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M E M O R A N D U M

BUSINESS CONFIDENTIAL
F.R.E. 408
CONFIDENTIAL SETTLEMENT DOCUMENT

VIA TELECOPIER

TO: Sherry Estes, Esq.

FROM: Laura A. Ringenbach, Esq.

DATE: September 29, 1999

RE: Response Costs of Morton International, Inc.
Skinner Landfill Site, West Chester, Ohio

As you requested on September 28, 1999, the following is a summary of the response costs incurred by Morton International, Inc. and the mechanism for payment of Morton's settlement share for participating as a Settling De Minimis Defendant under the Consent Decree with U.S. EPA.

In conjunction with certain parties other parties, Morton International, Inc. ("Morton") fully funded and performed the unilateral administrative order issued by U.S. EPA on December, 1992 and the consent order to perform the remedial

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design for the Skinner Site issued on February, 1994. Morton incurred $270,037 (excluding interest) in response costs in implementing both the unilateral order and the consent order for the remedial design. Subsequently, Morton and the other performing parties filed a contribution/cost recovery action in Dow Chemical Company v. Acme Wrecking Company, Inc., (C-1-97-307) and the Dow Chemical Company v. Sun Oil Company, (C-1-97-308) (the "Actions"). The response cost calculation was performed by the PRP group treasurer based on the documentation provided by Mercantile Title Agency, Inc., the escrow agent for the group. We represent to you that, to the best of our understanding, $209,037 is the accurate amount of Morton's payment of past response costs for work performed at the Skinner Site pursuant to the above-referenced orders.

Morton entered into the Skinner Landfill De Minimis Settlement Agreement with the Plaintiffs in January, 1999. As you know, the basis for the de minimis settlement calculations was a total site cost of $14,789,296 multiplied by a 75% premium and further multiplied by the individual company's allocated share. Without admitting any liability or admitting any fact or law and for the purposes of this discussion and the Consent Decree, Morton's allocated share has been calculated to be 0.049%. When Morton's de minimis information was submitted to U.S. EPA by Beveridge and Diamond, the calculated de minimis settlement amount for Morton using the above-referenced formula was $12,673.47.

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In partial settlement of the Actions, it is expected that the work group members will reimburse the Plaintiffs for the $209,037 incurred by Morton because Morton will have paid, through its de minimis settlement amount, its share of U.S. EPA past costs, the past costs of the plaintiffs, and the future work to be performed pursuant to the Consent Decree.

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$14,789,296 multiplied by 0.049% multiplied by 75% premium equals $12,673.47. In the event EPA agrees to accept its pro rata share of U.S. EPA past costs, U.S. EPA would be entitled to $1,960 of the $12,063.47. 0.049% multiplied times $4 million past costs equals $1,960. The 6% of the $12,673.47 would be forwarded to the Plaintiff's Group ($12,673.47 multiplied times 6% equals $760.41). The remaining funds of $9,953.06 ($12,673.47 less $1,960 and less 760.41 equals $9,953.06) would be submitted to the Skinner Special Account for the work group.