

IN THE CIRCUIT COURT OF MOBILE COUNTY, ALABAMA

GENERAL RESOURCE CORPORATION,
Individually and in its representative capacity,

Plaintiff,

v.

CITICORP VENDOR FINANCE, INC., et al.,

Defendants.

CIVIL ACTION NO. 2001-4204-JSJ

IN THE SUPERIOR COURT OF SAN DIEGO COUNTY, CALIFORNIA

COPY COVE PRINTING, INC.,

Plaintiff,

v.

CITICORP VENDOR FINANCE, INC.,

Defendants.

CASE NO. GIC 798579

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into as of this ____ day of June, 2004. Subject to Court approval as described herein, the Agreement is entered into by and among General Resource Corporation ("General Resource") and Copy Cove Printing, Inc. ("Copy Cove"), on behalf of themselves and the Settlement Class, and Citicorp Vendor Finance, Inc. ("CVF"), on behalf of itself and its subsidiaries, Affiliates and related entities. All capitalized terms used herein shall have the meanings ascribed in Article I or elsewhere herein.

RECITALS

A. General Resource and Copy Cove have each filed actions against Defendant and its Co-Defendants asserting that Defendant and its Predecessors have charged Insurance Charges in excess of those permitted under the terms of Leases, and that Defendant and its Co-Defendants have otherwise engaged in unlawful conduct with respect to these Insurance Charges. In the

Alabama Action, General Resource has asserted claims for, *inter alia*, breach of contract, tortious interference with contract, fraud, suppression, negligence, wantonness, conspiracy, and money paid by mistake, and seeks declaratory and injunctive relief along with compensatory and punitive damages on behalf of itself and a putative class. In the California Action, Copy Cove has asserted claims for, *inter alia*, breach of contract, intentional misrepresentation, negligent misrepresentation, and unfair competition, as well as claims under Cal. Bus. & Prof. Code § 17200 *et seq.*, and seeks compensatory and punitive damages as well as restitution, declaratory and injunctive relief on behalf of itself and in a representative capacity pursuant to Cal. Bus. & Prof. Code § 17200 *et seq.*

B. Defendant and its Co-Defendants have denied and continue to deny all of the allegations made by the Plaintiffs in the Litigation, including that the Insurance Charges imposed were in any way excessive or otherwise inappropriate, unlawful or actionable. Defendant believes that the leases and leasing practices in question, including the Insurance Charges imposed, are both appropriate and lawful in all respects and strongly denies that the claims made by the Representative Plaintiffs have any merit whatsoever.

C. Class Counsel have conducted an extensive investigation relating to Plaintiffs' claims and the underlying events alleged in the Litigation, including reviewing tens of thousands of documents produced by Defendant and its Co-Defendants in response to Plaintiffs' requests for production of documents, deposing representatives of Defendant and one of its Co-Defendants, and defending the deposition of a representative of one of the Plaintiffs. Class Counsel also have made a thorough study of the legal principles applicable to Plaintiffs' claims and have evaluated the strength of those claims. Class Counsel have engaged in extensive arm's length negotiations with Defendant with respect to the compromise and settlement of Plaintiffs' claims on the terms and conditions hereinafter set forth.

D. In consideration of (a) the substantial benefits the Plaintiffs and the Settlement Class will receive from the Settlement; (b) the risks of litigation; and (c) the expense and length of time necessary to pursue the Litigation through a trial and the appeals that may follow, and based upon the investigation described above, Class Counsel have concluded that the terms and conditions of settlement set forth herein are fair, reasonable, adequate, beneficial to, and in the best interests of, the Settlement Class.

E. While continuing to deny all allegations of wrongdoing and disclaiming any liability whatsoever with respect to any and all claims, Defendant considers it desirable to resolve this Litigation on the terms stated herein in order, among other things, to avoid further burden, expense, inconvenience, and interference with ongoing business operations. In no event shall this Agreement be construed as, or be deemed, an admission or concession by Defendant of the truth of any allegation or the validity of any claim asserted in the Litigation or any other action, or of any fault on the part of Defendant, its Predecessors, or its Co-Defendants, or damage to any Class Member, and all such allegations are expressly denied. This Agreement is subject to Rule 408 of the Federal Rules of Evidence and all comparable state rules of evidence.

NOW, THEREFORE, in consideration of the premises and agreements set forth herein, and without any admission or concession of any liability or wrongdoing whatsoever, it is hereby STIPULATED AND AGREED, subject to Court approval as described herein, that each and

every Settled Claim shall be fully and finally settled and compromised and dismissed with prejudice and shall be fully discharged and released, upon and subject to the following terms and conditions:

ARTICLE I

DEFINED TERMS

As used in this Agreement, the following terms shall have the following meanings:

1.01 Active Lease. As used herein, "Active Lease" means a Subject Lease which, as of the Approval Date (i) has not expired or otherwise been terminated and (ii) is not a Referred Lease. The determination as to whether a Lease is an Active Lease shall be made by Defendant in the exercise of reasonable discretion.

1.02 Alabama Action. As used herein, "Alabama Action" means *General Resource Corp. v. Citicorp Vendor Finance*, Civil Action No. 2001-4204-JSJ, pending in the Circuit Court of Mobile County, Alabama and all claims asserted or that could have been asserted therein.

1.03 Alabama Approval Date. As used herein, "Alabama Approval Date" means the date of entry of the Alabama Approval Order by the Alabama Court.

1.04 Alabama Approval Order. As used herein, "Alabama Approval Order" means the order issued by the Alabama Court which is the same in substance as the Alabama Approval Order described in Paragraph 3.02 of this Agreement, which order certifies the Alabama Class for purposes of Settlement, approves the forms of Notice and Publication Notice as described herein, and schedules a hearing in connection with the proposed Settlement of this Litigation.

1.05 Alabama Class. As used herein, "Alabama Class" means all Class Members who are not California Class Members.

1.06 Alabama Class Counsel. As used herein, "Alabama Class Counsel" means Armbrecht Jackson LLP, P.O. Box 290, Mobile, AL, 36601 and Banks C. Ladd, P.O. Box 1254, Mobile, AL 36633.

1.07 Alabama Class Member. As used herein, "Alabama Class Members" means all members of the Alabama Class.

1.08 Alabama Court. As used herein, "Alabama Court" means the Circuit Court of Mobile County, Alabama.

1.09 Alabama Order and Final Judgment. As used herein, "Alabama Order and Final Judgment" means the order issued by the Alabama Court which grants final approval of the terms of this Agreement and dismisses the Alabama Action with prejudice.

1.10 Alabama Representative Plaintiff. As used herein, "Alabama Representative Plaintiff" means General Resource Corporation.

1.11 Alabama Settlement Fairness Hearing. As used herein, "Alabama Settlement Fairness Hearing" means the hearing at which the Alabama Court will consider whether to fully and finally approve this Agreement and enter the Alabama Order and Final Judgment.

1.12 Affiliate. As used herein, "Affiliate" means a person or entity controlled directly or indirectly by a Party, controlling directly or indirectly a Party, or directly or indirectly under common control with a Party.

1.13 Agreement. As used herein, "Agreement" or "Settlement Agreement" means this settlement agreement, including the Exhibits hereto.

1.14 Approval Date. As used herein, "Approval Date" means the first date on which all of the following have occurred: (a) the Alabama Approval Order has been entered by the Alabama Court; and (b) the California Approval Order has been entered by the California Court.

1.15 Approval Order. As used herein, "Approval Order" means the Alabama Approval Order or the California Approval Order or both as the context requires.

1.16 Available Claims Funds. As used herein, "Available Claims Funds" means the funds available for distribution to Class Members from the Claims Pool, as more fully defined and described in Article II hereof.

1.17 Available Draft Funds. As used herein, "Available Draft Funds" means the funds available for distribution to Class Members from the Draft Pool, as more fully defined and described in Article II hereof.

1.18 Benefits. As used herein, "Benefits" means the benefits provided to Class Members under and in accordance with this Settlement, consisting of: entitlement to receive a Draft, Cash Payment, or Credit; reduction in the Insurance Charges charged in connection with Active Leases on a prospective basis; and modification of certain language appearing in Defendant's lease agreements on a prospective basis, as more fully described in Article II below.

1.19 California Action. As used herein, "California Action" means *Copy Cove Printing v. Citicorp Vendor Finance*, Case No. GIC 798579, pending in the Superior Court of San Diego County, California and all claims asserted or that could have been asserted therein.

1.20 California Approval Order. As used herein, "California Approval Order" means the order issued by the California Court which is the same in substance as the California Approval Order described in Paragraph 3.03 of this Agreement, which order certifies the California Class for purposes of Settlement, approves the forms of Notice and Publication Notice as described herein, and schedules a hearing in connection with the proposed Settlement of this Litigation.

1.21 California Class. As used herein, "California Class" means all Class Members whose last known address obtainable from Defendant's records is located in California.

1.22 California Class Counsel. As used herein, "California Class Counsel" means Gordon & Rees, LLP, 101 West Broadway, Suite 1600, San Diego, CA 92101.

1.23 California Class Member. As used herein, "California Class Members" means all members of the California Class.

1.24 California Court. As used herein, "California Court" means the Superior Court of San Diego County, California.

1.25 California Order and Final Judgment. As used herein, "California Order and Final Judgment" means the order issued by the California Court which grants final approval of the terms of this Agreement and dismisses the California Action with prejudice.

1.26 California Representative Plaintiff. As used herein, "California Representative Plaintiff" means Copy Cove Printing, Inc..

1.27 California Settlement Fairness Hearing. As used herein, "California Settlement Fairness Hearing" means the hearing at which the California Court will consider whether to fully and finally approve this Agreement and enter the California Order and Final Judgment.

1.28 Cash Payment. As used herein, "Cash Payment" means an amount of cash payable by check to certain eligible Class Members according to the provisions of Paragraph 2.03 below.

1.29 Claims Pool. As used herein, "Claims Pool" means a fund to be created by Defendant pursuant to the terms of this Agreement, as more fully defined and described in Article II hereof.

1.30 Class Counsel. As used herein, "Class Counsel" means Armbrecht Jackson LLP, P.O. Box 290, Mobile, AL, 36601, Gordon & Rees, LLP, 101 West Broadway, Suite 1600, San Diego, CA 92101, and Banks C. Ladd, P.O. Box 1254, Mobile, AL 36633.

1.31 Class Member. As used herein, "Class Member" means a member of the Settlement Class.

1.32 Class Period. As used herein, "Class Period" means the period beginning on December 10, 1997 and ending on the Approval Date.

1.33 Co-Defendants. As used herein, Co-Defendants means Copelco Reinsurance Company, Ltd., Premier Lease and Loan Services Insurance Agency, Inc., Great American Assurance Company, and GAI Insurance Company, Ltd.

1.34 Common Fund. As used herein, "Common Fund" means the fund to be created by Defendant pursuant to the terms of this Agreement, consisting of: (i) the Draft Pool and (ii) the Claims Pool. Defendant will not be required to hold in escrow or otherwise set aside specific monies to create the Draft Pool, Claims Pool, or Common Fund. If, at Defendant's option, monies are placed in an interest bearing account or accounts, any interest accruing on any such monies shall belong at all times exclusively to Defendant.

1.35 Court. As used herein, "Court" means the Alabama Court, the California Court, or both, as the context requires.

1.36 Courts. As used herein, "Courts" means the Alabama Court and the California Court.

1.37 Credit. As used herein, "Credit" means an amount to be applied to the Lease accounts of certain eligible Class Members according to the provisions of Paragraph 2.03 below as a credit against amounts owing to CVF. Such credit shall be applied first against any unpaid insurance charges, then unpaid late charges, then unpaid finance charges, then against lease payments in arrears, and finally against future lease payments due.

1.38 Date of the Notice by Mail. As used herein, "Date of the Notice by Mail" means the date as of which the Notice is dated. The Notice shall be dated as of the last day on which Notices will be sent pursuant to Paragraph 3.05 below, which shall be no later than forty-five (45) days following the Approval Date.

1.39 Defendant. As used herein, "Defendant" means Citicorp Vendor Finance, Inc.

1.40 Defendant's Counsel. As used herein, "Defendant's Counsel" means Burr & Forman, LLP, 3100 Southtrust Tower, 420 North 20th Street, Birmingham, AL 35203 and Briskman & Binion, 205 Church Street, Mobile, AL 36602 and Skadden, Arps, Slate, Meagher & Flom LLP, 300 S. Grand Avenue, Los Angeles, CA 90071.

1.41 Distribution Date. As used herein, "Distribution Date" means the date thirty (30) days following the Effective Date or one hundred and fifty (150) days following the Date of Notice by Mail, whichever is later.

1.42 Draft. As used herein, "Draft" means an instrument issued by Defendant and made payable to Defendant that evidences the right of a Class Member to obtain a credit on his or her Lease account with Defendant as and to the extent provided in this Agreement. Such credit shall be applied first against any unpaid insurance charges, then unpaid late charges, then unpaid finance charges, then against lease payments in arrears, and finally against future lease payments due.

1.43 Draft Pool. As used herein, "Draft Pool" means a fund to be created by Defendant pursuant to the terms of this Agreement, as more fully defined and described in Article II hereof.

1.44 Effective Date. As used herein, "Effective Date" means the first date on which all of the following have occurred: (a) the Alabama Order and Final Judgment has been entered by the Alabama Court; (b) the California Order and Final Judgment has been entered by the California Court and (c) the time has expired within which review or appeal of the Alabama Order and Final Judgment and the California Order and Final Judgment may be taken, without any review or appeal having been taken therefrom or, if any such review or appeal is taken, such review or appeal shall have been finally determined (subject to no right of further review or appeal) by the highest court before which such review or appeal is sought and allowed, and such review or appeal shall have been resolved in such manner as to permit the consummation of the Settlement effected by this Agreement in accordance with all of its terms and provisions.

1.45 Inactive Lease. As used herein, "Inactive Lease" means a Subject Lease which, on or before the Approval Date, has expired or otherwise been terminated, and is not a Referred Lease. The determination as to whether a Lease is an Inactive Lease shall be made by Defendant in the exercise of reasonable discretion.

1.46 Injunctive Order. As used herein, "Injunctive Order" means the order issued by the Alabama Court as described in Paragraph 2.06 of this Agreement, which order directs Defendant to make certain reductions in the Insurance Charges being charged in connection with Active Leases beginning July 1, 2004, pending Court approval of this Agreement. The Injunctive Order shall be in the form attached hereto as Exhibit A, with such changes therein, if any, as shall be approved by the Parties and the Courts.

1.47 Insurance Charge. As used herein, "Insurance Charge" means any charge imposed by CVF or its Predecessors in connection with a Lease based on a Lessee's failure to obtain property insurance or timely provide proof that appropriate property insurance has been obtained. Insurance Charges shall include, but not be limited to, premiums, reinsurance premiums, finance or interest charges, tracking fees, insurance billing or collection fees, and risk fees or charges, whether paid to CVF, its Predecessors, its Co-Defendants, or any other person or entity.

1.48 Lease. As used herein, "Lease" means any lease or leases of equipment or other property or right, or loan agreement, or conditional sales contract entered into by or assigned (with or without notice to the Lessee) to Defendant or any of Defendant's Predecessors as lessor, lender or seller, as the case may be.

1.49 Lessee. As used herein, "Lessee" means a lessee or borrower or buyer, as the case may be, under a Lease.

1.50 Litigation. As used herein, "Litigation" means the Alabama Action and the California Action, collectively.

1.51 New Lease Agreement. As used herein, "New Lease Agreement" means a lease agreement entered into with Defendant after the Effective Date, but not including a Renewal Lease agreement.

1.52 Notice. As used herein, "Notice" means the Notice of Class Action Settlement in the form attached to this Agreement as Exhibit B with such changes therein, if any, as shall be approved by the Parties and the Courts.

1.53 Order and Final Judgment. As used herein, "Order and Final Judgment" means the Alabama Order and Final Judgment or the California Order and Final Judgment or both as the context requires.

1.54 Parties/Party. Plaintiffs and Defendant are collectively referred to herein as the "Parties" and singularly referred to as a "Party."

1.55 Plaintiffs. As used herein, "Plaintiffs" means General Resource Corporation and Copy Cove Printing, Inc.

1.56 Predecessors. As used herein, "Predecessors" means (i) Copelco Capital, Inc. and its subsidiaries, Affiliates and related entities; (ii) Copelco Credit Corporation and its subsidiaries, Affiliates and related entities; (iii) Copelco Leasing Corporation and its subsidiaries, Affiliates and related entities; and (iv) Fidelity Leasing, Inc. and its subsidiaries, Affiliates and related entities.

1.57 Proof of Claim. As used herein, "Proof of Claim" means the Class Action Proof of Claim Form substantially in the form annexed hereto as Exhibit C, with such changes therein, if any, as shall be approved by the Parties and the Courts.

1.58 Publication Notice. As used herein, "Publication Notice" means the Summary Notice of Class Action Settlement in the form attached to this Agreement as Exhibit D with such changes therein, if any, as shall be approved by the Parties and the Courts.

1.59 Referred Lease. As used herein, "Referred Lease" means a Subject Lease which, as of the Approval Date, has been referred to an outside agency for collection, or referred to an attorney for litigation. The determination as to whether a Subject Lease is a Referred Lease shall be made by Defendant in the exercise of reasonable discretion.

1.60 Released Parties. As used herein, "Released Parties" means (1) Defendant and the Co-Defendants; (2) the Predecessors; (3) each and all of the past, present and future parents (direct and indirect), subsidiaries, Affiliates, related entities and partners of the entities described in (1) and (2) above; (4) all of the predecessors, successors and assigns of the rights and obligations of the entities described in (1), (2), and (3); (5) each and all of the respective past, present and future officers, directors, shareholders, branch managers, employees, general agents, agents, producers, brokers, solicitors, representatives, attorneys, heirs, administrators, executors, and insurers of the entities described in (1) through (4), or any of them; and (6) any other person who is or may be alleged to be liable on any of the Settled Claims, including any person or entity acting on behalf of, or at the direction of, any of the parties described in (1) through (5).

1.61 Releasors. As used herein, "Releasors" means the Representative Plaintiffs, each and all Class Members, and each and all of their respective parents, subsidiaries, and Affiliates, and each and all of their respective agents, servants, employees, officers, directors, shareholders, partners, limited partners, heirs, administrators, executors, predecessors, successors, assigns, estates, guardians, trustees, representatives and beneficiaries, or any of them, including any person or entity acting on behalf of, or at the direction of, any of them; provided that such persons or entities have not opted out in accordance with the terms of this Agreement and the requirements of the Courts.

1.62 Renewal Lease. As used herein, "Renewal Lease" means a lease where the lease term has been extended for some period of time beyond the expiration of the original term of the lease.

1.63 Representative Plaintiffs. As used herein, "Representative Plaintiffs" means General Resource Corporation and Copy Cove Printing, Inc.

1.64 Settled Claims. As used herein, "Settled Claims" means any and all past, present or future claims, causes of action, suits, petitions, demands in law or equity, or any allegations of

liability or damages, debts, contracts, agreements, obligations, promises, attorneys' fees, costs, interest, or expenses that have been, could have been, may be or could be asserted by the Releasors in this Litigation or in any other action, court, arbitration, tribunal or administrative body, regardless of whether those claims are based on federal, state or local law, statute, ordinance, regulation, contract, common law, or any other source, and regardless of whether those claims are foreseen or unforeseen, suspected or unsuspected, known or unknown, fixed or contingent at the time of this Settlement, that are based upon, arise out of, or are related to or connected with, directly or indirectly, in whole or in part, Insurance Charges and/or the placement or procurement of insurance on equipment owned or leased by Defendant or its Predecessors, or any action or inaction by the Released Parties in connection with such Insurance Charges or the placement or procurement of insurance. The Settled Claims expressly include any claims under any state or federal unfair competition or business practices laws, including without limitation Cal. Bus. & Prof. Code § 17200 *et seq.* Notwithstanding any provisions hereof, Settled Claims shall not include claims made pursuant to the terms of an insurance policy covering leased equipment.

1.65 Settlement. As used herein, "Settlement" means the arrangement set forth in this Agreement.

1.66 Settlement Administrator. As used herein, "Settlement Administrator" means Tilghman & Co., P.C., 3415 Independence Drive, Suite 102, Birmingham, Alabama 35209.

1.67 Settlement Agreement Date. As used herein, "Settlement Agreement Date" means the date set forth in the first Paragraph of this Agreement, as of which this Agreement was entered into by the Parties.

1.68 Settlement Class. As used herein, "Settlement Class" means all Persons who paid an Insurance Charge to CVF or its Predecessors during the Class Period which has not been fully refunded, excluding those Persons who became subject to a bankruptcy or similar proceeding during the terms of their Leases, or whose Leases have become more than three hundred and sixty (360) days delinquent or have otherwise been deemed uncollectible or have been "charged off" in full in accordance with Defendant's standard business practices.

1.69 Settlement Fairness Hearing. As used herein, "Settlement Fairness Hearing" means the Alabama Settlement Fairness Hearing or the California Settlement Fairness Hearing or both, as the context requires.

1.70 Subject Lease. As used herein, "Subject Lease" means a Lease that was in effect at any time during the Class Period, and which, as of the Approval Date (i) has not become more than three hundred and sixty (360) days delinquent or otherwise deemed uncollectible or "charged off" in full in accordance with Defendant's standard reasonable business practices; and (ii) as to which the Lessee has not become subject to a bankruptcy or similar proceeding.

ARTICLE II

BENEFITS TO PLAINTIFFS AND THE SETTLEMENT CLASS

2.01 Benefits. The benefits provided under and in accordance with this Settlement consist of entitlement to receive a Draft, Cash Payment, or Credit; reduction in the Insurance Charges charged in connection with Active Leases on a prospective basis; and modification of certain language appearing in Defendant's New Leases, all as described herein.

2.02 Drafts. After the Effective Date, Defendant will make available as part of the Common Fund a Draft Pool consisting of an aggregate amount of up to \$6,500,000.00 for distribution in the form of Drafts to Class Members with Active Leases, as follows:

(a) Attorneys' Fees, Attorneys' Costs and Expenses, and Future Benefits Attorneys' Fees chargeable against the Draft Pool in accordance with Paragraph 2.07 below will first be deducted from the Draft Pool, to determine the Available Draft Funds.

(b) Each Class Member who has paid Insurance Charges in connection with an Active Lease during the Class Period will be entitled to receive a distribution from the Available Draft Funds calculated as follows:

$$\frac{\text{Total Insurance Charges Paid by Class Member} \\ \text{in Connection with an Active Lease During Class Period}}{\text{Total Insurance Charges Paid by All Class Members in} \\ \text{Connection with All Active Leases During Class Period}} \times \text{Available Draft Funds}$$

(c) Distributions from the Available Draft Funds will be made in the form of Drafts entitling the Class Member receiving a Draft to a credit to his or her Active Lease account with Defendant in the amount of the Draft. Class Members entitled to receive Drafts are not required to submit a Proof of Claim in order to receive their Drafts.

(d) Class Members who receive Drafts may use those Drafts by submitting them to Defendant in the manner directed and during the time period specified on the face of the Draft. Any Draft not submitted as specified on the face of the Draft will not be honored and will be considered void.

(e) If the total amount of the Draft Pool is not distributed because (1) Class Members cannot be located or (2) Drafts are not properly submitted within the time permitted, or for any other reason, any funds remaining in the Draft Pool shall revert to Defendant after the Attorneys' Fees, Attorneys' Costs and Expenses and Future Benefits Attorneys' Fees chargeable against the Draft Pool have been paid, and the time permitted for Class Members to use their Drafts has expired.

2.03 Cash Payments and Credits. After the Effective Date, Defendant will make available as part of the Common Fund a Claims Pool consisting of an aggregate amount of up to \$6,860,000.00 for distribution in the form of Cash Payments and Credits to Class Members with Inactive or Referred Leases, as follows:

(a) Attorneys' Fees and Attorneys' Costs and Expenses chargeable against the Claims Pool in accordance with Paragraph 2.07 below will first be deducted from the Claims Pool, to determine the Available Claims Funds. Future Benefits Attorneys' Fees shall not be deducted in making such calculation.

(b) Each Class Member who has paid Insurance Charges in connection with one or more Inactive or Referred Leases during the Class Period, and who has properly and timely submitted a Proof of Claim in accordance with the provisions of Paragraph 2.04 below, will be entitled to receive a distribution from the Available Claims Funds calculated as follows:

Total Insurance Charges Paid by Class Member in Connection with an Inactive or Referred <u>Lease During Class Period</u>	X Available Claims Funds
Total Insurance Charges Paid by All Class Members in Connection with All Inactive or Referred Leases During Class Period	

(c) Distributions from the Available Claims Funds to Class Members who have paid Insurance Charges on Referred Leases will be made in the form of a Credit.

(d) Distributions from the Available Claims Funds to Class Members who have paid Insurance Charges on Inactive Leases will be made in the form of a Cash Payment.

(e) If the total amount of the Claims Pool is not distributed because (1) Class Members cannot be located or (2) Proofs of Claim are not properly and timely submitted or (3) checks issued are not cashed within ninety (90) days, or for any other reason, the remaining funds shall be distributed as follows: If the total aggregate distributions and expenditures from the Claims Pool, inclusive of Attorneys' Fees and Attorneys' Costs and Expenses, is less than \$3,944,500.00, funds from the Claims Pool shall be used to pay that portion, up to and including the whole, of the Future Benefits Attorneys' Fees described in Paragraph 2.07 below sufficient to cause the total aggregate distributions and expenditures from the Claims Pool, inclusive of Attorneys' Fees and Attorneys' Costs and Expenses and such portion of the Future Benefits Attorneys' Fees, to equal \$3,944,500.00. If the total aggregate distributions and expenditures from the Claims Pool, inclusive of Attorneys' Fees and Attorneys' Costs and Expenses and the whole of the Future Benefits Attorneys' Fees awarded, is less than \$3,944,500.00, Defendant shall make donations to charitable organizations or foundations qualifying under Internal Revenue Code § 501(c)(3), to be selected in Defendant's sole discretion, which donations may be made, at Defendant's election, in the form of monies or equipment selected and procured by Defendant, in a sufficient amount so that the total aggregate distributions and expenditures from the Claims Pool, inclusive of Attorneys' Fees, Attorneys' Costs and Expenses, Future Benefits Attorneys' Fees, and all charitable donations made pursuant to the terms of this Paragraph, is \$3,944,500.00. All remaining funds in the Claims Pool shall revert to Defendant.

2.04 Claims Procedure. In order to be eligible to receive a distribution from the Claims Pool, Class Members must complete and submit to the Settlement Administration a duly completed and executed Proof of Claim with respect to each Subject Lease, which must be postmarked no later than one hundred and twenty (120) days after the Date of the Notice by

Mail. Any otherwise eligible Class Member who does not submit such a Proof of Claim, or whose Proof of Claim is ultimately rejected, shall not be entitled to receive a distribution from the Claims Pool but nevertheless will be bound by this Settlement (including the release of claims and covenant not to sue provided for herein) in all respects, unless such Class Member shall have timely and validly opted out of the Settlement pursuant to Paragraph 3.07 below. Proofs of Claim shall be submitted by Class Members to the Settlement Administrator, who shall review the Proofs of Claim to ensure that they (i) are signed under penalty of perjury; (ii) contain the required information; and (iii) contain no material deletions or alterations of the printed terms of the Proof of Claim form. The Settlement Administrator shall send valid Proofs of Claim to Defendant for its review.

2.05 Modification to Language of New Lease Agreements. Subject to Court approval of this Agreement, Defendant shall use its best efforts to cause the language regarding Insurance Charges that appears in any New Lease Agreements that contemplate Insurance Charges entered into within five (5) years following the Effective Date to indicate expressly, if applicable, that Defendant and/or its Affiliates may receive a portion of any Insurance Charge paid, including, without limitation, a profit from such Insurance Charges, and/or a portion of any premiums, and that a finance charge may accrue on amounts advanced by Defendant or its Affiliates in connection with the placement or procurement of insurance. If any applicable statute or regulation changes or becomes effective in any jurisdiction during this five (5) year term, or if any governing or regulatory agency adopts guidelines which would be applicable to Defendant, then any such statutes, regulations or guidelines shall preempt any conflicting provisions of this Paragraph.

2.06 Future Benefits. Subject to Court approval of this Agreement, and as further consideration for the release and compromise of all Settled Claims, beginning July 1, 2004 Defendant shall reduce the Insurance Charge by \$2.00 per month for each Active Lease being administered, as of July 1, 2004, by Defendant's Business Technology Division based in Mahwah, New Jersey, and by \$1.00 per month for all other Active Leases. The reductions specified herein will not apply to any Insurance Charges accrued before July 1, 2004. The determination as to whether a Lease is being administered by the Business Technology Division shall be made by Defendant in the exercise of reasonable discretion. Reductions made pursuant to this Paragraph shall remain in effect for the duration of each Active Lease, unless this Agreement terminates or otherwise fails to become effective in accordance with its terms. In such event, Defendant retains the right to charge such Insurance Charges as if this Agreement were never executed, and to recover from Lessees all reductions in Insurance Charges which were made pursuant to the terms of this Agreement and any Order resulting herefrom. The Parties estimate that the present value of the future reductions in insurance charges provided for in this Paragraph is approximately \$2,536,535.17.

2.07 Attorneys' Fees and Costs. The Parties agree that Plaintiffs and/or Class Counsel will make an application to the Courts for an award of reasonable attorneys' fees and costs. Class Counsel plan to seek an award of attorneys' fees not to exceed thirty percent (30%) of the aggregate value of the Common Fund ("Attorneys' Fees"), and Defendant will not object to such application so long as the sum total of the Attorneys' Fees does not exceed thirty percent (30%) of the aggregate value of the Common Fund. The Parties further agree that Plaintiffs and/or Class Counsel will make an application to the Courts for an award of Class Counsel's reasonable

costs of litigation and expenses, exclusive of attorneys' fees. ("Attorneys' Cost and Expenses"). Defendant will not object to such application so long as the amounts sought are reasonable. Attorneys' Fees and Attorneys' Costs and Expenses awarded will be deducted from the Common Fund before any other distributions are made from the Common Fund. Forty-eight and seven-tenths percent (48.7%) of the total Attorneys' Fees and Attorneys' Costs and Expenses awarded shall be charged against the Draft Pool, and fifty-one and three-tenths percent (51.3%) shall be charged against the Claims Pool. Class Counsel also plan to seek an award of attorneys' fees not to exceed twenty seven point six percent (27.6%) of the estimated value of the future reductions in insurance charges described in Paragraph 2.06 above ("Future Benefits Attorneys' Fees"), and Defendant will not object to such application so long as the sum total of the Future Benefits Attorneys' Fees does not exceed twenty seven point six percent (27.6%) of the estimated value of the future reductions in insurance charges. The Future Benefits Attorneys' Fees shall be charged against the Claims Pool as and to the extent specified in Paragraph 2.03(e) above. The remaining portion of the Future Benefits Attorneys' Fees, if any, shall be charged against the Draft Pool. Any decision by the Courts to award Attorneys' Fees, Attorneys' Costs and Expenses, or Future Benefits Attorneys' Fees in an amount less than the amount sought by Plaintiffs and/or Class Counsel shall not affect the enforceability of this Agreement.

2.08 Compensation to Representative Plaintiffs. Subject to Court approval, Defendant will pay \$25,000.00 to each of the two Representative Plaintiffs, as set forth in Paragraph 6.03 below, as compensation for their time and energy expended in pursuing the litigation. This payment shall not be made from the Common Fund, shall not reduce the amounts payable to any other Class Members, and shall be made in addition to any other Benefits that such Representative Plaintiffs may be entitled to pursuant to other provisions of this Agreement.

2.09 Costs of Administration. In addition to the Benefits made available as part of this Settlement, Defendant shall also pay all costs of any notice relating to the Settlement and all necessary and reasonable costs of administering the processing of claims, disbursement of consideration and other administrative expenses of Settlement, including, but not limited to, the fees of the Settlement Administrator, postage charges, printing costs, telephone charges, publication and all other notice costs, and other charges as may be approved by the parties subject to further approval by the Court. Such costs shall not include any fees or expenses of Class Counsel.

2.10 Confirmation Procedures. Reasonable sampling and confirmation procedures will be agreed to in order to permit class counsel to monitor the administration of the settlement.

ARTICLE III

PRELIMINARY APPROVAL AND NOTICE

3.01 Amendments to Pleadings. Within ten (10) days after the Settlement Agreement Date, the Plaintiffs shall file, or seek leave to file, such amendments to the pleadings in the Alabama Action and the California Action as the Parties shall agree are appropriate and necessary to carry out the purposes of this Agreement.

3.02 Alabama Approval Order. Within fifteen (15) days after the Settlement Agreement Date, the Parties shall apply to the Alabama Court for the Alabama Approval Order which shall, among other things:

(a) determine that, for settlement purposes only, the Alabama Action may be maintained as a class action on behalf of the Alabama Class;

(b) find that the mailing of the Notice in the form attached hereto as Exhibit B and the publication in USA Today of the Publication Notice in the form attached hereto as Exhibit D are the only notices required, and that such notices satisfy the requirements of due process, the Alabama Rules of Civil Procedure, and other law;

(c) find preliminarily that this Agreement is fair, reasonable and adequate to the Alabama Class;

(d) find preliminarily that the Alabama Representative Plaintiff fairly and adequately represents the interests of the Alabama Class;

(e) find preliminarily that Alabama Class Counsel are adequate to act as counsel for the Alabama Plaintiffs and the Alabama Class; and

(f) set a date for the Alabama Settlement Fairness Hearing.

3.03 California Approval Order. Within fifteen (15) days after the Settlement Agreement Date, the Parties shall apply to the California Court for the California Approval Order which shall, among other things:

(a) determine that, for settlement purposes only, the California Action may be maintained as a class action on behalf of the California Class;

(b) find that the mailing of the Notice in the form attached hereto as Exhibit B and the publication in USA Today of the Publication Notice in the form attached hereto as Exhibit D are the only notice required, and that such notice satisfies the requirements of due process, the California Code of Civil Procedure, and other law;

(c) find preliminarily that this Agreement is fair, reasonable and adequate to the California Class, as well as the general public under Cal. Bus. & Prof. Code Section 17200, *et seq.*;

(d) find preliminarily that the California Representative Plaintiff fairly and adequately represents the interests of the California Class, as well as the general public under Cal. Bus. & Prof. Code Section 17200, *et seq.*;

(e) find preliminarily that California Class Counsel are adequate to act as counsel for the California Plaintiffs and the California Class, as well as the general public under Cal. Bus. & Prof. Code Section 17200, *et seq.*; and

(f) set a date for the California Settlement Fairness Hearing.

3.04 Denial of Approval Orders. If either the Alabama Court or the California Court enters an order denying the application for an Approval Order with all of the contents specified above, and if all Parties do not agree jointly to appeal such ruling, this Agreement shall terminate without any further action by any Party. If either the Alabama Court or the California Court fails for any reason to certify a class for settlement purposes consistent with the provisions hereof or to enter an Approval Order on or before December 31, 2004, then this Agreement will be null and void.

3.05 Class Notice. Within forty-five (45) days following the Approval Date (or as directed by the Courts) Defendant and/or the Settlement Administrator will mail the Court-approved Notice (which shall include Proof of Claim forms as appropriate) to all Class Members, postage-prepaid by first class United States mail, using the last known address obtainable from Defendant's records as updated by the Settlement Administrator using the National Change of Address (NCOA) service. For any Notice returned for the first time by the postal service with a new address provided by the postal service, the Settlement Administrator shall utilize the new address and mail the Notice a second time. For any Notice returned for the first time by the postal service without a new address provided by the postal service, the Settlement Administrator may utilize such reasonable means as he deems appropriate to obtain a current address for the Class Member in question and, if such a new address can be found, shall mail the Notice a second time. The Settlement Administrator shall thereafter have no further obligations to seek a current address. The Parties agree that notification by these means, together with the Publication Notice described in Paragraph 3.06, is the best notice practicable and is reasonably calculated to apprise Class Members of the pendency of the Litigation and this Settlement.

3.06 Publication Notice. Within ten (10) days of mailing of the Notice, or as directed by the Courts, Defendant and/or the Settlement Administrator shall cause the Publication Notice of the pendency of this Litigation and the proposed Settlement to be published in USA Today.

3.07 Class Member Opt-Out Rights.

(a) In addition to such other matters as the Courts may require, the Notice shall apprise Class Members of the pendency and proposed Settlement of the Litigation and of the material terms of the Agreement (in summary form) and that any Class Member who wishes to be excluded from the proposed Settlement Class and the Settlement may exclude himself or herself by stating, in writing, that he or she chooses to "opt-out" and mailing such written statement to the Settlement Administrator.

(b) The statement requesting exclusion from the proposed Settlement Class and the Settlement must be postmarked no later than fifty (50) days after the Date of the Notice by Mail and must sufficiently identify the person requesting exclusion. In the case of individuals requesting exclusion, such identification shall include the person's name, address and social security number. In the case of corporations or other legal entities (including partnerships or associations) requesting exclusion, the requisite identification shall include the entity's name, principal place of business and tax identification number. For both individuals and corporations or other legal entities, the request for exclusion also must include the account number and the signature of the individual or an authorized signer for the entity requesting exclusion. A request

for exclusion shall not be effective unless it is sent within the time and in the manner described above.

(c) Any Class Member choosing to be excluded from the Settlement in accordance with the foregoing provisions of this Paragraph will not receive any of the benefits of this Settlement, if it is approved, and his/her claims will not be included in this Settlement in any way whatsoever. If a Class Member does not exclude himself/herself, he/she will be bound by the terms of this Agreement, if it is approved, including the release and covenant not to sue provisions hereof, and will be included in, and bound by, any order and judgment entered pursuant to the settlement, even if he/she does not file a Proof of Claim or if his/her Proof of Claim is not accepted. Any person who files a Proof of Claim waives the right to exclude himself/herself from the Settlement.

(d) The Settlement Administrator, together with Class Counsel and Defendant's Counsel, shall prepare a list of the persons who have validly excluded themselves from the Settlement Class and shall file that list with the Clerk of the Alabama Court at least ten (10) business days prior to the Alabama Settlement Fairness Hearing and with the Clerk of the California Court at least ten (10) business days prior to the California Settlement Fairness Hearing. If more than fifty (50) prospective Class Members have served notice that they elect to opt-out of the Settlement then Defendant, at its sole discretion, may terminate this Agreement on notice to Class Counsel given at any time at least three (3) business days prior to the first Settlement Fairness Hearing held.

3.08 Right to Object. In addition to such other matters as are set forth above, the Notice shall apprise Class Members of their right to object. Objections by Alabama Class Members shall be presented to the Alabama Court, and objections by California Class Members shall be presented to the California Court. Any Class Member who wishes to object to any of the terms of the Settlement and who has not excluded himself or herself from the Settlement Class may file a written objection with the Clerk of the appropriate Court. Objections must be postmarked within fifty (50) days of the Date of the Notice by Mail, and copies of all papers filed with the Courts must be served on Class Counsel and counsel for Defendant. Class Members who wish to make an oral statement in opposition to the approval of the Settlement are required to state in their written objection their intention to appear before the appropriate Court at its Settlement Fairness Hearing. Persons who intend to object to the Settlement and desire to present evidence at a Settlement Fairness Hearing must include in their written objections the identity of the witnesses whom they may call to testify and must attach true copies of exhibits they intend to offer into evidence at the Settlement Fairness Hearing. All objections must contain the following: (i) the objector's name, address, telephone number and lease number; (ii) in the case of individuals, the objector's social security number, and in the case of corporations and other legal entities, the tax identification number; (iii) the name and number of the Alabama Action or the California Action (as applicable); (iv) the factual basis and legal grounds for the objection; and (v) the signature of the individual or the authorized signer for the entity that is objecting.

ARTICLE IV

FINAL APPROVAL OF SETTLEMENT

4.01 Alabama Order and Final Judgment. Ten (10) days prior to the Alabama Settlement Fairness Hearing, as set by the Alabama Court, the Parties will petition the Alabama Court for an Alabama Order and Final Judgment which will:

(a) find that, for settlement purposes only, the Alabama Action may be maintained as a class action on behalf of the Alabama Class;

(b) find that the Alabama Representative Plaintiff fairly and adequately represents the interests of the Alabama Class;

(c) find that the Alabama Class Counsel adequately represents the Alabama Representative Plaintiff and the Alabama Class;

(d) find that the Notice and Publication Notice satisfy the requirements of due process, the Alabama Rules of Civil Procedure, and other law;

(e) find that the Settlement is fair, reasonable and adequate to the Alabama Class, and that each Alabama Class Member (except those who have excluded themselves from the Settlement Class in a timely and proper manner in accordance with the procedures set forth in Paragraph 3.07 of this Agreement) shall be bound by the Settlement, including the release and covenant not to sue contained herein, and conclude that this Agreement should be, and is, approved;

(f) dismiss, on the merits and with prejudice, all claims in the Alabama Action, and permanently enjoin each and every Alabama Class Member who has not opted-out of the Settlement Class in a timely and proper manner from bringing, joining and/or continuing to prosecute against any Released Party any Settled Claims for which a release and covenant not to sue is being given hereunder, and enter final judgment thereon;

(g) retain jurisdiction of all matters relating to the modification, interpretation, administration, implementation, effectuation and enforcement of this Agreement; and

(h) award attorneys' fees and costs to Alabama Class Counsel, as described in this Agreement.

4.02 California Order and Final Judgment. Ten (10) days prior to the California Settlement Fairness Hearing, as set by the California Court, the Parties will petition the California Court for a California Order and Final Judgment which will:

(a) find that the California Action, for purposes of this settlement, may be maintained as a class action on behalf of the California Class;

(b) find that the California Representative Plaintiff fairly and adequately represents the interests of the California Class, as well as the general public under Cal. Bus. & Prof. Code Section 17200, *et seq.*;

(c) find that the California Class Counsel adequately represent the California Representative Plaintiff and the California Class, as well as the general public under Cal. Bus. & Prof. Code Section 17200, *et seq.*;

(d) find that the Notice and Publication Notice satisfy the requirements of due process, the California Code of Civil Procedure, and other law;

(e) find that the Settlement is fair, reasonable and adequate to the California Class, and that each California Class Member (except those who have excluded themselves from the Settlement Class in a timely and proper manner in accordance with the procedures set forth in Paragraph 3.07 of this Agreement) shall be bound by the Settlement, including the release and covenant not to sue contained herein;

(f) find that the Settlement represents a fair resolution of all claims asserted in a representative capacity on behalf of the California Class and on behalf of the California general public, pursuant to Cal. Bus. & Prof. Code § 17200 *et seq.*, and shall fully and finally resolve all such claims to the extent that the California Class and the general public may have an interest therein;

(g) conclude that this Agreement should be, and is, approved;

(h) dismiss, on the merits and with prejudice, all claims in the California Action, and permanently enjoin each and every California Class Member who has not opted-out of the Settlement Class in a timely and proper manner from bringing, joining and/or continuing to prosecute against any Released Party any Settled Claims for which a release and covenant not to sue is being given hereunder, and enter final judgment thereon;

(i) retain jurisdiction of all matters relating to the modification, interpretation, administration, implementation, effectuation and enforcement of this Agreement; and

(j) award attorneys' fees and costs to California Class Counsel, as described in this Agreement.

4.03 Disapproval. This Agreement is expressly conditioned upon court approval, including final approval by both the Alabama Court and the California Court. In the event that Orders and Final Judgments approving this Agreement and the Settlement provided for herein are not entered by both the Alabama and California courts, or such Orders do not become final pursuant to the terms of this Agreement, or for any reason the Settlement is terminated before the Effective Date or the Effective Date otherwise does not occur before December 31, 2005, then this Agreement and the Settlement shall become null and void and of no further force and effect (except as otherwise expressly provided herein). In the event any court disapproves or sets aside this Agreement or any material part hereof for any reason, or holds that it will not enter or give effect to an Order and Final Judgment in the form described herein, or holds that the entry of an

Order and Final Judgment or any material part thereof should be overturned or modified in any material way, then:

(a) if all Parties do not agree jointly to appeal such ruling, or if the Defendant in its sole and absolute discretion does not agree within thirty (30) days of such ruling to modifications of this Agreement and/or the Order in question, this Agreement shall terminate; or

(b) if all Parties do agree jointly to appeal such ruling, and if the Order in question or its equivalent in all material respects is not in effect after the termination of all proceedings arising out of such appeal, and if Defendant in its sole and absolute discretion does not agree within thirty (30) days of such termination to modifications of the Agreement and/or the Order in question as directed on appeal, this Agreement shall terminate.

ARTICLE V

RELEASE, COVENANT NOT TO SUE AND WAIVER

5.01 Upon the Effective Date, and in consideration of the Benefits and other consideration set forth above, Releasors shall automatically and without further action or notice be deemed to have released and forever discharged Released Parties from any and all Settled Claims whether or not the Class Member executes and delivers a Proof of Claim, unless such Class Member timely and properly requests exclusion from the Settlement Class in accordance with the procedures established in Paragraph 3.07 hereof (the "Release").

5.02 Upon and after the Effective Date, each Releasor automatically and without further action or notice covenants not to commence, maintain or assert against Released Parties or any of them, either directly or indirectly, derivatively, on their own behalf, or on behalf of the Settlement Class or any other alleged class or any other person or entity, any Settled Claims ("Covenant Not to Sue").

5.03 The Representative Plaintiffs and Defendant expressly understand and acknowledge that it is possible that unknown losses or claims exist or might come to exist or that present losses may have been underestimated in amount, severity, or both. The Representative Plaintiffs and Defendant explicitly took that into account in entering into this Settlement. A portion of the consideration and the mutual covenants contained herein, having been bargained for between the Representative Plaintiffs and Defendant, with the knowledge of the possibility of such unknown claims, was given in exchange for a full accord, satisfaction, release and discharge of all such claims.

5.04 Releasors are deemed expressly to understand provisions and principles of law such as Section 1542 of the Civil Code of the State of California (as well as any and all 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 or comparable to Section 1542), which Section provides: "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor." To the extent that, notwithstanding the choice of law provision in this Settlement Agreement, California or other law may be applicable, Releasors are hereby deemed to agree that the provisions of Section 1542 and all similar federal

or state laws, rights, rules, or legal principles of California or any other jurisdiction that may be applicable herein, are hereby knowingly and voluntarily waived and relinquished by Releasors, and Releasors hereby agree and acknowledge that this is an essential term of this Release.

5.05 Nothing in this Release and Covenant Not to Sue shall preclude any action to enforce the terms of the Settlement Agreement.

5.06 Releasors are hereby deemed to agree and acknowledge that the provisions of this Release and Covenant Not to Sue together constitute an essential term of the Settlement Agreement, and will be included in the Orders and Final Judgments entered by the Courts.

5.07 Except as specifically provided in Paragraph 2.06 hereof, Defendant reserves its rights to collect any and all amounts (including, but not limited to, lease charges, principal, interest, attorneys' fees and other costs and charges) owed by any Class Member, including the Representative Plaintiffs, pursuant to the terms of such Class Member's Subject Lease (or any other agreement) with Defendant. Neither Defendant nor any of Defendant's Predecessors nor any predecessor or successor-in-interest or assignee of Defendant or Defendant's Predecessors (nor any of their Affiliates) releases herein, or hereby, any claim which any or all of them may have against any Class Member or any other person, nor releases any lien which it may have against any or all of the property of the Class Members or any other person. This Agreement in no way voids or abrogates the contractual obligations of any Class Member, including the Representative Plaintiffs, or of Defendant regarding the full, complete and timely performance of any and all terms of the Subject Leases between Defendant and the Class Member.

5.08 Except as provided hereinabove, upon the Effective Date, the Release, Waiver and Covenant Not to Sue contained in this Article V shall automatically and without further action or notice become the valid and enforceable release, waiver and covenant of each Releasor.

ARTICLE VI

DISTRIBUTION OF FUNDS

6.01 Payment of Attorneys' Fees and Costs. Within fourteen (14) days following the Effective Date, the Settlement Administrator and/or the Defendant shall pay to Class Counsel the Attorneys' Fees, Attorneys' Costs and Expenses, and Future Benefits Attorneys' Fees awarded by the Court.

6.02 Distribution of Benefits to Class Members. On or before the Distribution Date, the Settlement Administrator and/or the Defendant shall distribute the Drafts, Cash Payments, and Credits provided for in Article II above to the Class Members entitled to such Benefits. Distributions in the forms of Drafts and Cash Payments may be made by first class mail, postage prepaid, postmarked on or before the Distribution Date. Distribution in the form of Credits shall be posted to each respective Class Member's account with Defendant on or before the Distribution Date.

6.03 Payment of Compensation to Representative Plaintiffs. Within fourteen (14) days following the Effective Date, the Settlement Administrator and/or the Defendant shall distribute the compensation provided for in Paragraph 2.08 above to the Representative Plaintiffs.

ARTICLE VII

MISCELLANEOUS

7.01 Termination. Upon any termination of this Agreement as provided for herein, this Agreement shall become null and void. In such event, the Litigation may continue, but this Agreement, and all papers or information of any kind (and any methodologies, documents (including the terms thereof) or related discussions), notwithstanding the form thereof, submitted or provided by or on behalf of any Party in connection with this Agreement or the settlement process, or testimony concerning same, shall be returned to that Party forthwith without retention by any other Party of copies, abstracts, or notes thereof and, except to the extent such material or information is legally and independently developed in future discovery proceedings, shall not be offered or submitted in evidence or used, referred to, cited, presented or otherwise involved for any purpose in any proceeding; and any and all orders entered pursuant to or in connection with this Agreement shall be vacated, including, without limitation, any order certifying or approving certification of the Settlement Class. The Parties' entry into this Agreement and the provision by the Parties of any documents or information, in whatever form, pursuant to this Agreement or in connection with the settlement process shall not constitute a waiver of work product, settlement, or any other privilege and is without prejudice in any way to that Party's positions on any substantive, procedural or other issues in this Litigation including, in the event this Agreement terminates, the Party's freedom to utilize and develop any methodologies, calculations and documents in connection with this Litigation.

7.02 Counterparts. This Agreement may be executed in one or more counterparts and, if so executed, the various counterparts shall be and constitute one instrument for all purposes and shall be binding on the Party which executed it, provided, however, that no Party shall be bound unless and until all Parties have executed this Agreement. For convenience, the several signature pages may be collected and annexed to one or more documents to form a complete counterpart. Photocopies of executed copies of this Agreement may be treated as originals.

7.03 Binding Effect. Each and every term of this Settlement Agreement shall (according to its terms) be binding upon, and inure to the benefit of, the Class Members, any of their successors and personal representatives, Defendant, Defendant's Predecessors and the other Released Parties, which persons and entities are intended beneficiaries of this Agreement.

7.04 No Publicity. Class Counsel and Plaintiffs represent and warrant that they will not cause, seek or encourage any publicity relating to the Settlement of this Litigation or the terms thereof (other than the provision of Notice in accordance with the terms hereof and any other element of Notice that may be ordered by the Court) and that they will not disseminate copies of this Agreement except to and upon request by Class Members. Without limiting the generality of the foregoing, Class Counsel may respond to unsolicited inquiries about this Litigation and Settlement by referring to this Settlement Agreement as a complete expression of the Parties' understanding and as a satisfactory, fair, and reasonable settlement of the Litigation.

7.05 Amendment. This Agreement shall not be amended or modified orally. This Agreement may be amended or modified without the consent or approval of any non-signatory by a writing signed by all signatories hereto. Plaintiffs have authorized Class Counsel to make

any and all changes to this Agreement and to sign any and all amendments and modifications on their behalf.

7.06 Time Periods. The time periods and/or dates described in this Settlement Agreement with respect to the giving of Notice and hearings are subject to approval and change by the Court with the approval of the Parties, or by agreement of the Parties. All time periods shall be calculated in accordance with Rule 6 of the Alabama Rules of Civil Procedure.

7.07 Limitation of Agreement. This Agreement may not be relied upon for any purpose by, and does not create any rights in, any person who is not a Class Member, Defendant, Releasor, or Released Party.

7.08 Not a Penalty. The Parties agree that all payments made by Defendant pursuant to this Agreement do not constitute and shall not be considered the payment of a fine or penalty (or an amount paid in settlement or in lieu thereof).

7.09 State Law. This Agreement shall be interpreted in accordance with the laws of the State of Alabama, without regard to its rules of choice of law.

7.10 Communications. All requests, demands, claims and other communications hereunder shall (i) be in writing; (ii) be delivered personally, by confirmed courier delivery or by facsimile; (iii) be deemed to have been duly given on the date received; and (iv) be addressed to the intended recipient as set forth below:

If to Plaintiffs or the Settlement Class:

Edward A. Dean, Esq.
Armbrrecht Jackson LLP, P.O. Box 290,
Mobile, AL, 36601

and to

Banks C. Ladd, Esq.
P.O. Box 1254
Mobile, AL 36633

and to

M.D. Scully, Esq.
Gordon & Rees, LLP
101 West Broadway, Suite 1600
San Diego, CA 92101

If to Defendant:

John R. Chiles, Esq.
Burr & Forman, LLP
3100 Southtrust Tower

420 North 20th Street
Birmingham, AL 35203

and to

Mack B. Binion, Esq.
Briskman & Binion
205 Church Street
Mobile, AL 36602

and to

Darrel Hieber, Esq.
Skadden, Arps, Slate,
Meagher & Flom LLP
300 S. Grand Avenue, Suite 3400
Los Angeles, CA 90071

Any Party may change the address to which requests, demands, claims, or other communications hereunder are to be delivered by giving the other Parties notice in the manner herein set forth.

7.11 Entire Agreement. This Agreement (including the Exhibits hereto) constitutes the full and entire agreement between the Parties with regard to the subject matter hereof, and supersedes any prior promises, representations, or warranties (oral or otherwise) made by any person. No Party shall be liable or bound to any other Party for, or has relied on any other Party with respect to, any prior or contemporaneous representation, promise or warranty (oral or otherwise) except for those expressly set forth in this Agreement.

7.12 No Admission. Plaintiffs, the Class Members and Defendant agree that this Agreement, the Settlement provided for herein, and any negotiations, communications, or proceedings in connection herewith or therewith, are not, and shall not be construed or invoked by anyone as, an admission of liability or wrongdoing on the part of Defendant, Defendant's Predecessors, or its Co-Defendants or as an admission as to the validity of any claim asserted against Defendant, Defendant's Predecessors, or its Co-Defendants. This Agreement is subject to Rule 408 of the Federal Rules of Evidence and all comparable state rules of evidence, and neither this Agreement (including the Exhibits hereto) nor any orders or documents contemplated herein or related hereto nor any of the terms hereof or thereof shall be offered or received in evidence in any proceeding as an admission of liability or wrongdoing on the part of Defendant, its Predecessors, or its Co-Defendants. Defendant expressly disclaims and denies any wrongdoing whatsoever and states that it has entered into this Agreement solely to avoid the inconvenience and expense of protracted and costly litigation.

7.13 Covenants Of Class Counsel. The undersigned Class Counsel expressly acknowledge that the following conduct would constitute a conflict of interest with the interests

of the Settlement Class, which they represent herein, and with the positions taken herein as to the fairness and reasonableness of this Settlement: the representation of any individual who is a potential Class Member (i) who challenges or intends to challenge in any way the Settlement described in this Agreement; or (ii) who elects to be excluded from the Settlement Class and who does not participate in the Settlement.

7.14 Return of Documents and Materials. Within five (5) days after the Effective Date, Class Counsel and the Representative Plaintiffs shall return to Defendant and the Co-Defendants, as the case may be, all documents and other materials, including, without limitation, any electronic documents and files, produced by Defendant and the Co-Defendants in the Alabama Action and the California Action. Said return shall be effected by delivering all documents and other materials to Defendant's Counsel or, at the option of Defendant's Counsel, by destroying all copies of such documents and other materials. Within that same time, Class Counsel and the Representative Plaintiffs shall also destroy all copies of documents and other materials produced by any non-party in the California Action or the Alabama Action. Within ten (10) days after the Effective Date, Class Counsel and the Representative Plaintiffs shall certify compliance with the requirements of this Paragraph in a writing addressed to Defendant's Counsel.

7.15 No Waiver. The failure of any Party to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, or any other provision, nor in any way to affect the validity of this Agreement or any part hereof, or the right of any Party thereafter to enforce that provision or each and every other provision. No waiver of any breach of this Agreement shall constitute or be deemed a waiver of any other breach.

7.16 Headings. The headings herein are for convenience only and shall not affect the interpretation or construction of this Agreement.

7.17 Ambiguity Not To Be Construed Against Any Party. For the purpose of construing or interpreting this Agreement, the Agreement is deemed to have been drafted equally by all Parties, and shall not be construed strictly for or against any Party.

IN WITNESS WHEREOF, this Agreement has been executed by the undersigned as of the day and year first written above.

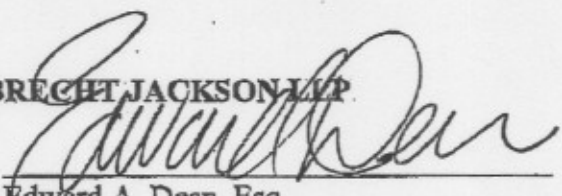
AGREED TO AND APPROVED:

**ON BEHALF OF THE REPRESENTATIVE
PLAINTIFFS, THE SETTLEMENT CLASS,
AND CLASS COUNSEL:**

Date: June 17, 2004

ARMBRECHT JACKSON LLP

By:


Edward A. Dean, Esq.
P.O. Box 290
Mobile, AL, 36601

Class Counsel and Counsel for General
Resource Corporation

STATE OF AL. MOBILE CO.
I CERTIFY THIS
PLEADING WAS FILED ON


2004 JUN 17 A 10:19


CLERK CIRCUIT COURT

Date: June 17th, 2004

BANKS C. LADD, ESQ.

By:


Banks C. Ladd, Esq.

P.O. Box 1254

Mobile, AL 36633

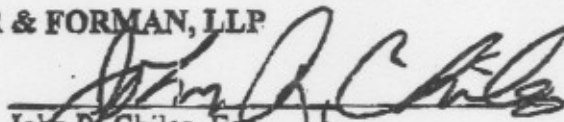
Class Counsel and Counsel for General
Resource Corporation

**ON BEHALF OF CITICORP VENDOR
FINANCE, INC.:**

Date: June 16, 2004

BURR & FORMAN, LLP

By:

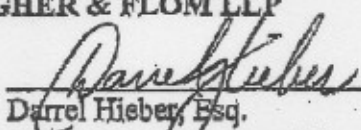

John B. Chiles, Esq.
3700 Southtrust Tower
420 North 20th Street
Birmingham, AL 35203

Counsel for Citicorp Vendor Finance, Inc.

Date: June 17 2004

**SKADDEN, ARPS, SLATE,
MEAGHER & FLOM LLP**

By:


Darrel Hieber, Esq.

300 S. Grand Avenue, Suite 3400
Los Angeles, CA 90071

Counsel for Citicorp Vendor Finance, Inc.