Custodial Trust, and the Velsicol Environmental Trust Fund other than the rights provided to holders of allowed claims as set forth specifically in Paragraph 7(b) or 8.

(g) In the event that the insurer for the PLL Policy takes the position that if the NWI/FTL Successor does not own the Seven Properties, coverage under the PLL Policy is impaired or limited in any way, then the NWI/FTL Successor and Custodial Trustee shall be deemed retroactively merged and combined into the NWI/FTL Successor and the respective Trust Accounts for each particular Facility shall likewise be consolidated and the NWI/FTL Successor will assume all responsibilities of the Custodial Trust under this Agreement and all Parties shall retain all rights under this Agreement.

3. Trust Accounts. (a) Funding and proceeds for response actions or response costs for each of the Seven Facilities will be held by the NWI/FTL Successor and thereafter the Custodial Trust, each of which will maintain separate Trust Accounts for each Facility in accordance with this Agreement. Funding and proceeds for Natural Resource Damages for the Ventron/Velsicol/Berry's Creek Facility will be held by the NWI/FTL Successor and thereafter the Custodial Trust, each of which will maintain a separate Trust Subaccount for Natural

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Resource Damages for such Facility in accordance with this Agreement and separate from the response action Trust Subaccount(s) for such Facility. Funds for the administration of the Custodial Trust and the NWI/FTL Successor will be held in trust by the Custodial Trustee or the NWI/FTL Successor, as the case may be, in separate administrative Trust Accounts subject to disbursement solely as provided in this Agreement.

(b) The Trust Accounts shall be funded initially by a payment in the amounts of the Allowed Administrative Expense Claims specified in Paragraph 4 below. After the initial funding, amounts received for the Trust Accounts from insurance proceeds from the Illinois Insurance Litigation (see Paragraph 6), and proceeds from the Velsicol Preferred Shares (see Paragraph 7), will be allocated as follows: 28% for response action or response costs for the St. Louis Facility; 3% for response action or response costs for the Residue Hill Facility; 29% for response action or response costs for the Hardeman County Landfill Facility; 5% for the Hollywood Dump Facility; 1% for response action or response costs for the Marshall 23 Acre Facility; 29% for response action or response costs or Natural Resource Damages for the Ventron/Velsicol/Berry's Creek Facility; and 5% for administrative funding for the NWI/FTL Successor and Custodial Trust which are not response action or response costs or Natural Resource Damages. The United States may at any time notify the Parties, the NWI/FTL Successor, and the Custodial

Trustee that its estimates have changed and propose that the NWI/FTL Successor and Custodial Trustee make all future payments to Trust Accounts from Illinois Insurance Litigation Proceeds and Velsicol Preferred Shares Proceeds in accordance with a revised percentage allocation or that funds in a Facility Trust Account be transferred to another Facility Trust Account to implement selected response action. With respect to the St. Louis Facility, after additional response action is selected for this Facility, EPA and Michigan shall notify the Parties, NWI/FTL Successor, and the Custodial Trust as to how the percentage allocation/funding for the Facility will be equitably allocated between operation and maintenance and other response action/response costs and the NWI/FTL Successor and Custodial Trustee shall thereafter hold the funding for the Facility in separate Trust Subaccounts for operation and maintenance and other response action/response costs in accordance with the notice provided. Notwithstanding the above, the percentage and funding for: (i) the Ventron/Velsicol/Berry's Creek Facility, (ii) the Residue Hill Facility, (iii) the Marshall 23 Acre Facility, and (iv) operations and maintenance at the St. Louis Facility after receipt of notice from EPA and Michigan may be increased but shall not be decreased without the written consent of the State of New Jersey, the State of Tennessee, the State of Illinois, and the State of Michigan (respectively for Facilities in their respective States) below the percentages provided for in

this Agreement (with respect to St. Louis Facility below the percentage to be provided in the notice from EPA and Michigan) under this procedure, provided that this exception shall not apply to the Residue Hill Facility if Tennessee receives funding from EPA, or the Marshall 23 Acre Facility if Illinois receives funding from EPA, in the future for cleanup of such Facility.

(c) Any State may dispute the United States' proposed revision of percentage or funding for a Facility in their State in accordance with Paragraph 22 of this Agreement (the "Dispute Resolution Provisions"). The NWI/FTL Successor and Custodial Trustee may dispute any reduction in the percentage of funding for the administrative Trust Accounts in accordance with the Dispute Resolution Provisions.

(d) The NWI/FTL Successor shall (i) set aside, in a separate Natural Resource Damages Trust Subaccount, 10% of all proceeds received under Paragraphs 4(a), 6, and 7 hereof for deposit in the Ventron/Velsicol/Berry's Creek Facility Trust Account to be dedicated in a separate Trust Subaccount as partial payment for Natural Resource Damages for the Ventron/Velsicol/Berry's Creek Facility and (ii) pay the State of New Jersey as partial reimbursement of its past response costs 10% of all proceeds received under Paragraphs 6 and 7 hereof for deposit in the Ventron/Velsicol/Berry's Creek Facility Trust Account up to a maximum payment of $1,127,452. In addition, because the comparative magnitude of required response action and natural

resource damage assessment and restoration is uncertain for the Ventron/Velsicol/Berry's Creek Facility at this time, the remaining 80% (this will be a higher percentage if New Jersey has received the maximum payment under (ii) above) of proceeds received by the NWI/FTL Successor under Paragraphs 6 and 7 of this Agreement (but not under Paragraph 4 of this Agreement) for deposit into the Ventron/Velsicol/Berry's Creek Trust Account will be held in trust and not released by the NWI/FTL Successor until the United States on behalf of EPA, DOI, and NOAA and the State of New Jersey provide a joint notice to the NWI/FTL Successor and the Custodial Trust as to how this 80% should be equitably divided between response action/response costs and Natural Resource Damages. The NWI/FTL Successor and Custodial Trustee shall thereafter hold the appropriate portions of this 80% in separate Trust Subaccounts of the Ventron/Velsicol/Berry's Creek Facility Trust Account for response action/response costs and Natural Resource Damages consistent with the notice provided. The United States on behalf of EPA and the State of New Jersey shall also provide a jointly negotiated notice to the NWI/FTL Successor and the Custodial Trust as to how the percentage allocation/funding for response action/response costs for the Facility should be equitably divided between the Wood-Ridge and Berry's Creek portions of the Facility and between operation and maintenance, any remedial action cost share of the State of New Jersey, and other response action/response costs at each and the

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NWI/FTL Successor and Custodial Trustee shall thereafter hold the funding for response action/response costs for the Facility in separate Trust Subaccounts in accordance with the notice provided. EPA approval shall not be necessary for payments from the subaccount for the Wood-Ridge portion of the Facility so long as that portion of the Facility continues to be State-enforcement lead.

(e) The NWI/FTL Successor and Custodial Trustee shall use each of the Trust Accounts (other than the administrative accounts, the account for the Breckenridge Facility, the portion of the Ventron/Velsicol/Berry's Facility account dedicated now or in the future for Natural Resource Damages pursuant to subparagraph 3(d) above, and the up to $9,000 that may be claimed by NOAA with respect to the St. Louis Facility pursuant to subparagraph 3(f) below) to fund response action or response costs pursuant to CERCLA with respect to hazardous substances or wastes released or threatened to be released at or from the respective Facility for which the Trust Account was created. Funding from a Trust Subaccount dedicated solely to Natural Resource Damages shall be used to restore, replace, acquire natural resources or assess Natural Resource Damages related to releases of hazardous substances at or from the respective Facility. The administrative accounts will be used solely to pay the costs of administering the NWI/FTL Successor and the Custodial Trust respectively.

(f) The United States or the States may obtain payment from a respective Trust Account to reimburse or fund response action for the Seven Facilities as provided in this subparagraph. After the Effective Date, reimbursement may be sought for response costs incurred after August 1, 2001 (as well as the past response costs required to be paid under subparagraph 3(d) above) or for funding of selected response action to be commenced within one year of the request. With respect to the St. Louis Facility, i) NOAA shall be reimbursed by the NWI/FTL Successor for up to $9,000 in reimbursement of its documented past costs; (ii) EPA and Michigan will enter a joint agreement governing allocation, use and requests for all other funding provided under this Agreement for the St. Louis Facility; and (iii) EPA will not make requests for reimbursement for its performance of the February 1999 ROD for Operable Unit 2 ("OU2") unless EPA and Michigan determine that further funding for other response action at the Facility will not be needed. Requests for funding for the Ventron/Velsicol/Berry's Facility must be consistent with subparagraph 3(d) above. Requests for reimbursement or funding for other than site assessment work shall describe the response actions for which reimbursement or funding is sought, and shall include a certification that the pertinent United States agency or State agency, as applicable, selected/approved the response action and shall attach a document evidencing such selection/ approval. For site assessment work, requests for reimbursement

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or funding shall describe the site assessment and shall include a certification by the pertinent United States agency or State agency, as applicable, that such site assessment is authorized under and consistent with applicable statutory and regulatory provisions.

(g) Payments for Natural Resource Damages for the Ventron/Velsicol/Berry's Creek Facility may be made only by joint requests by the State of New Jersey, NOAA, and DOI to obtain payment from the Ventron/Velsicol/Berry's Creek Trust Subaccount for Natural Resource Damages. Such requests shall describe how such funding would be used to restore, replace, acquire natural resources or assess Natural Resource Damages related to the Facility, shall include a certification that the natural resource trustees selected/approved such activity and shall attach a document evidencing such selection/approval, and shall be consistent with subparagraph 3(d) above.

(h) Copies of all requests for payments or funding under this Paragraph shall be sent to EPA Headquarters, the State in which the Facility is located, the NWI/FTL Successor, Custodial Trustee, and Velsicol. All requests shall initially be made to the NWI/FTL Successor, which shall provide appropriate notice to the insurer under the PLL Policies and shall provide copies of such notices to all Parties. The NWI/FTL Successor shall then, within five business days of any request meeting the requirements of this Agreement, transfer the requested funds from

the appropriate Trust Account to the Custodial Trustee, who shall deposit the funds received in the respective Trust Account of the Custodial Trust. The Custodial Trustee shall then, in the case of requests for direct funding, pay the requested funds from the appropriate Trust Account to the Governmental Party making the request within 10 days of receipt of the funds. In the case of requests by a Governmental Party for the Custodial Trustee to use the funds to perform work, the Custodial Trustee shall utilize the funds from the appropriate Trust Account to undertake such work promptly.

(i) If the United States determines that the funding for the Breckenridge Facility (see paragraph 6(a)) is inadequate, it may propose a revised percentage and/or funding allocation under subparagraph 3(b) above that includes additional funding for the Breckenridge Facility. Notwithstanding any other provision in this Agreement, unless the NRC agrees otherwise in writing, funding under this Agreement for the Breckenridge Facility shall be used solely to fund reclamation at or near the Breckenridge Facility pursuant to AEA § 161(b), 42 U.S.C. § 2201(b). The Custodial Trustee shall utilize funding allocated to the Breckenridge Facility under this Agreement to meet all reclamation criteria of 10 C.F.R. Part 20, Subpart E, Radiological Criteria for License Termination, § 20.1402 "Radiological criteria for unrestricted use." The Custodial Trustee may hire a contractor to complete reclamation. The

Custodial Trustee shall periodically make progress reports to NRC and pay the contractor from the funding under this Agreement after obtaining the written approval of the NRC.

4. Allowed Governmental Party Claims. (a) Administrative Expense Claim. Pursuant to the order of the Bankruptcy Court approving this Agreement, the Governmental Parties will be granted a single Allowed Administrative Expense Claim against FTL in the amount of $4,292,808, subject to any reduction provided for below. The Governmental Parties' respective rights to the Allowed Administrative Expense Claim shall be strictly in accordance with the terms of this Agreement. FTL shall pay the Allowed Administrative Expense Claim in full to the NWI/FTL Successor (except for the payment on account of the Breckenridge Facility), which shall be allocated to the Trust Accounts administered by the NWI/FTL Successor as follows: (i) $1,200,000 for the St. Louis Facility; (ii) $316,518 for the Residue Hill Facility; (iii) $1,561,411 for the Hardeman County Landfill Facility; (iv) $1,000,000 for the Ventron/Velsicol/Berry's Creek Facility; and (v) $200,000 to the Trust Account for administration of the NWI/FTL Successor and Custodial Trust. In addition, $14,879 is to be paid directly to the Custodial Trustee for the Breckenridge Facility. The Custodial Trustee shall use said funds to meet any requirements of the NRC for the survey or cleanup of the Breckenridge Facility under the AEA. The amount of the Allowed Administrative Expense Claim for any of the

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Facilities other than the Ventron/Velsicol/Berry's Creek Facility shall be reduced (a) to reflect documented response costs not inconsistent with the NCP made between January 1, 2002 and the Execution Date up to $90,000 for the Hardeman Facility, up to $5,000 for the Breckenridge Facility, and up to $5,000 for the Residue Hill Facility, (b) to reflect expenditures by NWI or FTL with respect to response costs not inconsistent with the NCP for such Facility made between the Execution Date and the Effective Date, which are approved in writing in advance by the applicable Governmental Parties, and (c) expenditures by NWI/FTL with respect to any of such Facilities after the Effective Date, which are expressly approved in advance in writing by the applicable Governmental Parties. Except as provided in the preceding sentence, any approved expenditure prior to the Execution Date that would reduce the amount of the Allowed Administrative Expense Claim is already reflected in this Agreement. The Governmental Parties (other than New Jersey) shall seek to respond within 10 days of any requests by NWI/FTL for approval of expenditures. NWI/FTL shall include an estimate of the expenditures in any such request and shall thereafter provide documentation of the exact amount of the expenditure. Notwithstanding anything contained in this Paragraph, no deductions shall be made to the Allowed Administrative Expense Claim for the Ventron/Velsicol/Berry's Creek Facility. The Allowed Administrative Expense Claims shall be the only allowed

administrative expense claims against NWI or FTL or any of their affiliate debtors in the pending chapter 11 cases of any of the other Parties to this Agreement with respect to the Facilities and the subject matter covered herein. Notwithstanding the previous sentence, the Governmental Parties will reserve all rights with respect to any failure by NWI/FTL to meet a requirement of this Agreement. With respect to the Hardeman County Landfill Facility, NWI shall continue complying with the unilateral administrative order and administrative order on consent (collectively "AO") for that Facility until the Administrative Expense Claim for the Facility is paid to the Trust Account, provided that any amounts paid (and documented) by NWI or FTL pursuant to the AO after they execute this Agreement shall be deducted from the amount to be paid by FTL as an Allowed Administrative Expense for the Facility and no more than $1,561,411 shall be required to be expended pursuant to this requirement. After the Allowed Administrative Expense Claim for the Hardeman Facility is paid, EPA may request that the Custodial Trust continue compliance with the AO using funding from the Trust Account for the Hardeman Facility. The Custodial Trust shall comply with such a request by EPA and shall be reimbursed from the Trust Account for the Facility. Payment of Allowed Administrative Expense Claims, after any reduction(s) authorized above, shall be made in full within 30 days of the Effective Date. Payments from the Trust Accounts for the Seven Facilities

shall be made under the same procedure described in Paragraph 3(e-i) above. In no event shall the Parties hereto assert or maintain any claims against any FTL Entity with respect to the Seven Facilities or the A&I Facilities or the subject matter of this Agreement, provided however that nothing in this sentence shall preclude the Parties from enforcing the terms of this Agreement or the reservation of rights to the covenant not to sue the FTL Entities.

(b) General Unsecured Claims. In addition to the Allowed Administrative Expense Claim, the United States on behalf of EPA shall have an Allowed General Unsecured Claim against NWI in the total amount of $61,552,537 as follows: (i) $60 million for unreimbursed past and future response costs for OU2 of the St. Louis Facility; (ii) $965,791 for its unreimbursed past response costs for the South Coal Tar Mound portion of the Residue Hill Facility; and (iii) $543,737 for its unreimbursed past response costs for the Hardeman Facility. The United States on behalf of NOAA shall have an Allowed General Unsecured Claim against NWI in the total amount of $1,500,000 for Natural Resource Damages with respect to the St. Louis Facility. The United States on behalf of DOI shall have an Allowed General Unsecured Claim against NWI in the total amount of $1,500,000 for Natural Resource Damages with respect to the St. Louis Facility. Michigan shall have an Allowed General Unsecured Claim against NWI in the total amount of $3,709,000 as follows: (i) $709,000

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for its unreimbursed past response costs for the St. Louis Facility and (ii) $3,000,000 for Natural Resource Damages with respect to the St. Louis Facility. New Jersey shall have an Allowed General Unsecured Claim against NWI in the total amount of $2,544,904 as partial reimbursement for its unreimbursed past response costs for the Ventron/Velsicol/ Berry's Creek Facility. Allowed General Unsecured Claims under this Agreement shall not be discriminated against or subordinated to other allowed general unsecured claims against NWI and shall receive the distribution afforded such claims against NWI in accordance with the Plan of Reorganization. The Parties shall not maintain general unsecured claims against NWI, FTL, or the FTL Entities with respect to the Facilities and the subject matter covered herein except as provided in Paragraph 4 of this Agreement and the Governmental Parties shall not be entitled to any distributions other than those provided for herein, including but not limited to Paragraphs 3, 4, 6, 7, 8, 11, and 13 hereof. In no event shall the Parties hereto assert or maintain any claims against any FTL Entity with respect to the Seven Facilities or the A&I Facilities or the subject matter of this Agreement, provided however that nothing in this sentence shall preclude the Parties from enforcing the terms of this Agreement or the reservation of rights to the covenant not to sue the FTL Entities.

5. Illinois Insurance Litigation. The Bankruptcy Court Order approving this Agreement shall vest in the NWI/FTL

Successor all of NWI's and FTL's interest in the policies at issue or claims/proceeds at issue in the Illinois Insurance Litigation (or any other pre-1986 insurance policies that may provide coverage relating to this Agreement), including all proceeds recovered after 12/29/99 or to be recovered in the future from such policies for payment in accordance with the terms of this Agreement. Velsicol shall cause to be paid to the NWI/FTL Successor for ultimate disbursement to the Custodial Trust and Velsicol Environmental Trust Fund as provided in this Agreement any claims/proceeds recovered after 12/29/99 or to be recovered in the future from such policies. The United States and the States shall have a lien on all such proceeds in accordance with the percentages and allocations provided in this Agreement. After the Execution Date, Velsicol shall take the lead, manage and pay all costs and expenses involved in handling the Insurance Litigation. Velsicol shall exercise its best efforts to maximize the recovery of Insurance Proceeds taking into account any litigation risks (except that the best efforts to maximize recovery requirement shall not apply to CNA) and NWI and FTL will provide full access to documents within their possession or control or the possession or control of their agents, consultants, attorneys and current employees with relevant knowledge. NWI and FTL shall not preclude former employees from providing similar cooperation. Within the thirty (30) day period after the Execution Date, (the "Transition

Period") Velsicol, with the cooperation of NWI, and FTL, will arrange for all their relevant documents, relative to the Illinois Insurance Litigation, to be transferred into Velsicol's possession from NWI and FTL. Thereafter NWI, FTL and NWI/FTL Successor will provide reasonable cooperation as needed, including but not limited to signing appropriate releases, settlement documents, and related dismissals, subject only to any required Bankruptcy Court approval, which shall be promptly sought. Within ten days after the Effective Date, FTL shall pay (or settle claims for) any attorney's fees, costs, and expenses for John Noel and Noel & Associates, and any other FTL and/or NWI attorneys, agents, or consultants relating to the Insurance Litigation incurred prior to or during the Transition Period. Such fees, costs and expenses shall be the subject of a settlement between John Noel and Noel & Associates and FTL, approved by order of the Bankruptcy Court to be entered as part of the order approving this Agreement. Such fees, costs and expenses shall be the sole responsibility of FTL without claim against the proceeds of such litigation or policies at issue or against the assets held by the NWI/FTL Successor or the Custodial Trust. Velsicol shall pay any attorney's fees, costs, and expenses for any Velsicol attorneys, agents, or consultants prior to the Execution Date in connection with the Illinois Insurance Litigation, and such fees shall be the sole responsibility of Velsicol without claim against the proceeds of such litigation or

policies at issue or against the assets held by the NWI/FTL Successor or the Custodial Trust. Velsicol's attorney's fees and any other fees, costs, and expenses related to the Illinois Insurance Litigation after the Execution Date shall be the sole responsibility of Velsicol without claim against the proceeds of such litigation or policies at issue or against the assets held by the NWI/FTL Successor or the Custodial Trust except as expressly provided in Paragraph 6 hereof. The remaining provisions after this sentence in this Paragraph shall be effective as to Velsicol upon the Execution Date. Velsicol also represents and warrants that there has not been any non-compliance with the remaining provisions after this sentence in this Paragraph between January 10, 2002 and the Execution Date. Velsicol, NWI, FTL, the NWI/FTL Successor, and the Custodial Trust shall fully collaborate and consult with the United States and the States with respect to all aspects of the Illinois Insurance Litigation in which they continue to be involved as provided in this Agreement. Velsicol will provide detailed monthly written reports to each Governmental Party, the NWI/FTL Successor, and the Custodial Trustee, on the status of the Illinois Insurance Litigation (however, nothing in such reports shall require Velsicol to reveal attorney-client privileged or attorney work product material or be construed as any waiver of attorney-client privilege or attorney work product), including without limitation providing notice of any settlement offers or

demands and the conduct and status of any settlement negotiations and the status of any motions or hearings before the Court. Velsicol shall consult with United States and the States before entering into any settlement and shall provide the United States and the States and NWI, NWI/FTL Successor, and the Custodial Trust thirty days advance written notice of any proposed settlement. Velsicol's notice shall include a description of what the distribution of proceeds to be received under the proposed settlement would be under this Agreement (see Paragraphs 6, 11(c)). In the event that within thirty days of receipt of such notice the United States or any State objects to any proposed settlement or Velsicol's proposed distribution of proceeds in accordance with this Agreement, Velsicol shall not enter into the settlement and the United States, any State, or Velsicol may initiate dispute resolution as provided in Paragraph 22 of this Agreement. Velsicol may seek the approval of the United States and the States for advance approval of target settlement amounts with specific insurance carriers. The United States and the States will respond within thirty days to any such request for approval. Velsicol, FTL, NWI, the NWI/FTL Successor, and the Custodial Trustee agree that any proceeds they receive after the Execution Date from the insurance policies at issue in the Illinois Insurance Litigation shall be held in trust for the benefit of the United States and the States as provided in this Agreement (see Paragraph 6 below).

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6. Illinois Insurance Litigation Policy Proceeds. Any Insurance Proceeds paid or recovered by any Party in or as a result of policies at issue in the Illinois Insurance Litigation after December 29, 1999 (or any other pre-1986 insurance policies that may provide coverage relating to this Agreement) shall be paid to the NWI/FTL Successor. Insurance Proceeds shall include all proceeds on account of any of the policies at issue in the Illinois Insurance Litigation, whether or not such proceeds are payments in whole or part for the Seven Facilities or the A&I Facilities and whether or not such proceeds are received as a result of a settlement, judgment, or otherwise. Insurance Proceeds received by the NWI/FTL Successor shall be paid as follows:

(a) With respect to the first $1,400,000: up to 50% in reimbursement of reasonable attorney's and insurance recovery outside consulting fees and expenses incurred after the Execution Date by Velsicol in the Illinois Insurance Litigation (but not to exceed $700,000) and the remainder to the NWI/FTL Successor for the Breckenridge Facility Trust Account. This amount is to be used exclusively by the Custodial Trustee to meet any requirements of the NRC for the cleanup of the Breckenridge Facility. If in the future the NRC certifies in writing that further funding is not needed, any remaining funds shall be transferred to the NWI/FTL Successor and/or Custodial Trust administrative Trust Accounts. If unpaid reasonable attorney's

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and insurance recovery outside consulting fees and expenses after the Execution Date are less than $700,000 at the time of the receipt of the first $1,400,000, the difference between this amount and $700,000 shall be held by the NWI/FTL Successor in a segregated account to pay the next incurred reasonable attorney's and insurance recovery outside consulting fees and expenses of Velsicol in the Illinois Insurance Litigation;

(b) With respect to additional proceeds after the first $1,400,000: until a total of $10 Million has been paid to the Trust Accounts, first up to 25% in reimbursement of reasonable attorney's and insurance recovery outside consulting fees and expenses of Velsicol in the Illinois Insurance Litigation after the Execution Date and the remainder to the Trust Accounts in accordance with the percentages set forth in Paragraph 3; and

(c) With respect to any additional proceeds after a total of $10 Million has been paid to the Trust Accounts, first up to 25% in reimbursement of unpaid reasonable attorney's and insurance recovery outside consulting fees and expenses of Velsicol in the Illinois Insurance Litigation after the Execution Date and all remaining proceeds shall be paid 50% to the Trust Accounts in accordance with the percentages set forth in Paragraph 3 and 50% to the Velsicol Environmental Trust Fund (see Paragraph 11 below). No deductions shall be made on account of attorney's or consulting fees or expenses from any of the above amounts except as expressly provided above. The NWI/FTL

Successor will hold its funds in segregated Trust Accounts and will disburse funds deposited in the Trust Accounts to the Custodial Trustee as provided in Paragraph 3 hereof.

(d) Notwithstanding the above, if Velsicol (in its discretion) is able to obtain any recoveries from CNA under the CNA insurance policy (which would be in addition to the recoveries FTL/NWI have already obtained), then 100% of such net proceeds (after payment of reasonable attorney's and insurance recovery outside consulting fees and any related costs of Velsicol for obtaining such proceeds from CNA) shall be paid to the Velsicol Environmental Trust Fund. Notwithstanding any other provision of this Agreement, Velsicol's attorney's or consultants' fees or expenses relating to its claims against CNA may not be claimed/recovered under the provisions described in Paragraph 6(a)-(c) hereof.

(e) With respect to the Illinois Insurance Litigation or any other insurance litigation or settlement hereunder, including any settlement with CNA or Travelers, the Parties agree that the NWI/FTL Successor will be a signatory to any settlement. The NWI/FTL Successor shall not sign the settlement without the advance approval in writing of the United States. The Plan of Reorganization shall provide that the NWI/FTL Successor is the successor in interest to all rights of NWI, FTL, and the FTL Entities under policies at issue in the Illinois Insurance Litigation.

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(f) Velsicol represents and warrants that it has fully disclosed to the United States and the States any contingency fee arrangements or retainer or advance payment arrangements that it has entered into relating to the Illinois Insurance Litigation or policies or proceeds relating thereto prior to the Execution Date. After the Execution Date, Velsicol shall not enter into any contingency fee arrangements or retainer or advance payment arrangements relating to the Illinois Insurance Litigation or policies or proceeds relating thereto without the written approval of the United States and the States.

7. NWI's Preferred Shares of Velsicol Stock. NWI shall, within thirty days of the Effective Date, transfer, or secure a Bankruptcy Court order effecting such transfer, all of its right, title, and interest in the Velsicol Preferred Shares to the NWI/FTL Successor. The rights of the NWI/FTL Successor as the holder of the Velsicol Preferred Shares shall be revised pursuant to an amended Certificate of Designation, and amendments to the Contribution Agreement and Shareholder Agreement, and related documents, attachments, and exhibits and amendments thereto (the "Revised Velsicol Agreements"), which have been approved by Velsicol, NWI, and FTL prior to the Execution Date and provided to the United States and any States requesting copies. The Revised Velsicol Agreements provide that the NWI/FTL Successor, as holder of the Velsicol Preferred Shares, is entitled to 49.99999% of any dividends or other proceeds of the sale of the

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business, assets or stock that are available for distribution to shareholders in accordance with the Revised Velsicol Agreements. Velsicol, NWI, FTL, and the NWI/FTL Successor hereby agree that the approved Revised Velsicol Agreements shall be effective as of the Effective Date. The Velsicol Preferred Shares shall be transferred free and clear of any liens, claims, encumbrances or interests (and any Parties asserting such liens or interests shall release such liens, claims, encumbrances or interests without cost or expense to or claim against any Party with respect thereto). Velsicol expressly consents to the transfer of the Velsicol Preferred Shares to NWI/FTL Successor as not affecting the rights and remedies of the holder of the Velsicol Preferred Shares free and clear in accordance with the Revised Velsicol Agreements and effective on the Effective Date. Velsicol releases all claims for offset, recoupment or setoff and any other defense to the payment on account of the Velsicol Preferred Shares. The Parties and beneficiaries of this Agreement may not contend under any circumstances that the holder of the Velsicol Preferred Shares is entitled to more than 49.99999% of any dividends or other proceeds of the sale of the business, assets or stock that are available for distribution to shareholders in accordance with the Revised Velsicol Agreements. Notwithstanding the foregoing, the NWI/FTL Successor shall have remedies under applicable law for damages and/or injunctive relief with respect to breaches of the Revised Velsicol

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Agreements. After the Execution Date and until the ownership of the Velsicol Preferred Shares has been transferred to the NWI/FTL Successor, NWI and Velsicol shall not take any action relating to the Velsicol Preferred Shares without the approval of the Bankruptcy Court. Velsicol has offered to and shall exercise its best efforts to market and sell the common stock, assets and/or business of Velsicol in a manner such that the distributions in respect of the Velsicol Preferred Shares of Velsicol Stock can be maximized and recovered. However, unless all Governmental Parties and the NWI/FTL Successor agree otherwise in writing, the sale must be consummated by no later than 10/1/04. Velsicol shall provide periodic detailed written reports to the Governmental Parties and the NWI/FTL Successor on the status of its efforts to sell Velsicol. Velsicol shall consult with United States Department of Justice's financial advisor before commencing the sale process and shall provide the United States Department of Justice and the States thirty days advanced written notice of any proposed commencement of the sale process. In the event that the United States Department of Justice, after consultation with the States, objects to commencing the sale process because of Velsicol's financial condition or general industry or economic conditions, (1) Velsicol shall not commence the sales process, (2) Velsicol may initiate dispute resolution as provided in Paragraph 22 of this Agreement, and (3) if the Department of Justice's objection is made after 10/1/03, the

10/1/04 sales deadline shall be extended until 10/1/05. As part of the sales process, Velsicol shall obtain a fairness opinion from J.P. Morgan Chase & Co., or another reputable investment banker approved by the United States, after consultation with the States, which shall include an opinion that any proposed sales price is for fair market value and that any proposed sales transaction is structured in such a way to be fair to the holder of Velsicol Preferred Shares. Velsicol shall not enter into a sales agreement unless it receives such a fairness opinion that has been approved in writing as acceptable by the United States, after consultation with the States, which approval shall not be unreasonably withheld. The United States shall attempt to respond to any request for approval within thirty days. If Velsicol is not sold by 10/1/04 (or 10/1/05 if the deadline is extended), then Velsicol shall continue exercising its best efforts to consummate a sale and the Governmental Parties or NWI/FTL Successor may seek the assistance of any federal court with jurisdiction if they believe Velsicol is not exercising its best efforts. Distributions and proceeds in respect of the Velsicol Preferred Shares, including the distribution of any dividends, shall be paid by the NWI/FTL Successor as follows:

(a) The NWI/FTL Successor shall deposit the first $25,000,000: 100% to the Trust Accounts.

(b) With respect to any amounts over $25,000,000 received by the NWI/FTL Successor: the first $4,450,000 to the FOL

Liquidation Trust (as such term is defined in the Plan of Reorganization) for distribution to the Allowed Prepetition Secured Creditors, and then all remaining amounts shall be paid as follows: 50% to holders of Allowed General Unsecured Claims Against NWI and FTL; 25% to the Trust Accounts; and 25% to the Velsicol Environmental Trust Fund (see Paragraph 11 below). The United States may after consultation with the States, based on revised estimates for the cost of response action and Natural Resource Damages for the Seven Facilities and the A&I Facilities, instruct the NWI/FTL Successor and Trustee to decrease the share to be paid to or held in the Trust Accounts and increase the share to be paid to the Velsicol Environmental Trust Fund by the amount of this decrease. The NWI/FTL Successor will hold funds received in segregated Trust Accounts and will disburse funds from the Trust Accounts to the Custodial Trustee as provided in Paragraph 3 hereof. Velsicol shall waive any claim of setoff, offset, or recoupment and any other asserted right or defense relating to the Velsicol Preferred Shares and distributions in respect of the Velsicol Preferred Shares.

8. Pollution Liability Policies. The Plan of Reorganization and/or a Bankruptcy Court order shall vest in the NWI/FTL Successor (for the benefit of the Governmental Parties, Custodial Trust, Velsicol Environmental Trust Fund, and the FTL Insured Entities Under The PLL Policy) all of NWI, FTL, and the FTL Entities' interest in claims/proceeds/recoveries against/from

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the PLL Policy. NWI/FTL Successor shall own all the New Capital Stock of FTL issued under the Plan of Reorganization from and after the effective date of the Plan of Reorganization, and shall assume the A&I Agreement as modified in accordance with Paragraph 21 of this Agreement for the sole purpose of securing recoveries to the NWI/FTL Successor described in Paragraph 8 hereof. In the event that the insurer for the PLL Policy contends that coverage is impaired by the separate existence of FTL, FTL and the NWI/FTL Successor shall be deemed retroactively merged and combined into the NWI/FTL Successor as of the first Business Day after the effective date of the Plan of Reorganization. In addition, for the sole purpose of securing recoveries to the NWI/FTL Successor described in Paragraphs 6 and 8 hereof for the benefit of the Governmental Parties, the NWI/FTL Successor shall succeed to the liabilities of NWI and FTL with respect to the Seven Facilities and the A&I Facilities. Proceeds/recoveries from the PLL Policy, to the extent on account of the Seven Facilities and the A&I Facilities shall be held in trust by the NWI/FTL Successor in segregated accounts for the benefit of the Facility on account of which recovery was obtained (less up to 5% that will be made available to the administrative Trust Accounts, if needed). With respect to recoveries on account of the Seven Facilities, the NWI/FTL Successor shall pay the Custodial Trustee in accordance with the procedures set forth in Paragraph 3(e-i) hereof. With respect to PLL coverage not relating to the Seven Facilities or

the A&I Facilities, the beneficial interest in the recoveries of claims relating to such facilities pursuant to the PLL Policy shall be paid to NWI/FTL Successor for the benefit of the FTL Insured Entities Under The PLL Policy and other entities designated in the Plan of Reorganization, and NWI/FTL Successor shall within five business days of receipt of any such payment remit such payment to the applicable FTL Insured Entity Under the PLL Policy. FTL shall immediately upon receipt pay any proceeds/recoveries that it receives under the PLL Policy to the NWI/FTL Successor for use in accordance with this Paragraph 8. After the Execution Date, NWI and FTL shall provide full cooperation towards obtaining coverage under the PLL Policy. NWI and FTL shall be obligated only to provide access to documents currently within their possession or control or the possession or control of their agents and consultants and current employees until the approval of a Plan of Reorganization. After the effective date of the Plan of Reorganization, the NWI/FTL Successor (and, if necessary, its subsidiary FTL) shall exercise its best efforts towards maximizing and obtaining coverage under the PLL Policy (taking into account any litigation risks). Velsicol shall assign all of its interest in claims/proceeds/recoveries against/from the Velsicol PLL Policy for the Seven Facilities to the Custodial Trust and Velsicol shall provide full cooperation in seeking recoveries. Amounts received shall be held in trust by the Custodial Trustee in

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segregated accounts for the benefit of the facility on account of which recovery was obtained. The NWI/FTL Successor (and, if necessary, its subsidiary FTL), Velsicol, and Custodial Trustee, as applicable, shall exercise all reasonable efforts to obtain any recoveries due under these policies. If coverage under the PLL Policy for the A&I Facilities migrates from the PLL Policy to the Velsicol PLL Policy, Velsicol agrees to hold any proceeds/recoveries received under the migrated coverage in a segregated trust account (which account can also be used to hold subsequent recoveries under the migrated coverage) for the benefit of the Facility on account of which recovery was obtained (provided, however, that if Velsicol has paid in advance for the specific A&I Facility liability for which payment is being made under the Velsicol PLL Policy, Velsicol may be reimbursed to the extent of the amount of the advance payment). If coverage under the PLL Policy for the Seven Facilities migrates or is alleged to have migrated from the PLL Policy to the Velsicol PLL Policy, Velsicol shall provide full cooperation towards obtaining recoveries, shall not take any action to defeat, limit, reduce, or minimize coverage for the Seven Facilities, and shall pay over any proceeds/recoveries for the Seven Facilities to the NWI/FTL Successor for the benefit of the Facility on account of which recovery was obtained. The NWI/FTL Successor (and, if necessary, its subsidiary FTL), Velsicol, Custodial Trustee, and Velsicol Environmental Trust Fund, as applicable, shall provide any

notices and reports to the insurers required under the PLL Policy and Velsicol PLL Policy with respect to the Seven Facilities and the A&I Facilities and shall provide copies of such notices and reports to the Parties. FTL, NWI, and the NWI/FTL Successor shall, as applicable, provide appropriate notice to the insurer under the PLL Policy with respect to allowed claims under this Agreement or covered expenditures under the PLL Policy by FTL, NWI, the NWI/FTL Successor, the FTL Entities, or by the Custodial Trust and shall provide copies of such notices and reports to the Parties.

9. Insurance Policy To Cover Future Response Actions. The Custodial Trustee shall investigate the possible purchase of an insurance policy to cover future response actions and Natural Resource Damages at some or all of the Seven Facilities. If (and only if) the United States and the States direct the Custodial Trustee in writing to purchase such a policy, then the Custodial Trustee will use funds in or designated for the Trust Accounts to purchase and administer such a policy. With respect to the Residue Hill Facility, the State of Tennessee may after consultation with the United States direct the Custodial Trustee to purchase and administer such a policy using funds in or designated for the Trust Account for such Facility.

10. Custodial Trust/NWI/FTL Successor Miscellaneous Provisions.

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a. The NWI/FTL Successor's administrative funds shall be used solely for the purpose of administering the funds, accounts, and assets within its control. The administrative funds within the Custodial Trust shall be used at the discretion of the Custodial Trustee, for the administration of the Custodial Trust and the management of the assets and properties held by it. The Custodial Trustee shall provide the United States with an annual budget for approval for administration of the Custodial Trust. The NWI/FTL Successor shall provide the United States with an annual budget for approval for administration of the NWI/FTL Successor. The annual budgets of each shall include a twenty-year forecast of administrative expenditures. In the event that the current annual budget and forecast indicates that any administrative funds being held by the NWI/FTL Successor or the Custodial Trust are not likely to be needed within three years, the NWI/FTL Successor and the Custodial Trust shall pay such excess funds to the Trust Accounts in accordance with the percentages specified in Paragraph 3 (or in accordance with percentages as revised under the terms of Paragraph 3).

b. In no event shall the Custodial Trust, NWI/FTL Successor, Velsicol Environmental Trust Fund, and the Trustees' officers and directors be held liable to any third parties for any liability, action, or inaction of any other Party, including each other. In the event of any suit or action against the Custodial Trust or NWI/FTL Successor by third parties seeking to

hold either responsible for any liability, action, or inaction, as aforesaid, the United States, after consultation with the States, may direct that some or all remaining funds and assets in the Custodial Trust and the NWI/FTL Successor (but not any funds designated for the Breckenridge Facility, any funds required to be paid to other Parties or beneficiaries under Paragraph 7(b) or Paragraph 8, or funds in the administrative Trust Accounts) be transferred to EPA (or to the States, or the designated natural resource trustees, if applicable) for use consistent with the terms of this Agreement.

c. The Custodial Trust, NWI/FTL Successor, Velsicol Environmental Trust Fund, and the Trustees' officers and directors will be deemed to have resolved their civil liability under CERCLA to the United States and the States and have contribution protection against any claims for contribution for existing contamination at the Seven Facilities. The Custodial Trust, NWI/FTL Successor, Velsicol Environmental Trust Fund, and the Trustees' officers and directors will also have benefits of the covenant not to sue as set forth in Paragraph 14(a) hereof and the contribution protection described in Paragraph 16.

d. The Custodial Trust shall assume Consent Decree liabilities or work obligations for the Seven Facilities to be funded through the Trust Accounts as provided in Paragraph 17 hereof. The Custodial Trust shall implement any institutional controls or deed restrictions requested by the Governmental

Parties with respect to the Seven Properties. In the event that the Custodial Trust exacerbates conditions at any of the Seven Facilities or violates the provisions of this Agreement or Custodial Trust Documentation, the United States after consultation with the States, may direct that all remaining funds and future recoveries in the Custodial Trust and the NWI/FTL Successor (but not any funds designated for the Breckenridge Facility, any funds required to be paid to other Parties or beneficiaries under Paragraphs 7(b) or 8, or funds in the administrative Trust Accounts) be paid to EPA (or to the States, or the designated natural resource trustees, if applicable) for use consistent with the terms of this Agreement.

e. NWI/FTL Successor, as the sole shareholder of FTL after the effective date of the Plan of Reorganization, shall take such actions and execute such documents as are reasonably requested by the FTL Entities with respect to effectuating the Plan of Reorganization and the transactions contemplated thereby and to file any required tax returns or related filings as deemed reasonably necessary or appropriate by the FTL Entities. To the extent that the FTL Entities request NWI/FTL Successor to take an action, execute a document, or file a tax return (or take a tax position on a tax return) that NWI/FTL Successor is not required by the Plan of Reorganization or otherwise to do, then NWI/FTL Successor shall do so at the sole expense of the requesting FTL Entity and such FTL Entity shall hold NWI/FTL Successor

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(including FTL) harmless from any liability arising from or under such action, document, or return (or position).

11. Velsicol Environmental Trust Fund.

a. Except as expressly provided otherwise in this Paragraph 11, the Velsicol Environmental Trust Fund shall be held in trust by an independent trustee (the "Velsicol Fund Trustee") for the sole benefit of the United States and States and shall be used for no purpose other than to fund environmental response action or natural resource damage assessment and restoration action by Velsicol (or any successor entity) or to reimburse environmental response costs or natural resource damage assessment or restoration costs incurred or approved by the United States/States (for which they are legally entitled) with respect to the A&I Facilities. For purposes of this Paragraph 11, except where indicated otherwise, States includes any States where A&I Facilities are located even if such States are not within the definition of States under Paragraph 1 of this Agreement. The Velsicol Fund Trustee may be the same person as the Custodial Trustee and/or the NWI/FTL Successor Trustee. Up to $200,000 of the Velsicol Environmental Trust Fund may be used for additional sites that are not A&I Facilities because they may not be known but such additional sites must be consistent with the sites at which Velsicol may have had a right of indemnification under the Assumption and Indemnity Agreement and shall not include the Seven Facilities. The United States and

the State Parties shall have a lien on the Velsicol Environmental Trust Fund consistent with the funding allocation determined by the Trustee in accordance with the procedure set forth in this Agreement. The NWI/FTL Successor shall seek to minimize any tax consequences in structuring the payment of monies required to be paid to the Velsicol Environmental Trust Fund under this Agreement, provided that such structuring does not increase the costs to the NWI/FTL Successor or otherwise adversely affect the NWI/FTL Successor. Notwithstanding any other provision of this Paragraph 11, the Velsicol Fund Trustee may investigate the possible purchase of an insurance policy to cover future response actions or natural resource damages at some or all of the A&I Facilities. If (and only if) EPA, the State Parties, and Velsicol direct the Velsicol Fund Trustee in writing to purchase such insurance and provide necessary funding for such insurance, the Velsicol Fund Trustee will purchase from its funds and administer such insurance. If the Velsicol Environmental Trust Fund recovers $2,650,000 or more, then Velsicol may direct in its discretion that some or all of any amounts over $2,650,000 be paid to the NWI/FTL Successor for distribution to the Trust Accounts and credit towards its obligation under Paragraph 15 below.

(b) For each six months ending June 30 and December 31 of each calendar year, the Trustee shall compile a list of claims submitted by Velsicol, the United States, or the States by such

date that the Trustee determines may be paid under Paragraph 11(a) and that have become due and owing or are expected to become due and owing during the calendar year in which payment is being made. The Trustee shall not pay any claim that has not been approved by the United States or a State. With respect to any claim by the United States or the States, the United States or the States shall first, at least thirty days before asserting such claim, request that Velsicol submit a request directly to the Trustee for payment of the United States' or the State's claim. Velsicol shall respond to such request in writing within thirty days and if it does not agree to submit such claim state its reasons in writing as to why it believes the claim is not a valid claim under applicable law and provide a copy of its response to the Trustee, the United States, and any State claimant. The Trustee may then take into account Velsicol's position, but shall make an independent determination under applicable law as to whether to allow the claim. The Trustee shall not pay any claim that is for response action or Natural Resource Damages that will not take place until a future calendar year (after the year of payment) except that the Trustee may pay a claim extending into future years if the Governmental claimant is unable to proceed with the response action or Natural Resource Damages work without first receiving such a payment. However, in evaluating any claims under this exception that are very large in comparison to the amount of proceeds available for distribution,

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the Trustee shall take into account fairness to other existing or future claimants. The Trust Fund shall pay allowed claims pro rata from available funds. Velsicol shall hold any payments it receives from the Trust Fund in a segregated escrow account dedicated for the purpose approved by the Trust Fund. Any claims that are not paid shall be carried over to the following claims period without any need for the refiling of claims. Notwithstanding anything to the contrary in this Paragraph 11, once the Velsicol Environmental Trust Fund has recovered $2 Million or more (and regardless of when such receipts are subsequently paid out), then the next $650,000 received by the Trust Fund shall be paid to EPA Region 4 consistent with the EPA Region 4 Settlement between EPA Region 4 and Velsicol. Administrative costs relating to the Velsicol Environmental Trust Fund shall be paid solely from funds of the Velsicol Environmental Trust after notice and opportunity to object by the Parties.

(c) Notwithstanding anything to the contrary in Paragraph 11, Velsicol may propose to the Trustee that a specified portion of funds in the Velsicol Environmental Trust Fund received from insurance settlements under Paragraphs 5 and 6 of this Agreement be used for claims covered by such insurance policies other than environmental response action or natural resource damage assessment and restoration action, but only if at the time of Velsicol's notice under Paragraph 5 of this Agreement

of the relevant proposed insurance settlement, Velsicol proposes that a specified portion of such proceeds that is permitted to be paid to the Velsicol Environmental Trust Fund under Paragraph 6 be available for such claims and only if the United States after consultation with the State Parties does not object to such allocation as unfair or inequitable in accordance with the procedures of Paragraph 5. Any such use of funding in the Trust Fund under this subparagraph must be limited to a specified proportion of the insurance proceeds received from the policy that is fair and equitable given the strength, validity, and magnitude of claims for insurance coverage for such claims under the policy.

12. Access and Deed Restrictions. The Custodial Trust shall provide the United States and the respective States and their representatives access at all reasonable times for the purposes of conducting response actions, investigations, sampling, assessment, planning, natural resource damage assessment, restoration planning, restoration activities, or related activities at or near the Seven Properties. The Custodial Trust shall execute and record with the appropriate Recorder's Office any easements or deed restrictions requested by the Governmental Parties for restrictions on use of the Seven Properties in order to protect public health or safety or ensure non-interference or protectiveness of response action and shall provide Velsicol an easement for the sewer line and rail car

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storage located on the Residue Hill Property consistent with past use.

13. Future Disposition of the Seven Properties. Any Governmental Party or a governmental unit that is a designee of a Governmental Party may at any time propose in writing to take title to any of the Seven Properties. Any such proposed transfer and the terms thereof are subject to approval in writing by EPA (both EPA and New Jersey for the Ventron/Velsicol/Berry's Creek Property, both EPA and Tennessee for the Residue Hill Property, both EPA and Illinois for the Marshall 23 Acre Property, both EPA and Michigan for the St. Louis Property, and NRC, Michigan, and EPA for the Breckenridge Property). The Custodial Trust may at any time seek the approval of EPA (both EPA and New Jersey for the Ventron/Velsicol/Berry's Creek Property, both EPA and Tennessee for the Residue Hill Property, both EPA and Illinois for the Marshall 23 Acre Property, both EPA and Michigan for the St. Louis Property, and NRC, Michigan, and EPA for the Breckenridge Property) for the sale or lease or other disposition of all or part of a Property. EPA (both EPA and New Jersey for the Ventron/Velsicol/Berry's Creek Property, both EPA and Tennessee for the Residue Hill Property, both EPA and Illinois for the Marshall 23 Acre Property, both EPA and Michigan for the St. Louis Property, and NRC, Michigan, and EPA for the Breckenridge Property) must approve such sale or lease or other disposition and the terms thereof in writing. In the event of

any approved sale or lease or other disposition under this Paragraph, the net proceeds from the sale or lease or other disposition shall be paid to the Custodial Trust's respective Trust Accounts for the relevant Facility.

14. Covenants Not to Sue.

a. (i) The United States, on behalf of EPA, DOI, NOAA, NRC, and DOJ (on behalf of EPA, DOI, NOAA, and NRC), and the States each covenant not to bring a civil judicial or civil administrative action against FTL, NWI, the NWI/FTL Successor, the Custodial Trust, the Velsicol Environmental Trust Fund, and the FTL Entities under CERCLA §§ 106 and 107, RCRA § 7003, AEA §§ 62, 161, 232, and 234, and similar state statutes with respect to the Seven Facilities and the A&I Facilities. The United States and the States reserve the right to bring a civil judicial or civil administrative action against FTL, NWI, and/or NWI/FTL Successor or the Custodial Trust for the sole purpose of securing the recovery of insurance proceeds under the insurance policies described in Paragraphs 6 or 8 above, provided that (i) nothing in this sentence shall be deemed to impair the intended liquidation of NWI and FTL under the Plan of Reorganization or the dissolution of NWI under the Plan of Reorganization and (ii) the costs of bringing such suit (or any necessary defense of FTL, NWI and NWI/FTL Successor) will not be borne by any FTL Entity. The United States and the States reserve all rights relating to enforcement of the requirements of this Agreement. In addition,

the United States and the States reserve all rights relating to any liability for any disposal at or transportation of waste material to the Seven Facilities or the A&I Facilities after February 28, 2002. The United States and the States also reserve all rights against the Custodial Trust for any contamination at the Seven Facilities that is not existing contamination as of February 28, 2002. The NWI/FTL Successor, the Custodial Trust, the Velsicol Environmental Trust Fund, and the FTL Entities shall be third party beneficiaries of this Paragraph. The NWI/FTL Successor, Custodial Trust, and Velsicol Environmental Trust Fund shall succeed to the obligations, rights, and benefits under this Agreement pursuant to the Bankruptcy Court Order approving this Agreement. FTL, NWI, the NWI/FTL Successor, the Custodial Trust, the Velsicol Environmental Trust Fund, the FTL Entities, and the FTL Protected Entities shall be deemed to have resolved their civil liability under CERCLA and the AEA to the United States and the States for existing contamination at the Seven Facilities and the A&I Facilities as provided in this Paragraph.

(ii) Without limiting any release afforded as a result of orders or actions of the Bankruptcy Court, the covenants not to sue and exceptions thereto under subparagraph 14(a)(i) above shall also apply to the FTL Protected Entities, but only to the extent that the alleged liability of the successor, assign, employee, officer, or director is based upon its respective status as a successor, assign, employee, officer,

or director, and not to the extent that the alleged liability arose independently of the alleged liability of FTL, NWI, or the FTL Entities, provided, however, that to the extent that an alleged liability of an employee, officer or director of NWI, FTL or the FTL Entities arises from acts, omissions, or events relating to NWI, FTL, or the FTL Entities during such employee's, officer's or director's employment by FTL, NWI or the FTL Entities, it shall not be deemed to be an independent liability, and shall be covered by the covenant not to sue. The covenants not to sue and exceptions thereto in Paragraph 14(a)(i) above shall also apply to the officers and directors of the Trustees for the NWI/FTL Successor, Custodial Trust, and Velsicol Environmental Trust Fund, but only to the extent that the alleged liability of the officer or director is based upon its respective status as an officer or director, and not to the extent that the alleged liability arises independently of the alleged liability of the NWI/FTL Successor, Custodial Trust, and Velsicol Environmental Trust Fund, provided, however, that to the extent that an alleged liability of an officer or director arises from acts, omissions, or events relating to the NWI/FTL Successor, Custodial Trust, and Velsicol Environmental Trust Fund during such officer's or director's employment by such entities, it shall not be deemed to be an independent liability, and shall be covered by the covenant not to sue.

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(iii) The covenants not to sue and exceptions thereto in subparagraph 14(a)(i) by the Governmental Parties other than the State of Michigan shall also apply to NWI's contractor, Civil and Environmental Consultants ("CEC"), but only to the extent that its alleged liability is based upon its acts as contractor for NWI. The covenant not to sue CEC shall not be effective until it provides in writing a covenant not to sue the United States and the States (other than Michigan) and the NWI/FTL Successor and Custodial Trustee parallel to the covenant provided by NWI and FTL in subparagraph 14(b) below. Notwithstanding the foregoing, the State of Michigan stipulates that the provisions relating to a "response activity contractor" under Act 451 of 1994, Sec. 324.20128 (M.S.A. 13a.20128) apply to CEC.

b. (i) FTL and NWI covenant not to sue, (ii) the Plan of Reorganization and/or Confirmation Order shall provide that the FTL Entities covenant not to sue, and (iii) the NWI/FTL Successor, the Custodial Trust, and the Velsicol Environmental Trust Fund shall have no authority to sue the United States and the States and all of their departments, agencies, and instrumentalities for contribution or response costs or Natural Resource Damages, or reimbursement with respect to the Seven Facilities and the A&I Facilities, including but not limited to:

(i) any direct or indirect claim for reimbursement from the Hazardous Substances Superfund (established pursuant to

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the Internal Revenue Code, 26 U.S.C. § 9507) through CERCLA Sections 106(b)(2), 107, 111, 112, 113 or any other provision of law or similar Funds of the States;

(ii) any claims against the United States or the States, and any of their departments, agencies, and instrumentalities under CERCLA Sections 107 or 113 or similar state statutes related to the Seven Facilities or the A&I Facilities; and

(iii) any claims arising out of response actions at or in connection with the Seven Facilities or the A&I Facilities, including any claim under the United States Constitution, the Constitutions of the States, the Tucker Act, 28 U.S.C. § 1491, the Equal Access to Justice Act, 28 U.S.C. § 2412, as amended, or at common law.

FTL, NWI, the FTL Entities, the NWI/FTL Successor, the Custodial Trust, and the Velsicol Environmental Trust Fund reserve all rights relating to enforcement of the requirements of this Agreement.

c. (i) The United States, on behalf of EPA, DOI, NOAA, NRC, and DOJ (on behalf of EPA, DOI, NOAA, and NRC), and the States covenant not to bring a civil judicial or civil administrative action against Velsicol under CERCLA §§ 106 and 107, RCRA § 7003, AEA §§ 62, 161, 232, and 234, and similar state statutes with respect to the Seven Facilities. Notwithstanding the above, the United States and the States reserve the right to

bring a civil judicial or civil administrative action against Velsicol for the sole purpose of securing the recovery of insurance proceeds under the insurance policies described in Paragraphs 6 or 8 above or for any additional payment required by Paragraph 15. The United States and the States reserve all rights relating to enforcement of the requirements of this Agreement or liability for any disposals of waste material at or transportation of waste material to the Seven Facilities by Velsicol after February 28, 2002. The United States and the States reserve all rights against Velsicol for any facility other than the Seven Facilities, including all A&I Facilities. Notwithstanding anything to the contrary above, the covenant not to sue Velsicol will not apply to that portion of the Tennessee Products Superfund Facility that incorporates the Chattanooga Creek and its flood plain. However, the covenant not to sue does apply to the part of the Residue Hill and/or Tennessee Products Facility known as the South Coal Tar Mound, which is to be owned by the Custodial Trustee. The United States and Velsicol have contemporaneously herewith entered into the proposed EPA Region 4 Settlement, which includes, inter alia, a resolution of and payment towards EPA's past cost claims for the Hardeman and Residue Hill Facilities and towards EPA's cost claims for the Tennessee Products Superfund Facility. Notwithstanding the covenant not to sue Velsicol in this Agreement, the United States reserves the right to enforce the requirements of the EPA Region

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4 Settlement against Velsicol. Notwithstanding any other provisions of this Agreement, the above covenants not to sue Velsicol will not apply to any Facilities in or near Marshall, Illinois outside of the physical boundaries of the Marshall 23 Acre Facility as defined in this Agreement and shall not affect any consent decrees for such Facilities. The terms of the covenant not to sue Velsicol, and any limitations applicable thereto, shall be in addition to, and shall have no effect upon the scope of the release by Velsicol of NWI, FTL, the NWI/FTL Successor, and the FTL Protected Entities, or upon the scope of the Bankruptcy Court's order confirming the Plan of Reorganization or upon the scope of the United States' and the States' covenants not to sue NWI, FTL, the NWI/FTL Successor, and the FTL Protected Entities.

(ii) The United States, States, and Velsicol agree that the terms of this Agreement relating to Velsicol are based on its limited ability to pay. These parties therefore stipulate that but for Velsicol's limited ability to pay, Velsicol's liability to the United States and the States for the Seven Facilities may be beyond the at least $30 million to be paid pursuant to this ability to pay settlement. Therefore, in the event that Velsicol files or becomes subject to a petition for relief under the Bankruptcy Code at any time on or before December 31, 2009 and $30 million has not been or is not paid to the Trust Accounts, the United States and the States may assert

additional rights and claims against Velsicol and applicable provisions of the Bankruptcy Code and applicable non-bankruptcy law shall govern their rights against Velsicol. (Nothing in the previous sentence shall permit the United States or the States to assert additional rights or claims against NWI, FTL, the FTL Protected Entities, the NWI/FTL Successor, or the Custodial Trust.) Velsicol has submitted information to the United States and the States about its ability to pay and financial circumstances that it represents and warrants was materially correct and complete when provided and continues to be materially correct and complete through the Execution Date. Velsicol shall immediately notify the United States in writing if such information is no longer materially correct and complete at any time prior to the Effective Date. If any of Velsicol's representations and warranties are not materially correct and complete through the Effective Date, the United States' and the States' covenants not to sue Velsicol shall have no force and effect.

d. Velsicol covenants not to sue the United States and the States and all of their departments, agencies, and instrumentalities for contribution or response costs or Natural Resource Damages, or reimbursement with respect to the Seven Facilities, including but not limited to:

(i) any direct or indirect claim for reimbursement from the Hazardous Substances Superfund (established pursuant to

the Internal Revenue Code, 26 U.S.C. § 9507) through CERCLA Sections 106(b)(2), 107, 111, 112, 113 or any other provision of law or similar Funds of the States;

(ii) any claims against the United States or the States, and any of their departments, agencies, and instrumentalities under CERCLA Sections 107 or 113 or similar state statutes related to the Seven Facilities; and

(iii) any claims arising out of response actions at or in connection with the Seven Facilities, including any claim under the United States Constitution, the Constitutions of the States, the Tucker Act, 28 U.S.C. § 1491, the Equal Access to Justice Act, 28 U.S.C. § 2412, as amended, or at common law. Velsicol reserves all rights relating to enforcement of the requirements of this Agreement.

e. Velsicol releases and waives any and all claims or causes of action, whether foreseen or unforeseen, known or unknown, contingent or liquidated or otherwise against NWI, FTL, the NWI/FTL Successor, the Custodial Trust, the Velsicol Environmental Trust Fund, the FTL Entities, the FTL Protected Entities, CEC (except, without limiting the applicability of the covenants not to sue, contribution protection and other provisions of this Settlement Agreement, Velsicol may retain the right to assert against CEC any claim that (i) is permitted to be asserted by the State of Michigan and is asserted by the State of Michigan against CEC, and (ii) with respect to which CEC brings a

claim against Velsicol), and their successors, assigns, employees, officers, directors, agents, attorneys, and contractors, including but not limited to any such claims with respect to the Seven Facilities, the A&I Facilities, the A&I Agreement, any other agreement with FTL, NWI, or any FTL Entity or FTL Protected Entity, or otherwise. Velsicol hereby withdraws with prejudice any and all proofs of claim filed by it in the chapter 11 cases of FTL, NWI, and the FTL Entities, all of which shall be expunged. Velsicol will not object to (i) a motion for an order from the Bankruptcy Court approving this Agreement and (ii) any Plan of Reorganization and Confirmation Order which give effect to this Agreement. NWI, FTL, NWI/FTL Successor, the Custodial Trust, the FTL Entities, the FTL Protected Entities, and CEC (except, as to CEC only, with respect to claims brought by the State of Michigan against CEC, as to which Velsicol reserves all rights and defenses) release and waive any and all claims or causes of action, whether foreseen or unforeseen, known or unknown, contingent or liquidated or otherwise against Velsicol, each other, and their successors, assigns, employees, officers, directors, agents, attorneys, and contractors, including but not limited to any claims with respect to the Seven Facilities, the A&I Facilities, the A&I Agreement, any other agreement with Velsicol or otherwise. Notwithstanding the above, Velsicol, NWI, FTL, the NWI/FTL Successor, the Custodial Trust, CEC, the FTL Entities, and the FTL Protected Entities reserve the

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right to enforce the requirements of this Agreement applicable to them against each other.

f. Notwithstanding any provision of this Agreement, the United States and the States retain all access authorities and rights and information gathering authorities and rights with respect to the Seven Facilities and the A&I Facilities, including enforcement authorities related thereto, under CERCLA and any other applicable statute or regulations. Nothing in this Agreement shall be deemed to limit the authority of the United States or the States to take response action under Section 104 of CERCLA, 42 U.S.C. § 9604, or any other applicable law or regulation, or to alter the applicable legal principles governing judicial review of any action taken by the United States or the States pursuant to that authority. Nothing in this Agreement shall excuse the Custodial Trust from any disclosure or notification requirements imposed by CERCLA or any other applicable federal or state law or regulation. Nothing in this Agreement shall be deemed to constitute preauthorization of a claim within the meaning of Section 111 of CERCLA, 42 U.S.C. § 9611, or 40 C.F.R. § 300.700(d).

15. Additional Payment By Velsicol. Through this Agreement, the Trust Accounts will be paid certain funds from the Illinois Insurance Litigation and distributions on account of the Velsicol Preferred Shares and Velsicol may direct a transfer of additional funding to the Trust Accounts from recoveries to the

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Velsicol Environmental Trust Fund exceeding $2 million. To the extent that the Trust Accounts have not received $30 million from the Illinois Insurance Litigation and distributions on account of the Velsicol Preferred Shares and any transfer from the Velsicol Environmental Trust Fund by December 31, 2004 (October 1, 2005 in the event the deadline has been extended under Paragraph 7), Velsicol (or its successor if the company is sold) agrees to pay by December 31, 2004 (October 1, 2005 in the event the deadline has been extended under Paragraph 7) the difference between the amounts recovered by the Trust Accounts from such sources and $30 million. (Payments from such sources that are used to pay attorney's or insurance recovery outside consulting fees and expenses do not count towards the $30 million.) If $30 million has not been received, the Governmental Parties may seek to enforce Velsicol's agreement to pay the difference. Nothing in this Agreement shall preclude Velsicol from requesting that the United States or the States enter into an ability to pay settlement with Velsicol with respect to this liability in accordance with any applicable policies. To the extent that thereafter, additional recoveries would be paid to the Trust Accounts on account of Illinois Insurance Litigation proceeds or the Velsicol Preferred Shares under the terms of this Agreement, such recoveries shall be paid to Velsicol to reimburse it for any payment that it has made to bring the Trust Account recovery to $30 million. After Velsicol has been reimbursed, any further

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recoveries shall be paid as provided in Paragraph 3 of this Agreement to the Trust Accounts. Until such time as the Trust Accounts have received the amount required by this Paragraph, Velsicol shall provide the United States and the States with annual balance sheets, statements of operations and cash flows, budgets, or any other requested financial information that would assist them in evaluating and monitoring Velsicol's ongoing ability to pay.

16. Contribution Protection/ Credits To Site Accounts/ Third Parties.

a. FTL, NWI, the NWI/FTL Successor, the Custodial Trust, the Velsicol Environmental Trust Fund, the Trustees' officers and directors, the FTL Entities, the FTL Protected Entities, and Velsicol have resolved their liability under CERCLA and similar state statutes to the United States and the States as provided herein and are entitled to protection from contribution actions or claims as provided by CERCLA § 113(f)(2) for matters addressed by this Agreement. Matters addressed by this Agreement for purposes of contribution protection for Velsicol include all claims or causes of action under CERCLA §§ 106 and 107, and RCRA § 7003, and similar state statutes for injunctive relief and response costs and Natural Resource Damages related to the Seven Facilities. Matters addressed by this Agreement for purposes of contribution protection for NWI, FTL, the NWI/FTL Successor, the Custodial Trust, the Velsicol Environmental Trust Fund, the

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Trustees' officers and directors, the FTL Entities, and the FTL Protected Entities will include all claims or causes of action for all matters subject to the covenant not to sue such persons or entities.

b. Only the amount of payments actually received by EPA under this Agreement for a particular Facility shall be credited by EPA to its account for that Site, which credit shall reduce the liability of non-settling potentially responsible parties to EPA for that Site by the amount of the credit. Only the amount of payments actually received by a State under this Agreement for a particular Facility shall be credited by the State to its account for that Site, which credit shall reduce the liability of non-settling potentially responsible parties to the State for that Site by the amount of the credit. Only the amount of payments actually received by DOI or NOAA under this Agreement for a particular Facility shall be credited by DOI or NOAA to its account for that Site, which credit shall reduce the liability of non-settling potentially responsible parties to DOI or NOAA for that Site by the amount of the credit.

c. Except as expressly stated herein nothing in this Agreement shall be construed to create any rights in, or grant any cause of action to, any person not a signatory to this Agreement.

17. Consent Decrees/Hollywood Dump Facility Trust Fund/ Assignment of Ventron/Velsicol/Berry's Creek Facility

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Contribution Rights. The Parties who are parties to any Consent Decree or judicial Stipulations for the Seven Facilities shall seek appropriate modifications or terminations to such Consent Decrees or judicial Stipulations to make them consistent with this Agreement, which would include seeking to cause them to be reissued with the Custodial Trust as the defendant (consistent with the terms and limitations of this Agreement and limited to the extent of available funds or funds to be received in such Facility's Trust Account) to the extent that any such Consent Decree(s) shall have any ongoing obligations for performance. Any proposed modifications shall be subject to the objections of non-parties to this Agreement and approval of the supervising courts. Prior to lodging of this Agreement, Velsicol shall seek to modify the Hollywood Dump Facility Trust Agreement and Participation Agreement so that upon the Effective Date of this Agreement and the approval of the supervising court, the Custodial Trust will be substituted for Velsicol (in a manner consistent with this Agreement) and succeed to all rights of Velsicol relating to the Hollywood Dump Facility Trust Fund. Velsicol, NWI, and FTL hereby assign any rights of contribution or receivables against third parties relating to the Ventron/Velsicol/Berry's Creek Facility to the NWI/FTL Successor who shall place any monies received therefor into the relevant subaccounts for the Trust Account for that Facility.

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18. Proofs of Claim. The proofs of claim against NWI, FTL, (and any other FTL Entity against which a proof of claim was filed) of the United States on behalf of EPA, DOI, NOAA, NRC, and DOJ (on behalf of EPA, DOI, NOAA, and NRC), the States on behalf of their agencies administering environmental laws, and Velsicol on its own behalf or on behalf of the States, or any agency of any of them, EPA, DOI, NOAA, NRC, and DOJ (on behalf of EPA, DOI, NOAA, and NRC), are withdrawn with prejudice and expunged upon the Effective Date of this Agreement, except for the claims allowed pursuant to Paragraph 4 and the Governmental Parties shall not be entitled to any distributions other than those provided for herein, including but not limited to Paragraphs 3, 4, 6, 7, 8, 11, and 13 hereof.

19. Owner/Operator Status. The United States, the States, FTL, NWI, the FTL Entities, the NWI/FTL Successor, Velsicol, and any creditors of NWI or FTL entitled to receive contingent payments under this Agreement shall not be deemed to be an owner, operator, trustee, partner, agent, shareholder, officer, or director of the Custodial Trust or owner or operator of the Seven Facilities on account of this Agreement or actions contemplated thereby (except that the NWI/FTL Successor can become the owner of the Seven Facilities solely as provided in Paragraph 2(g) hereof). The United States, the States, the FTL Entities, Velsicol, and any creditors of NWI or FTL entitled to receive contingent payments under this Agreement shall not be deemed to

be an owner, operator, trustee, partner, agent, shareholder, officer, or director of the NWI/FTL Successor on account of this Agreement or actions contemplated thereby.

20. Trustee Liability. The Custodial Trustee, Velsicol Fund Trustee, and the NWI/FTL Successor Trustee and their officers and directors shall not be personally liable unless the Bankruptcy Court finds that they were grossly negligent or committed willful misconduct in relation to the Trustee's duties. The Trustee Corporation's officers and directors shall be indemnified (and any judgment and costs of defense shall be paid without the officers and directors having to first pay from their own funds) for any personal liability or costs of defense unless the Bankruptcy Court finds that they were grossly negligent or committed willful misconduct in relation to the Trustee's duties. This indemnification shall be limited to funds in the administrative Trust Accounts or, if such funds are inadequate, from a specific Trust Account for the Facility related to the liability.

21. Plan of Reorganization, Confirmation Order, and A&I Agreement. The Plan of Reorganization incorporates this Agreement. FTL and NWI will request appropriate findings and rulings in the Confirmation Order that are consistent with and conform to the terms and requirements of this Agreement. FTL shall provide for and propose a Confirmation Order that reflects full funding of the Administrative Claim allowed under Paragraph

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4(a) of the Agreement as well as full payment of the resolved claims of John Noel, Noel & Associates, and CEC. FTL shall propose a Confirmation Order which provides that notwithstanding anything to the contrary in the Plan of Reorganization: (1) the NWI/FTL Successor will not need to object to creditor claims against NWI or litigate pending objections to creditor claims unless and until it determines that there are likely to be sufficient assets to make payments towards such creditor claims; (2) the NWI/FTL Successor shall not abandon all or part of the Seven Facilities without the consent of the United States and the State in which such Facility is located; (3) except as expressly permitted under the Settlement Agreement, all persons and entities shall be enjoined from making any claim against the NWI/FTL Successor, the Custodial Trust, and the Velsicol Environmental Trust Fund (and their officers and directors) or the assets held therein or thereby that arose prior to the effective date of the Plan of Reorganization; and (4) that there will be no distribution on account of claims that NWI and FTL hold against each other or that the FTL Entities hold against NWI and FTL. The Plan of Reorganization or the Confirmation Order shall provide that claims for indemnification or contribution against NWI or FTL (not otherwise barred by the contribution protection provisions of Paragraph 16 or by the other covenants and releases provided hereunder or otherwise) that have not been liquidated as of the Effective Date and become liquidated after

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the Effective Date, shall be treated as general unsecured claims against NWI. The United States shall have the right to consent to the assumption and/or assignment of any and all executory contracts and unexpired leases which are proposed to be assumed by FTL (and not assigned by FTL to either a member of Reorganized Fruit of the Loom or FOL Liquidation Trust, as such terms are defined in the Plan of Reorganization) or which are proposed to be assigned by any member of Fruit of the Loom to any of NWI Successor, FTL, and the Custodial Trust. The Parties agree not to oppose the Confirmation Order or any other order of the Bankruptcy Court in connection with the approval of this Agreement or the Confirmation of the Plan of Reorganization, as amended, that is consistent with this Agreement and which provides, among other things, for the substantive consolidation of the estates of the FTL Entities and for the liquidation of NWI and FTL separately from the consolidated reorganization and/or liquidation of the other FTL Entities. The Governmental Parties reserve the right to object to any matter not addressed by this Agreement. Upon the Effective Date of this Agreement, and notwithstanding any prior order of the Bankruptcy Court approving the rejection of the A&I Agreement, the Parties hereto agree that any deemed breach of the A&I Agreement by reason of such order shall be waived and the A&I Agreement shall be assumed by FTL and the FTL/NWI Successor as successor to NWI, as modified to conform to the provisions hereof, for the sole purpose of securing the

recovery of insurance proceeds under the insurance policies described in Paragraph 8 and without giving rise to any claim for damages as a result of such assumption, it being agreed by all Parties hereto that the cure amount for the assumption of the A&I Agreement shall be $0 (no dollars). Pursuant to the terms of this Agreement, NWI, FTL, and Velsicol each agree that the A&I Agreement is hereby modified to provide that, notwithstanding anything in the A&I Agreement to the contrary: (i) the FTL, NWI, and the NWI/FTL Successor's financial liabilities under the A&I Agreement as modified shall be strictly limited to the expressly stated obligations and responsibilities of the NWI/FTL Successor (and FTL, as subsidiary of the NWI/FTL Successor, as applicable) relating to the Seven Facilities, the A&I Facilities, and the PLL Policy as set forth in this Agreement, (ii) in no event shall Velsicol (or any other party or third party) have any claims or rights against FTL, NWI, the NWI/FTL Successor, the Custodial Trust, or the Velsicol Environmental Trust Fund as a result of this provision or the modified A&I Agreement except that the Parties to this Agreement shall have the right to enforce the modified A&I Agreement consistent with the terms and conditions of this Agreement and solely to the extent that this Agreement give such Party the right to enforce a particular provision of this Agreement, (iii) in no event shall the liability of FTL, NWI or the NWI/FTL Successor for any Facility exceed the express obligations of FTL, NWI, or NWI/FTL Successor for such Facility

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under this Agreement, (iv) in no event shall said financial liabilities hereunder exceed or be satisfied other than by the actual insurance recoveries, if any, under the PLL Policy and the Velsicol PLL Policy, which recoveries by FTL or NWI/FTL Successor shall be deposited and disbursed in accordance with the terms of Paragraph 8 of this Agreement, (v) in no event shall this provision create, reinstate or cause any liability whatsoever in any of the FTL Entities or the FTL Protected Entities, and (vi) in no event shall the modified A&I Agreement require any performance on the part of FTL, NWI, or any FTL Entity or FTL Protected Entity with respect to the care and maintenance of any of the properties or facilities covered by the A&I Agreement. By operation of the Plan of Reorganization, the limited liability of NWI in relation to the aforesaid modified A&I Agreement liability and any and all rights of NWI and/or FTL to recover insurance proceeds (under the insurance policies described herein) for monies either of them have paid under the A&I Agreement shall be assigned to and vest in the NWI/FTL Successor and the New Capital Stock of FTL shall be owned by the NWI/FTL Successor.

22. Dispute Resolution. The dispute resolution procedures of this Paragraph shall be the exclusive mechanism to resolve disputes arising under or with respect to this Agreement. However, the procedures set forth in this Section shall not apply to actions by the Governmental Parties to enforce obligations

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under this Agreement that have not been disputed in accordance with this Paragraph.

a. Informal Dispute Resolution Period. Any Parties (or the NWI/FTL Successor Trustee, Custodial Trustee, or Velsicol Fund Trustee) to this Agreement with a dispute concerning the meaning, application or implementation of this Agreement shall attempt to resolve expeditiously such dispute. Anyone seeking dispute resolution first shall provide the Parties and the relevant Trustees with an "Informal Notice of Dispute" in writing and request an informal dispute resolution period, which shall not exceed thirty (30) days unless the parties agree otherwise in writing.

b. Employment of Neutral Mediator. After twenty (20) days of the filing of an Informal Notice of Dispute, any Party or Trustee to the dispute may, by providing notice in writing, request the employment of a neutral mediator to be selected by agreement of the Parties/Trustees to the dispute. Any mediation shall not last longer than forty-five (45) days, unless extended by written agreement of the Parties/Trustees to the dispute. Any report, findings, recommendations, written records, or notes prepared by the mediator shall not be binding on any party and shall not be admissible in any legal proceeding. The mediation process and negotiations shall be treated as compromise negotiations under Rule 408 of the Federal Rules of Evidence or other applicable rules of evidence. The mediator must agree to

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be disqualified as and shall not appear as a witness, consultant or expert in any pending or future action relating to the subject matter of mediation.

c. If the dispute is not resolved within the informal discussion period, any Party/Trustee to the dispute may initiate formal dispute resolution by giving a written "Formal Notice of Dispute" to the other Parties/Trustees.

d. Formal dispute resolution for disputes shall be conducted according to the following procedures: Within ten (10) days of the service of the Formal Notice of Dispute pursuant to the preceding paragraph, or such other time as may be agreed to by the Parties/Trustees to the dispute, the Party/Trustee who gave the notice shall serve on the other Parties/Trustees a written statement of the issues in dispute, the relevant facts upon which the dispute is based, and factual data, analysis or opinion supporting its position (hereinafter the "Statement of Position"), and shall provide copies of all supporting documentation on which such Party/Trustee relies. Opposing Parties/Trustees shall serve their Statements of Position and copies of supporting documentation within twenty (20) days after receipt of the complaining Party's/Trustee's Statement of Position or such other time as may be agreed to by the disputing Parties. The Parties/Trustees may agree on a schedule for a reply and sur-reply. In the case of disputes among Governmental Parties, if the Parties are still unable to resolve the dispute,

the Statements of Position shall be presented to the officials of the disputing Governmental Parties with authority to resolve the dispute who shall then meet and resolve the dispute. There shall be no judicial review of the dispute resolution process among Governmental Parties. In the case of a dispute involving one or more non-Governmental Parties/Trustees, if the Parties/Trustees are still unable to resolve the dispute, the Statements of Position shall be presented to the president or chief officer of the non-Governmental Party/Trustee and officials of any disputing Governmental Parties with authority to resolve the dispute who shall then meet and resolve the dispute. If the dispute still cannot be resolved, any Party/Trustee to the dispute may file a Motion with the Bankruptcy Court to resolve the dispute.

23. Approvals; Public Comment. This Agreement will be lodged with the Bankruptcy Court and submitted by the United States for public comment prior to court approval. The United States (and the States if they have similar public comment requirements) reserves the right to withdraw or withhold its consent if the public comments regarding this Agreement disclose factors or considerations which indicate that this Agreement is inappropriate, improper, or inadequate. All other Signatories consent to entry of this Agreement without further notice, except that this Agreement shall not become effective until FTL's and NWI's participation is approved by the Bankruptcy Court. FTL and NWI will promptly seek the approval of the Bankruptcy Court of

their entry into this Agreement in accordance with Bankruptcy Rule 9019. The United States and the States (if they have a public comment requirement) shall notify the Bankruptcy Court of any public comments and their response thereto and shall, assuming they have decided to go forward with this Agreement, file a motion for approval and entry of this Agreement under the environmental laws.

24. Notices. Whenever, under the terms of this Agreement, written notice is required to be given, or a report or other document is required to be sent by one Party to another, it shall be directed to the individuals at the addresses specified below via U.S. mail or overnight mail, unless those individuals or their successors give notice of a change of address to the other parties in writing. All notices and submissions shall be considered effective upon receipt, unless otherwise provided.

As to the United States:

For Overnight Mail:
Environmental Enforcement Section
Environment & Natural Resources Division
U.S. Department of Justice
1425 New York Ave. NW
Washington, DC 20005
Ref. DOJ File No. 90-11-2-07096

For Regular Mail:
Environmental Enforcement Section
Environment & Natural Resources Division
U.S. Department of Justice
P.O. Box 7611, Ben Franklin Station
Washington, DC 20044
Ref. DOJ File No. 90-11-2-07096

Office of Enforcement and Compliance Assurance

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U.S. Environmental Protection Agency
401 M Street, S.W. - Mail Code 2272A
Washington, DC 20460

Office of the Solicitor
Division of Conservation & Wildlife
U.S. Department of the Interior
18th & C Streets, N.W.
Washington, DC 20240

Office of General Counsel
National Oceanic and Atmospheric Association
National Fisheries Service Building
One Blackburn Dr.
Gloucester, MA 01930

U.S. Nuclear Regulatory Commission
ATTN: B. Berson, Regional Counsel
801 Warrenville Road
Lisle, IL 60532

As to the State of Illinois:

James L. Morgan
Senior Assistant Attorney General
Office of the Attorney General
500 S. Second Street
Springfield, Illinois 62706

Manager
Federal Site Remediation Section
Illinois EPA
1021 North Grand Avenue East
P.O. Box 19276
Springfield, Illinois 62794-9276

As to the State of Michigan:

James L. Stropkai
Assistant Attorney General
Natural Resources and
Environmental Quality Division
5th Floor South, Constitution Hall
525 West Allegan Street
Lansing, MI 48933

Scott Cornelius
Michigan Dept. of Environmental Quality.

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Environmental Response Division
Superfund Section
PO Box 30426
Lansing, MI 48909

As to the State of New Jersey:

Chief, Hazardous Site Litigation Section
Department of Law and Public Safety
Richard J. Hughes Justice Complex
25 Market Street
P.O. Box 093
Trenton, NJ 08625-0093

As to the State of Tennessee:

Commissioner
Department of Environment and Conservation
21st Floor, L&C Tower
401 Church Street
Nashville, Tennessee 37243-0435

As to NWI and FTL:

John J. Ray III
Chief Administrative Officer,
General Counsel and Secretary
Fruit of the Loom, Inc.
200 West Madison Street
Suite 2700
Chicago, IL 60606

With a copy to:

Luc Despins, Esq.
Milbank, Tweed, Hadley & McCloy
One Chase Manhattan Plaza
New York, NY 10005-1413

As to Velsicol:

Velsicol Chemical Corporation
10400 W. Higgins Rd.
Suite 600
Rosemont, IL 60018-3713

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25. Modification. This Agreement may not be modified without the prior written consent of the Parties hereto or their successors in interest and the approval of the Bankruptcy Court.

26. Jurisdiction. The Bankruptcy Court has jurisdiction over the subject matter of this action and personal jurisdiction over the Parties. Solely for the purposes of this Agreement and without prejudice to the requirements of Paragraph 17 of this Agreement or the jurisdiction of other courts relating to certain matters pertaining to the Seven Facilities or A&I Facilities, the Parties waive all objections and defenses that they may have to the jurisdiction of the Court over this Agreement or to venue in this District, although they reserve the right to file or oppose the filing of any motion to withdraw reference to the District Court for the District of Delaware. The Bankruptcy Court shall retain jurisdiction over the subject matter of this Agreement, the Parties hereto, the NWI/FTL Successor, the Custodial Trustee, and the Velsicol Fund Trustee for the duration of the performance of the terms and provisions of this Agreement for the purpose of enabling any of the Parties, the NWI/FTL Successor, the Custodial Trustee, the Velsicol Fund Trustee, and the third party beneficiaries to apply to the Court for such further order, direction, and relief as may be necessary or appropriate for the construction or interpretation of this Agreement or to effectual or enforce compliance with its terms.

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27. Counterparts. This Agreement may be delivered by courier, mail, facsimile or telecopy. It may be executed in counterparts, each of which shall be deemed to be an original, and all of such counterparts taken together shall be deemed to constitute one and the same agreement.

28. Parties Bound. This Agreement shall be binding upon the Parties and their respective successors and assigns. Any change in ownership or corporate status of a Party including, but not limited to, any transfer of assets or real or personal property, shall in no way alter such Party's responsibilities under this Agreement. There are no third-party beneficiaries of this Agreement, except for the FTL Entities, the FTL Protected Entities, the FTL Insured Entities Under the PLL Policy, the NWI/FTL Successor, the Custodial Trust, the Velsicol Environmental Trust, and the Trustees' officers and directors, which are express beneficiaries hereunder but only to the extent provided herein. The NWI/FTL Successor, the Custodial Trust, and the Velsicol Environmental Trust shall be third party beneficiaries to enforce any rights, benefits, or protections afforded to them in this Agreement.

29. Signatories. The undersigned representatives of a Party to this Agreement certify that they are fully authorized to enter into the terms and conditions of this Agreement and to execute and legally bind such Party to this Agreement.

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30. Severability. In the event that provisions of this Agreement shall be deemed invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions of the Agreement shall not in any way be affected or impaired thereby.

FOR THE UNITED STATES

Date: 4.11.02

By: _____
THOMAS L. SANSONETTI
Assistant Attorney General
Environment and Natural
Resources Division
Department of Justice

Date: 4/12/02

By: _____
ALAN S. TENENBAUM
Senior Counsel
Environment and Natural
Resources Division
Department of Justice

USDOJ007809

FOR THE UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY

Date: 4/12/02 By: _____

SYLVIA K. LOWRANCE
Acting Assistant Administrator
Office of Enforcement and
Compliance Assurance
U.S. Environmental
Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, D.C. 20460-0001

Date: 4/09/02 By: _____

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1200 Pennsylvania Avenue, N.W.
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USDOJ007810

FOR THE STATE OF ILLINOIS

PEOPLE OF THE STATE OF ILLINOIS, ex rel.
JAMES E. RYAN, Attorney General
Of the State of Illinois,

MATTHEW J. DUNN, Chief
Environmental Enforcement/Asbestos
Litigation Division

Date: April 12, 2002

By: _____
THOMAS DAVIS, Chief
Environmental Bureau
Assistant Attorney General

FOR THE STATE OF MICHIGAN

JENNIFER M. GRANHOLM
Attorney General
State of Michigan

Date: 4/5/02

By: _____
JAMES L. STROPKAI
Assistant Attorney General
Natural Resources and
Environmental Quality Division

USDOJ007812

DAVID SAMSON
ATTORNEY GENERAL OF NEW JERSEY

Date: April 17, 2002

BY: _____
Patricia E. Stern
Deputy Attorney General
Attorney for New Jersey
Department of Environmental
Protection

FOR THE STATE OF TENNESSEE

Date: 3/21/02 By: _____

MILTON H. HAMILTON, JR.
Commissioner
Department of Environment and Conservation

FOR FRUIT OF THE LOOM, INC.

Date: 3/13/02

By: _____
JOHN J. RAY, III
Chief Administrative Officer

NWI LAND MANAGEMENT CORP.

By: Fruit of the Loom, Inc. its sole shareholder

Date: 3/13/02

By: _____
JOHN J. RAY, III
Chief Administrative Officer

FOR VELSICOL CHEMICAL CORPORATION

Date: 3/12/02

By: _____
ARTHUR R. SIGEL
President and
Chief Executive Officer

Date: 3/12/02

By: _____
LAWRENCE M. HARTMAN
Executive Vice President, Chief
Financial Officer,
and Treasurer

FOR TRUE SPECIALTY CORPORATION

Date: 3/12/02

By: _____
ARTHUR R. SIGEL
President and
Chief Executive Officer

Date: 3/12/02

By: _____
LAWRENCE M. HARTMAN
Executive Vice President, Chief
Financial Officer,
and Treasurer

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

AMERICAN INTERNATIONAL SPECIALTY LINES INSURANCE COMPANY, Plaintiff,	)	
v.	)	Case No. 05 C 6386
NWI-1, Inc. (F/K/A/ FRUIT OF THE LOOM, INC.), LEPETOMANE II, INC., as Trustee of the Fruit of the Loom Successor Liquidation Trust, and LEPETOMANE III, INC., as Trustee of the Fruit of the Loom Custodial Trust. Defendants.	)	Judge Gottschall

CERTIFICATE OF SERVICE

I hereby certify that on this 9th day of January, 2008, a copy of the foregoing Settlement Agreement in the above-captioned case was caused to be served by U.S. Mail, postage prepaid, upon the following parties through their counsel:

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