

Leach, et al. v. E.I. du Pont de Nemours and Co.**Settlement Agreement in Principle****September 4, 2004**

Subject to final settlement documents and the final approval of the Court, Jack W. Leach, et al., on behalf of a class of persons similarly situated ("Class Plaintiffs") and E.I. du Pont de Nemours and Company ("DuPont") (together "the Parties") agree in principle to settle the litigation between them in the Circuit Court of Wood County, West Virginia, Case No. 01-C-608 ("the Litigation"), on the following terms and conditions:

1. Class definition. Counsel will present a Stipulation to the Court clarifying the Class definition to include only those persons whose drinking water contains C-8 attributable to releases from Dupont's Washington Works Plant ("the Plant") and who have consumed for at least one year drinking water from: the Dupont Washington Works Plant, the neighboring GE Plastics Plant, or any of the following six identified Water Districts: (1) Little Hocking, Ohio; (2) Lubeck PSD; (3) City of Belpre, Ohio; (4) Tupper Plains, Ohio; (5) Mason County PSD; (6) Village of Pomeroy, Ohio, or from one or more specified private water sources.
2. Cash payment. DuPont will pay Class Plaintiffs \$50,000,000.00 cash.
3. Health and Education Community Projects. DuPont will pay Class Plaintiffs an additional \$20,000,000.00 for health and education projects for the benefit of Class Plaintiffs, as reasonably specified by Class Counsel and approved by the Court.
4. Water Treatment. DuPont will offer to pay for the design, procurement and installation of the best available state-of-the-art water treatment technology for the six identified Water Districts to reduce the levels of C-8 in the water supply to the lowest practicable levels as specified by the individual Water Districts.

Dupont shall also pay for the operation and maintenance of these water treatment facilities until such time as the health studies (Para. 5) conclude with no determination of adverse health consequences, but in any event, as might be required to meet all applicable drinking water standards. Property owners in the six identified water districts whose sole source of drinking water is a private well will have the option to request an analysis of their water at DuPont's expense. If their water is impacted by C-8 emanating from the Washington Works plant, DuPont will offer them the best available state-of-the-art water treatment technology, or its equivalent. The same approach shall be taken with respect to the Washington Works Plant and the GE Plastics Plant.

5. Health Studies. The following health study work shall be performed:
 - a. DuPont will complete its ongoing workers' health studies at its Washington Works Plant and shall pay all costs and expenses relating to a study of health conditions among residents exposed to C-8 in the communities near DuPont's Washington Works plant, according to a protocol to be established and approved by the Science Panel referred to below ("the Community Study"), and any additional Hypothesis Testing Studies as described herein.
 - b. The Community Study and any and all additional hypothesis testing studies will be designed, conducted, and evaluated by an independent three member scientific panel ("The Science Panel") selected by agreement of the Parties. Panelists shall be recognized, independent, credentialed epidemiologists who have not testified as an expert witness in litigation and/or consulted with industry or counsel for the Parties (unless waived by the Parties). The Parties agree to use their best efforts to identify and engage the three members of the Science Panel as soon as possible, with the goal of attempting to reach agreement by September 22, 2004.
 - c. The Science Panel shall be responsible for designing, conducting, and establishing agreed upon objective criteria to evaluate the Community Study referred to above and any other

relevant studies and/or data to determine whether there is an association between C-8 exposure and human disease. If the Science Panel finds no such associations, the conditional releases provided herein shall become final. However, if one or more such associations are found, one or more protocols for further study (Hypothesis Testing Studies) will be established by the Panel, carried out by the Panel, and analyzed by the Panel to determine whether scientific evidence demonstrates a probable link between C-8 exposure and any human disease under the current Bower standard (206 W.Va. 133). The term "human disease" as used herein includes birth defects.

- d. If the Hypothesis Testing Studies demonstrates no probable link between C-8 exposure and any human disease under the current Bower standard, there will be no further payment or funding and the conditional releases described herein will become final. If after the Hypothesis Testing Studies, the Science Panel determines from the available scientific evidence that such scientific evidence demonstrates a probable link between C-8 exposure and human disease, then DuPont will fund a program of medical monitoring that is appropriate pursuant to the current Bower standards, as such standards exist as of the date of this agreement. Class members retain the right to pursue their individual claims for personal injury and wrongful death for such disease, in which case DuPont stipulates that it will not contest the issue of general causation between C-8 and such disease, but reserves the right to contest specific causation and damages as to any individual plaintiff and to assert any other defenses not barred by this agreement.
- e. The current Bower standard requires, inter alia, proof that "the increased risk of disease makes it reasonably necessary for the plaintiff to undergo periodic diagnostic examinations different from what would be prescribed in the absence of the exposure . . . and monitoring procedures exist that make the early detection of a disease possible." If the Science Panel determines that the available scientific evidence demonstrates a probable link between C-8 and human disease, the Parties shall appoint a Medical Panel consistent with the protocols set forth in paragraph 5(b) above, to specify diagnostic medical monitoring

testing protocols for all human diseases found by the Science Panel to be probably linked to C-8 exposure pursuant to the current Bower standard, and a Medical Monitoring Administrator to administer the medical monitoring fund operation.

- f. The Parties shall engage in no ex parte contact with the Science Panel, Medical Panel, or Administrator. All communications with the Panels by the Parties or their agents relating to this settlement shall be conducted through either the Neutral Administrator or the Medical Monitoring Administrator, both of whom shall be selected by the Parties subject to the approval of the Court. The Panels shall conduct their work in private.
6. Medical Monitoring Fund. If medical monitoring is indicated as specified above, DuPont shall pay the cost of such medical monitoring up to an additional \$235,000,000.00. The initial level of funding for medical monitoring shall be \$1,000,000.00 and kept evergreen by DuPont by restoring to the medical monitoring fund the initial level of funding whenever the fund has been drawn down to 50% of its initial level. Upon expiration of the program, any remaining money in the fund will be returned to DuPont. The Parties shall agree to an appropriate mechanism for securing the funding of all aspects of the settlement agreement, including the medical monitoring fund. After ten (10) years from the date of formation of the Medical Panel, either Party may apply to the Medical Panel, through the Medical Monitoring Administrator, for amendments to the medical monitoring program and fund, including termination of the medical monitoring program and fund, so long as provisions are made for continuation and funding of existing medical monitoring obligations previously determined by the Medical Panel. The sufficiency of those provisions made for continuation and funding as described herein shall be determined by the Court.
7. Releases. Upon Court approval, this settlement shall release and resolve all of the issues, claims, causes of action and demands raised by Class Plaintiffs in the Litigation, including but not limited to Class Plaintiffs' claims for medical monitoring, injunctive relief and property damages (including stigma) together

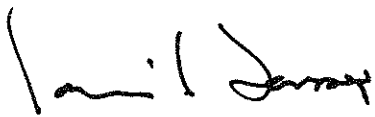
with all claims of special, general and punitive damages associated with such causes of action, except that, upon Court approval this settlement would only conditionally release and resolve all Class claims for personal injury, including wrongful death (together with all claims of special, general and punitive damages associated with such causes of action), as set forth above. The conditional release will only become final under the conditions specified in Paragraph 5 above. For the avoidance of doubt, the scope of all releases shall apply to claims related to exposure to C-8 of Class members from any and all pathways (including but not limited to air, water, and soil).

8. Attorneys' Fees. Class Counsel will request and DuPont will support application by Class Counsel for attorneys fees at 25.5% of the value of the cash, health and education community projects, water treatment, and health studies to be paid by DuPont in addition to all other settlement amounts referenced herein. For the purposes of calculating the value of attorneys fees, the Parties agree that the water treatment component shall be valued at \$10m and the health studies at \$5m. Accordingly, the Parties agree that the total value of the initial settlement amount, not including any amounts paid later for medical monitoring, is \$85m. Attorneys fees at the same percentage (25.5%) shall be paid by DuPont on any amounts actually disbursed from the fund for medical monitoring payments. DuPont also shall pay \$1m to Class Plaintiffs' class counsel for partial reimbursement of expenses.
9. Notice and Approval. DuPont shall pay all costs of notice, approval, and administration of this settlement. This settlement is conditioned on Class Plaintiffs' participation in the settlement as follows: If more than 2% (excluding current and former Washington Works employees) of the agreed upon estimate of the total number of Class (including current and former Washington Works employees), or more than 2% (excluding current and former Washington Works employees) of the Class Plaintiffs who have signed retention agreements with Class Counsel (including current and former Washington Works employees), opt out of participation in the Settlement, DuPont shall have the right, at its sole discretion, to void this settlement. Further, the initial amounts to be paid by

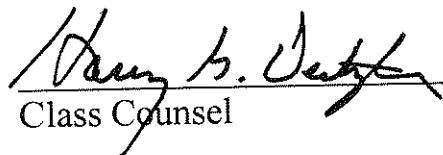
DuPont in cash and for medical monitoring shall be reduced proportionately by the percentage of opt outs at the rate of two times the percentage of opt outs, excluding current and future Washington Works employees. Any reduction for opt outs shall not apply to the amounts to be paid by DuPont for health and education projects, health studies, and water treatment. In addition, DuPont shall not be entitled to repayment of any amounts paid for Notice, Approval, and claims administrator and/or master.

10. Payment. Less any amount deducted for opt-outs as provided in Paragraph 9 above, payment of the cash (\$50m), health and education projects (\$20m), and attorneys fees and costs (\$22.675m) (total \$92.675m) shall be made no later than ten (10) business days from entry of the final Court Order approving settlement, including any appeals.
11. Press Release; Confidentiality. The Parties shall agree on a joint initial press release and shall make no release or disclosure of this agreement prior to the initial release. The Parties shall also jointly approach the Court as soon as possible.

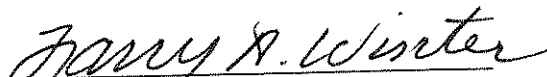
Executed September 4, 2004
Boston, Massachusetts



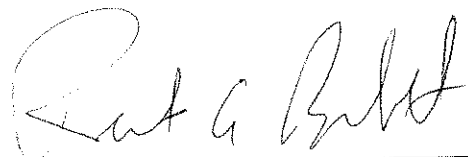
For DuPont



Class Counsel



Class Counsel



Class Counsel