

Company Statement on Lawsuit Verdict

A Colorado State Court jury in Denver found Brown Group Retail, Inc. partially responsible for alleged environmental impacts on a neighborhood near a former Redfield site. The jury entered a verdict against Brown of \$1,007,000 for non-economic damages. The jury did not award any punitive damages or damages for loss of property values. The plaintiffs had sought more than \$380 million, including punitive damages.

Brown maintains that it has worked diligently and in cooperation with the Colorado Department of Public Health and Environment to address the environmental impacts in the neighborhood.

At issue in the case were allegations of decreased property values, annoyance, discomfort and loss of use and enjoyment. Brown and its experts maintain real estate values in the area have not been adversely affected. Sales data show that homes have sold for at or near list prices. Comparisons with similar neighborhoods showed homes are selling for comparable prices. And, Brown has worked closely with its neighbors to ensure minimal disruption during the testing and remediation.

While Brown operated the Redfield facility only 5 of the 41 years the building was used for manufacturing, it has taken full responsibility for cleanup and has paid approximately \$10 million to investigate and remediate the contamination, tested more than 719 homes and installed remediation systems on its property, in the neighborhood, and in 372 homes to date. The company has and continues to work under the oversight of the Colorado Department of Public Health and Environment. The company is continuing installation of a cleanup system in the neighborhood that will, over time, break down and clean solvents from the groundwater. In 2000, Brown installed a remediation system that stopped contamination from entering the neighborhood. More than 17 million gallons of groundwater have been cleaned since then.