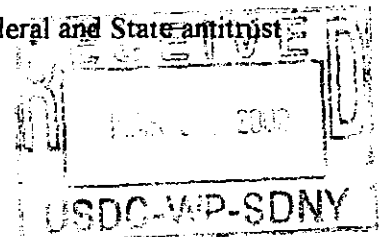


SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP INC.
AND PLAINTIFF STATES

This Settlement Agreement is made and entered into this 6th day of March, 2000, by and between the States, Commonwealths, Territories and Possessions of Alabama, Alaska, American Samoa, Arkansas, Arizona, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Guam, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Maine, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Jersey, New Mexico, New York, Nevada, New Hampshire, North Dakota, North Carolina, Northern Mariana Islands, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virgin Islands, Virginia, Washington, West Virginia, Wisconsin, and Wyoming ("States") through their respective Attorneys General, and Nine West (as defined in Section I.B. below). The terms of this Agreement shall be available to all states, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands as provided under the terms of Section IX. herein. Any State electing to join in the terms of the Settlement Agreement shall do so by executing a signature page which shall be annexed to this Agreement.

WHEREAS, the States will file a Complaint against Nine West and John Does 1 through 500 for damages, penalties and injunctive relief, on their own behalf, as *parens patriae* on behalf of natural person citizens of those States who purchased Nine West products during the period January 1, 1988 through July 31, 1999, and on behalf of any additional states, commonwealths, possessions or territories which join in this Settlement Agreement pursuant to Section IX., alleging an unlawful agreement to fix, maintain or stabilize resale prices of Nine West Products, as defined in Section I.G. below, during the period January 1, 1988 - July 31, 1999, in violation of federal and State antitrust



laws;

WHEREAS, Nine West denies the allegations set forth in the complaint;

WHEREAS, the States and Nine West have determined it to be in their best interests to resolve this dispute and enter into this Settlement Agreement;

NOW, THEREFORE, WITNESSETH:

I. DEFINITIONS

As used herein:

A. "Dealer" means any person, corporation or firm not owned by Nine West that in the course of its business sells Nine West Products to consumers in or into the United States of America and its territories and possessions.

B. "Nine West" means Nine West Group Inc., its parent, Jones Apparel Group, Inc., and Nine West Group Inc.'s affiliates, subsidiaries, divisions and other organizational units of any kind, that sold Nine West Products as defined herein, their successors and assigns and their present officers, directors, employees, agents, representatives and other persons acting on their behalf. As used herein, "Nine West" shall not be construed to bring within the terms of Section III. of this agreement any product that bears (or is marketed in packaging that bears) a trademark owned by Jones Apparel Group, Inc., or any of its predecessors, subsidiaries, units, divisions or affiliates other than Nine West Group Inc.

C. "Distribution Plan" means the plan or method of allocation of the Settlement Account among the Plaintiff States. For each Plaintiff State, the provisions of the Distribution Plan applicable to that State shall be consistent with, and at the level of detail and specificity permitted by the laws

of that State. This plan will be submitted to the Court separate from the Settlement Agreement and is not part of this Settlement Agreement.

D. "Final" means: (i) the date of final affirmance on an appeal of the Final Judgment and Consent Decree (attached as Attachment A), the expiration of the time for a petition for, or a denial of, a writ of certiorari to review the Judgment and, if certiorari is granted, the date of final affirmance for the Judgment following review pursuant to that grant; or (ii) the date of final dismissal of any appeal from the Judgment or the final dismissal of any proceedings on certiorari to review the Judgment; or (iii) if no appeal is filed, the expiration date of the time for the filing or noticing of any appeal from the Court's Judgment approving the Settlement Agreement substantially in the form of Attachment A hereto, *i.e.*, thirty (30) days after entry of the Judgment. Any proceeding or order, or any appeal or petition for a writ of certiorari pertaining solely to the Distribution Plan and/or application for attorneys' fees, costs or expenses, shall not in any way delay or preclude the Judgment from becoming final.

E. "State Liaison Counsel" or "Liaison Counsel for Plaintiff States" means the Attorney General of the State of New York.

F. "Plaintiff States" means any State, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands, which originally signs on to or opts to enter into the terms of this Agreement as provided in Section IX. hereof in their sovereign capacity and as *parens patriae* on behalf of all natural person citizens of such States who have purchased Nine West Products during the Relevant Period.

G. "Nine West Products" means all women's footwear products offered for sale to consumers located in the United States of America and U.S. territories and possessions, or to Dealers,

by Nine West.

H. "Released Claims" shall mean all claims, demands, rights, liabilities, and causes of action of every nature and description whatsoever, both statutory and common law, known or unknown, arising under the federal and state antitrust laws, or price-fixing claims arising under state or federal unfair acts, practices or competition laws, asserted or that could have been asserted, by the Plaintiff States arising from the facts, transactions, events, occurrences, acts, disclosures, statements, omissions, or failures to act alleged in the Complaint. Specifically, "Released Claims" shall only include claims related to a conspiracy or conspiracies to fix the retail price of Nine West Products, and shall not include claims related to (by way of example and without limitation) deceptive marketing or defective product.

I. "Relevant Period" means the period from January 1, 1988 through July 31, 1999.

J. "Resale Price" means any price, price floor, price ceiling, price range, or any mark-up formula, or margin of profit used by any Dealer for pricing any Nine West Products. Such term includes, but is not limited to, any suggested, established or customary resale price, as well as the retail price advertised, promoted or offered for sale by any Dealer.

K. "Settlement Account" means an interest-bearing escrow account established by Plaintiff States and administered by an Escrow Agent appointed pursuant to Section V.A. for the purpose of implementing this Settlement Agreement. The principal of the Settlement Account shall be funded as described in Section IV.

L. "State Administration Costs" means those costs to be paid from the Settlement Account in connection with the administration of this Settlement, including notice by publication, administrative tasks, Plaintiff States' attorneys' and expert witness fees, and investigative costs.

II. AGREEMENT

Subject to the approval of the Court, the parties agree to compromise, settle and resolve fully and finally on the terms set forth herein, all Released Claims.

III. INJUNCTION

A. For a period of five (5) years from the date the Final Judgment and Consent Decree (Attachment A) is entered, Nine West will not enter into any contract, combination, conspiracy, agreement or arrangement with any Dealer to fix, lower, raise, peg, maintain or stabilize the Retail Prices at which Nine West Products are advertised, promoted, offered for sale, or sold to end-user consumers.

B. For a period of five (5) years from the date the Final Judgment and Consent Decree (Attachment A) is entered, Nine West will not require, coerce, or otherwise pressure any Dealer to maintain, adopt, or adhere to any Resale Price. Notwithstanding the foregoing, Nine West retains the right to terminate unilaterally any Dealer for lawful business reasons that are not inconsistent with this or any other section of this Settlement Agreement or the Final Judgment and Consent Decree.

C. For a period of five (5) years from the date the Final Judgment and Consent Decree (Attachment A) is entered, Nine West will not secure or attempt to secure any commitment or assurance from any Dealer concerning the Resale Price at which the Dealer may advertise, promote, offer for sale, or sell any product.

D. For a period of five (5) years from the date the Final Judgment and Consent Decree (Attachment A) is entered, Nine West will not adopt, maintain, enforce, or threaten to enforce any policy, practice, or plan pursuant to which Nine West notifies a Dealer that: (1) the Dealer is subject to partial or temporary suspension or termination if it sells, offers for sale, promotes, or advertises

any product below any Resale Price designated by Nine West, and (2) the Dealer will be subject to a greater sanction if it continues or renews selling, offering for sale, promoting, or advertising any product below any such designated Resale Price. As used herein, the phrase "partial or temporary suspension or termination" includes but is not limited to any disruption, limitation, or restriction of supply: (1) of some, but not all, products, or (2) to some, but not all, Dealer locations or businesses, or (3) for any limited duration. As used herein, the phrase "greater sanction" includes but is not limited to a partial or temporary suspension or termination of greater scope or duration than the one previously implemented by Nine West, or complete suspension or termination.

E. Within thirty (30) days after the date the Final Judgment and Consent Decree (Attachment A) is entered, Nine West will send the letter affixed as Attachment B hereto to all of its then current Dealers of Nine West Products.

F. For a period of five (5) years from the date the Final Judgment and Consent Decree (Attachment A) is entered, Nine West shall mail by first class mail the letter affixed as Attachment B hereto to each new Dealer within ninety (90) days of such Dealer's affiliation with Nine West.

G. For a period of five (5) years from the date the Final Judgment and Consent Decree (Attachment A) is entered, Nine West shall notify its Dealers of Nine West Products that it is their right to determine independently the prices at which they will advertise and sell Nine West Products to end-user consumers. Nine West shall provide this notice by affixing a notice of disclosure (the "Disclosure") to every list of suggested retail prices and minimum advertised prices for any Nine West Products printed subsequent to the date of entry of the Final Judgment and Consent Decree and provided to Dealers. The Disclosure shall clearly and conspicuously state the following on any list, advertising, book catalogue or promotional material for Nine West Products where Nine West has

suggested any Resale Price to any Dealer:

ALTHOUGH NINE WEST GROUP INC. MAY SUGGEST RESALE PRICES FOR PRODUCTS, RETAILERS ARE FREE TO DETERMINE ON THEIR OWN THE PRICES AT WHICH THEY WILL ADVERTISE AND SELL NINE WEST PRODUCTS.

H. Nine West will notify the Plaintiff States at least thirty (30) days prior to any proposed changes such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries, or any other change in the corporation which may affect compliance obligations arising out of this Settlement Agreement and the Final Judgment and Consent Decree. Nothing in this paragraph shall relieve Nine West or any successor corporation from its obligations under this Settlement Agreement.

I. Neither this Settlement Agreement nor the Final Judgment and Consent Decree (Attachment A) shall be construed to limit the right of Nine West to preannounce or suggest to its Dealers or distributors Resale Prices for Nine West Products and to unilaterally refuse to deal with those who sell at another price or to engage in any other behavior that is otherwise permitted by federal and state antitrust laws.

J. Nine West consents to an injunction issued by the Court requiring it to comply with the provisions of this agreement.

IV. MONETARY PAYMENT

A. Nine West agrees to pay to the Plaintiff States the total sum of \$ 34 million in full and final settlement of Plaintiff States' claims as set forth in Section II above and in the Complaint. This amount shall be paid to the Plaintiff States, c/o the Escrow Agent appointed pursuant to Section V.A.

herein. The payment shall be made within 7 business days following execution of this agreement. The Escrow Agent shall establish the Settlement Account from the monies received from Nine West under this Section. These monies, plus any accrued interest, shall be used to fund the consumer distribution as described in Section VI.B. herein and to pay for notice, administration, and other costs of this settlement as described in Section VI.A. herein. Of the amount paid into the Settlement Account, the Escrow Agent shall set aside \$30.5 million for consumer distribution as described in Section VI.B herein. The Escrow Agent shall only distribute the amount set aside for consumer distribution pursuant to a Court-approved Distribution Plan which has become Final within the meaning of Section I.D. above, and after all appeals, if any, and rights thereto, have been exhausted.

B. The \$34 million to be paid by Nine West shall be reduced proportionately by the percentage of the national population, based on the most recent available population figures from the United States Census Bureau, attributable to the States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands that do not exercise their option to enter into this Agreement under the procedures set forth in Section IX. In such event, the escrow agent shall refund the amount of the reduction, plus the accrued interest attributable to that amount, to Nine West within five (5) business days of the filing of the Plaintiff States' motion for preliminary approval.

C. Nine West warrants that, as of the date of this Settlement Agreement, it is not insolvent, nor will its payment to the Settlement Account render it insolvent within the meaning of and/or for the purposes of the United States Bankruptcy Code. If a case is commenced with respect to Nine West under Title 11 of the United States Code (Bankruptcy), or a trustee, receiver or conservator is appointed under any similar law, and in the event of the entry of a final order of a court

of competent jurisdiction determining the payment of the principal amount of the Settlement Account and any accrued interest, or any portion thereof, by or on behalf of Nine West, to be a preference, voidable transfer, fraudulent transfer or similar transaction, and if pursuant to an order of a court of competent jurisdiction monies paid by Nine West pursuant to this agreement are either not delivered or are returned to Nine West or the trustee, receiver, or conservator appointed by a court in any bankruptcy proceeding with respect to Nine West, the releases given and judgment entered in favor of Nine West pursuant to this Settlement Agreement shall be null and void.

D. Nine West is making all payments described in this Agreement solely as compensatory damages. Plaintiff States have not included the imposition of criminal or civil fines or penalties (or payments in lieu thereof) as part of this Settlement. Payments hereunder do not constitute, nor shall they be construed as or treated as, payments in lieu of treble damages, fines, penalties, punitive recoveries or forfeitures.

V. SETTLEMENT ADMINISTRATION

A. The Escrow Agent for the Settlement Account shall be determined by the Plaintiff States by separate written agreement. The Escrow Agent shall invest the Settlement Account in obligations of, or obligations guaranteed by, the United States of America or any of its departments or agencies, to obtain the highest available return on investment, and shall reinvest the proceeds of these instruments as they mature in similar instruments at their then current market rates. Nine West shall not bear any risk associated with investment of the funds in the Settlement Account. The Escrow Agent's liability for risk associated with investment of funds in the Settlement Account shall be specified in the escrow agreement entered into between the Plaintiff States and the Escrow Agent.

B. The Escrow Agent shall not disburse the funds of the Settlement Account except as

provided in this Settlement Agreement, by an order of the Court, or with the written agreement of counsel for Plaintiff States and Nine West.

C. All funds held by the Escrow Agent shall be deemed to be in *custodia legis* of the Court, and shall remain subject to the jurisdiction of the Court, until the funds shall be distributed pursuant to the Settlement Agreement and/or further order(s) of the Court.

D. If this Settlement Agreement is not approved or is terminated, canceled, voided or fails to become effective, all monies paid into the Settlement Account, including the entire amount set aside for consumer distribution, and any interest accrued thereon, shall be refunded to Nine West, reduced by the amount of actual out-of-pocket costs and expenses incurred in the administration of this Settlement to the date of disapproval, cancellation or termination, or voiding. In such event, Plaintiff States shall retain full rights to assert any and all causes of action against Nine West and all Dealers of Nine West Products, and Nine West shall retain any and all defenses thereto. In the case of cancellation, termination or voiding of the Settlement Agreement, refund shall occur within five (5) business days of the cancellation, termination or voiding. In the case of disapproval by the Court, refund shall occur within five (5) business days of the Court's decision becoming Final, as defined in Section I.D. above.

E. Tax Treatment of Settlement Account

1. Settling Parties and Escrow Agent agree to treat the Settlement Account as being at all times a "qualified settlement fund" within the meaning of Treas. Reg. § 1.468B-1. In addition, the Escrow Agent and, as required, settling parties shall jointly and timely make such elections as necessary or advisable to carry out the provisions of this Section V.E., including the "relation-back election" (as defined in Treas. Reg. § 1.468B-1), back to the earliest permitted date. Such elections

shall be made in compliance with the procedures and requirements contained in such regulation. It shall be the responsibility of the Escrow Agent to timely and properly prepare and deliver the necessary documentation for signature by all necessary parties, and thereafter to cause the appropriate filing to occur.

2. For the purpose of § 468B of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, the "administrator" shall be the Escrow Agent. The Escrow Agent shall timely and properly file all informational and other tax returns necessary or advisable with respect to the Settlement Account (including without limitation the returns described in Treas. Reg. § 1.468B-2(K and L)). Such returns (as well as the election described in Section V.E.1.) shall be consistent with this Section V.E. and in all events shall reflect that all taxes (including any estimated taxes, interest or penalties) on the income earned by the Settlement Account shall be paid out of the Settlement Account as provided in Section V.E.3. herein.

3. All (i) taxes (including any estimated taxes, interest or penalties) arising with respect to the income earned by the Settlement Account, including any taxes or tax detriments that may be imposed upon Nine West with respect to any income earned by the Settlement Account for any period during which the Settlement Account does not qualify as a "qualified settlement fund" for federal or state income tax purposes ("Taxes"), and (ii) expenses and costs incurred in connection with the operation and implementation of this Section V.E. (including, without limitation, expenses of tax attorneys and/or accountants and mailing and distribution costs and expenses relating to filing (or failing to file) the returns described in this Section V.E.) ("Tax Expenses"), shall be paid out of the Settlement Account; in all events Nine West and its insurers shall have no liability or responsibility for the Taxes or the Tax Expenses or the filing of any tax returns or other documents with the

Internal Revenue Service or any other state or local taxing authority. The Escrow Agent shall indemnify and hold Nine West and its insurers harmless for Taxes and Tax Expenses (including, without limitation, taxes payable by reason of any such indemnification). Further, Taxes and Tax Expenses shall be treated as, and considered to be, a cost of administration of the Settlement and shall be timely paid by the Escrow Agent out of the Settlement Account without prior order from the Court and the Escrow Agent shall be obligated (notwithstanding anything herein to the contrary) to withhold from distribution to Plaintiff States any funds necessary to pay such amounts including the establishment for adequate reserves for any Taxes and Tax Expenses (as well as any amounts that may be required to be withheld under Treas. Reg. § 1.468B-2(1), (2)); Nine West and its insurers are not responsible and shall have no liability therefor or for any reporting requirements that may relate thereto. The parties hereto agree to cooperate with the Escrow Agent, each other, and their tax attorneys and accountants to the extent reasonably necessary to carry out the provisions of this Section V.E. For purposes of this Section V.E., references to the Settlement Account shall include the Settlement Account and any earnings thereon.

VI. SETTLEMENT DISBURSEMENTS

A. Disbursement of Administrative Costs: A portion of the Settlement Account, not to exceed \$3.5 million, shall be used by the Plaintiff States to pay the costs and administrative expenses, including Plaintiff States' attorneys' fees and experts' fees, incurred in investigating and negotiating this Settlement Agreement, including the notice costs and administrative expenses of this settlement. In particular, the disbursement of Administrative Costs from the Settlement Account shall occur as follows:

1. A portion of the Settlement Account shall be used to pay all costs and expenses

in providing proper notice of this Settlement, and the fees and expenses of the Escrow Agent appointed pursuant to Section V.A. The cost of notice by publication, related notice costs and the fees of the Escrow Agent shall be paid by the Escrow Agent out of the Settlement Account, as these costs accrue, upon submission to the Escrow Agent of invoices for these costs.

2. The Escrow Agent shall deposit an additional portion of the Settlement Account, in the amount of up to \$100,000, into the previously established National Association of Attorneys General Milk Fund Account ("NAAG Milk Fund" or "Fund") to reimburse the NAAG Milk Fund for consultant and expert fees expended from the Fund.

3. The Escrow Agent shall deposit an additional portion of the Settlement Account, in the amount of \$200,000, into the NAAG Milk Fund to partially reimburse the Fund for past unreimbursed expenditures from the Fund. In the event the Court approves an amount of less than \$200,000 to be deposited in the NAAG Milk Fund for this purpose, the Plaintiff States may seek the difference to be paid to the State Attorneys General in accordance with Section VI.A.4 herein.

4. The Escrow Agent shall pay a portion of the Settlement Account in an amount not to exceed \$1.6 million to the Attorneys General representing the Plaintiff States as payment for other costs and administrative expenses incurred by Plaintiff States. Such payment shall be apportioned among the Plaintiff States in their sole discretion and such apportionments shall then be used by the Plaintiff States' Attorneys General for one or more of the following purposes, as determined by the Attorney General of each Plaintiff State at his or her exclusive option and as otherwise consistent with the laws of his or her respective state.

a. Reimbursement of Plaintiff States' attorneys' fees and/or investigative costs incurred by such state;

b. Reimbursement of Plaintiff States' consultants' and experts' fees and costs incurred by such state;

c. Antitrust or consumer protection enforcement by the Attorney General of such state;

d. Deposit into a state antitrust or consumer protection account (e.g., revolving account, trust account), for use in accordance with the state laws governing that account;

e. Deposit into a fund exclusively dedicated to assisting the state Attorney General to defray the cost of experts, economists, and consultants in multistate antitrust investigations and litigations.

5. The payments pursuant to Section VI.A.2., 3. & 4. shall be paid to NAAG and the Plaintiff States, respectively, by the Escrow Agent from the Settlement Account within five (5) business days of the date that the Final Judgment and Consent Decree (Attachment A), or a substantially similar order, becomes Final, as defined in Section I.D. above.

6. The provisions of this Settlement Agreement regarding payments to NAAG and the Plaintiff States set forth in Sections VI.A.2., 3. & 4. shall be considered by the Court separately from the Court's consideration of the fairness, reasonableness and adequacy of the settlement terms set forth herein and shall be severable from the Settlement Agreement in the event that the Court approves the settlement terms but for any reason disapproves the payment to the Plaintiff States and/or NAAG. The Plaintiff States hereby explicitly agree that in the event the Court severs Sections VI.A.2., 3. &/or 4. from this Settlement Agreement, the Plaintiff States will not object to or oppose approval of the remainder of the Settlement Agreement by the Court, or otherwise delay or affect approval of the settlement, or entry of the Final Judgment and Consent Decree. No other fee, cost,

or expense related to the subject matter of this agreement shall be paid out of the Settlement Account, or otherwise, by the Plaintiff States; any such fee, cost or expense shall be the responsibility of Nine West.

B. Distribution to Consumers: All funds remaining in the Settlement Account after payment of the costs and fees set forth in Section VI.A. above shall be distributed for the benefit of injured consumers. Due to the impracticability of identifying particular injured purchasers of Nine West Products during the Relevant Period, and the high costs of administering an ad hoc refund program relative to the average award to individual consumers, all remaining monies in the Settlement Account will be used for distribution in lieu of consumer restitution (hereinafter "the Distribution") as follows:

1. Each participating State's share of the Distribution will be allocated according to its percentage of the cumulative population of the Plaintiff States.

2. Each Plaintiff State, through its Attorney General or as otherwise authorized by state law, shall direct that its pro rata share of the Distribution be distributed to that State, a political subdivision(s) thereof, a not-for-profit corporation(s) and/or a charitable organization(s) with express conditions ensuring that the funds be used to fund women's health, women's educational, women's vocational, and/or women's safety programs. A Plaintiff State choosing to directly receive its pro rata share of the Distribution may directly appropriate such funds, subject to the above stated conditions, or may distribute such funds to a political subdivision(s) thereof, a not-for-profit corporation(s) and/or a charitable organization(s), to be used subject to the express conditions stated above. Each Plaintiff State shall direct that its share of the Distribution shall only be used to fund activities which have not been funded and which, but for the receipt of money from the Distribution, would not be fully funded. If a Plaintiff State uses its Distribution to fund an activity which has

previously been partially funded, it will direct that the distributed funds do not supplant existing funding and are only used to fund shortfalls in existing funding.

C. Within ninety (90) days of entry of preliminary approval of this Settlement, the Plaintiff States shall submit their proposed Distribution Plan to the Court, for its approval.

D. The parties agree and understand that any proposed Distribution Plan of the Settlement Account is not a part of the Settlement Agreement and is to be considered by the Court separately from the Court's consideration of the fairness, reasonableness and adequacy of the settlement set forth in the Settlement Agreement, and any order or proceedings relating to the Distribution Plan shall not operate to terminate or cancel the Settlement Agreement or affect the finality of the Court's Judgment approving the Settlement Agreement and the settlement set forth herein, or any other orders entered pursuant to the Settlement Agreement.

VII. NOTICE AND SETTLEMENT HEARING

A. Within seventy five (75) days after execution of this Settlement Agreement by counsel for the Plaintiff States, Liaison Counsel for Plaintiff States shall file a motion with the Court, which includes the Settlement Agreement and its Attachments, as well as a "Notice Plan" listing all publications in which Plaintiff States shall publish Notice of this Settlement Agreement to the consumers in the Plaintiff States. The motion shall request entry of a preliminary approval order (the "Preliminary Order"). Such Preliminary Order shall include, among other things: (i) the preliminary approval of the settlement set forth in this Settlement Agreement as fair, reasonable and adequate and in the best interests of consumers in the Plaintiff States, (ii) approval of the Notice Plan which will specify the publications in which the settlement notice shall be published, (iii) approval for the publication of a settlement notice (the "Notice"), substantially in the form of Attachment C, hereto,

(iv) approval of a long form notice to be mailed to those consumers requesting additional information, substantially in the form of Attachment D, hereto, (v) a provision that State Liaison Counsel shall disseminate the Notice within ninety (90) days after entry of the Preliminary Order, and (vi) a schedule for a hearing by the Court after notice is given (the "Settlement Hearing") to approve the settlement of the Litigation as set forth herein. At least five (5) days prior to filing their motion requesting entry of the Preliminary Order, the Plaintiff States shall provide a copy of such motion (including all exhibits and attachments of such motion) to Nine West for review and comment.

B. Within ninety (90) days after entry by the Court of the Preliminary Order approving settlement, counsel for the Plaintiff States shall disseminate Notice of the settlement to potentially affected consumers in the Plaintiff States.

C. The parties contemplate a Notice Period of forty-five (45) days, or such other time period as set by the Court. Within sixty (60) days following the conclusion of the Notice Period, Liaison Counsel for Plaintiff States shall file with this Court a motion seeking final approval of the settlement, including a determination by the Court: (i) whether the settlement set forth in this Settlement Agreement shall be approved finally as fair, reasonable and adequate, (ii) whether a Final Judgment and Consent Decree approving the settlement, substantially in the form of Attachment A, should be entered, and (iii) whether an award of attorneys' fees and expenses should be made from the Settlement Account to counsel for the Plaintiff States.

VIII. COOPERATION AND IMPLEMENTATION

A. The parties agree to cooperate fully to implement the terms and conditions of this Settlement Agreement.

B. Nine West agrees not to oppose any petition by any Plaintiff State for costs and attorney's

fees as set forth in Section VI.A.4. above.

C. The parties agree that a Final Judgment and Consent Decree in a form substantially similar to that attached hereto as Attachment A, may be entered by the Court following final approval of this Settlement in accordance with 15 U.S.C. § 15c.

D. If a Plaintiff State determines that Nine West is not in compliance with the terms of the Settlement Agreement, it shall give Nine West written notice of such non-compliance and Nine West shall have fifteen (15) working days to respond in writing. If Plaintiff State is not satisfied with Nine West's response, it shall notify Nine West in writing and Nine West shall have fifteen (15) working days to cure such non-compliance. If after such time a Plaintiff State shall determine that Nine West is still not in compliance, such Plaintiff State may seek the civil remedies available to it under the terms of the Final Judgment and Consent Decree.

E. Upon final approval of this Settlement Agreement and entry of the Final Judgment and Consent Decree (or substantially similar order) by the Court, which has become Final within the meaning of Section I.D. above, the Plaintiff States shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished and discharged all Released Claims. At such time the Plaintiff States will dismiss their claims against Nine West and the John Doe defendants with prejudice. With regard to the conduct alleged in the Complaint, Plaintiff States will not sue any Dealer not named as a defendant, under any federal or state antitrust laws, with respect to Nine West Products sold during the Relevant Period.

F. This Settlement Agreement shall not be used or construed by any person as an admission of liability by Nine West to any party or person, or be deemed evidence of any violation of any statute or law or admission of any liability or wrongdoing by Nine West or of the truth of any of the claims

or allegations contained in the Complaint.

IX. BENEFIT AND BINDING EFFECT

A. The terms of this Settlement Agreement shall be binding on, and shall inure to the benefit of the parties and their successors. The parties expressly disclaim any intention to create rights under this Settlement Agreement which may be enforced by any other person under any circumstances whatsoever, except as specified by Section IX.B. herein.

B. The terms of this Agreement may be entered into by the Attorney General of any State, as well as Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands, and the Corporation Counsel of the District of Columbia, who takes the following actions within 45 days of the filing of the Complaint:

1. Signs an opt-in agreement and signature page which will be appended onto the body of the Settlement Agreement which will be filed with the Court;

2. Designates the Attorney General of the State of New York to represent such State and agrees to be named as a plaintiff in the Amended Complaint to be filed by the Plaintiff States in the United States District Court for the Southern District of New York alleging an unlawful agreement to fix, maintain or stabilize resale prices of Nine West Products during the Relevant Period in violation of federal and state antitrust laws.

X. TERM

This Agreement shall become effective as of the day and year first written above, and shall terminate five (5) years after entry of the Final Judgment and Consent Decree in this matter.

XI. AGREEMENT VOIDABLE

A. This Agreement shall only be voidable pursuant to this Section XI.

B. This Agreement is voidable at the option of either Plaintiff States or Nine West if, after forty-five (45) days following filing of the initial Complaint, the Attorneys General of a number of states accounting for seventy-five percent (75%) of the national population based on the most recent available population statistics from the U.S. Census Bureau, have not adopted the terms herein by following the procedures of Section IX.B. above. However, any other State which has not adopted the terms of this Settlement Agreement pursuant to Section IX.B. may still opt into this Settlement Agreement prior to the filing of the motion for Preliminary Approval, provided Nine West has not exercised its option to void this Settlement Agreement pursuant to Sections XI.C. and D. below.

C. Plaintiff States or Nine West must exercise their option to void this Settlement Agreement pursuant to Section XI.B. above by notifying the other in writing within ten (10) days of the expiration of the forty five (45) day time frame specified in Section XI.B. above. This Settlement Agreement shall not be voidable pursuant to Section XI.B. above after that date.

D. If, prior to the Settlement Hearing, persons who otherwise would be represented by the Plaintiff States have filed with the Court valid and timely requests for exclusion from this Settlement Agreement, Liaison Counsel for Plaintiff States shall promptly (but in no event later than thirty (30) days before the Settlement Hearing) provide Nine West with all the requests for exclusion. If the number of exclusions exceeds 125,000 persons, Nine West shall have fifteen (15) days to terminate the Settlement Agreement by providing written notice to Liaison Counsel for the Plaintiff States.

XII. MISCELLANEOUS

A. This Settlement Agreement and the Attachments contain the entire agreement and understanding of the parties. There are no additional promises or terms of the Settlement Agreement

other than those contained herein. This Settlement Agreement shall not be modified except in writing signed by State Liaison Counsel and Nine West or by their authorized representatives.

B. The Settlement Agreement may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument. A complete set of original executed counterparts shall be filed with the Court.

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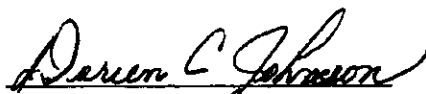
FOR PLAINTIFF STATES:



ROBERT A. BUTTERWORTH
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RICHARD E. DORAN
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Patricia A. Conners
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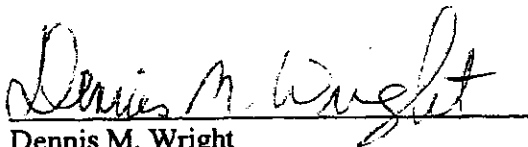
FOR JONES APPAREL GROUP, INC.
AND NINE WEST GROUP INC.



RONALD S. ROLFE
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Attorneys for Jones Apparel Group, Inc.
and Nine West Group, Inc.
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**SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP INC.
AND PLAINTIFF STATES**

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SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP INC.
AND PLAINTIFF STATES

BRUCE M. BOTELHO
ATTORNEY GENERAL OF ALASKA

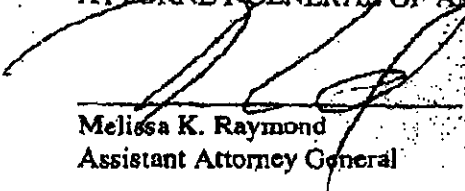
By:



Daveed A. Schwartz
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**SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP INC
AND PLAINTIFF STATES**

**TOETAGATA ALBERT MAILO
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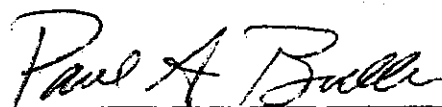


Melissa K. Raymond
Assistant Attorney General

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Settlement Agreement between
Nine West Group, Inc. & Plaintiff States

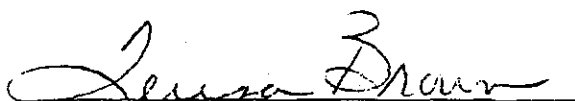
JANET NAPOLITANO
Attorney General of Arizona

A handwritten signature in cursive script that reads "Paul A. Bullis". The signature is written in black ink and is positioned above a horizontal line.

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SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP INC.
AND PLAINTIFF STATES

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Dated: March 3, 2000

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Attorney General of California
PETER SIGGINS
Chief Deputy Attorney General
RICHARD M. FRANK
Chief Assistant Attorney General

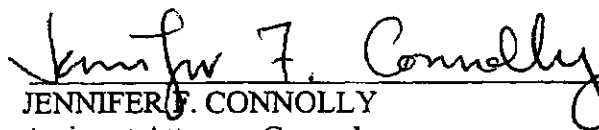


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Attorneys for the State of California
as sovereign and as parens patriae

SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP, INC.
AND PLAINTIFF STATES

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**SETTLEMENT AGREEMENT BETWEEN
NINE WEST GROUP, INC.
AND PLAINTIFF STATES**

**RICHARD BLUMENTHAL
ATTORNEY GENERAL OF CONNECTICUT**

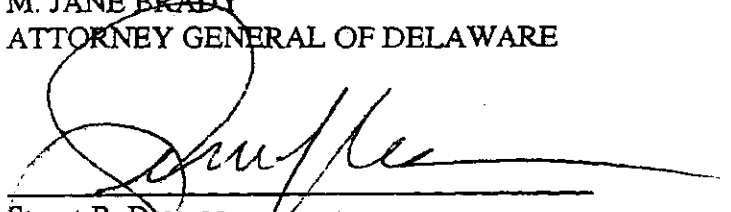
**STEVEN M. RUTSTEIN
Department Head, Antitrust Department**



**Arnold B. Feigin
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**SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP INC.
AND PLAINTIFF STATES**

**M. JANE BRADY
ATTORNEY GENERAL OF DELAWARE**



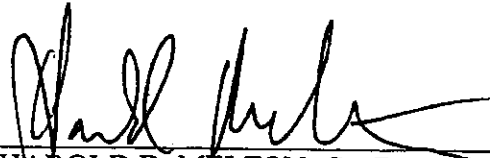
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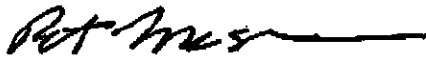
THURBERT E. BAKER
Attorney General for Georgia

A handwritten signature in black ink, appearing to read "Harold D. Melton", written over a horizontal line.

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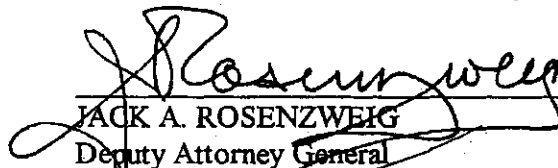
**SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP INC.
AND PLAINTIFF STATES**

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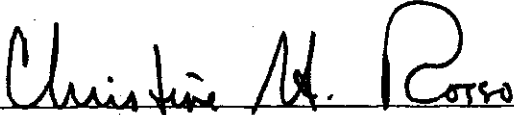
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SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP INC.
AND PLAINTIFF STATES

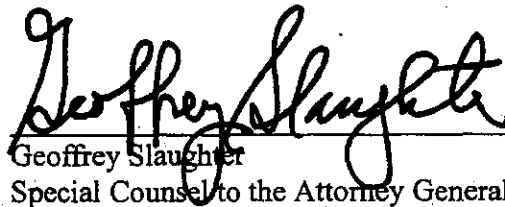
JIM RYAN
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Christine H. Rosso

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**SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP INC.
AND PLAINTIFF STATES**

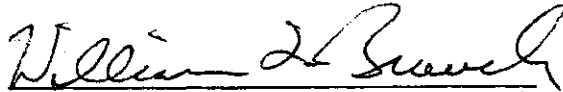
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**SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP INC.
AND PLAINTIFF STATES**

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**SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP INC.
AND PLAINTIFF STATES**

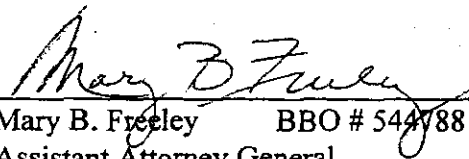
**J. JOSEPH CURRAN, JR.
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A handwritten signature in cursive script, reading "Ellen S. Cooper", written over a horizontal line.

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SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP INC.
AND PLAINTIFF STATES

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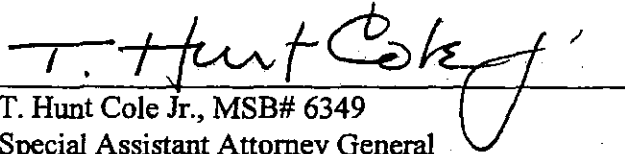
MIKE HATCH
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MIKE MOORE
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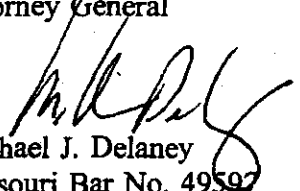
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**SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP INC.
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SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP INC.
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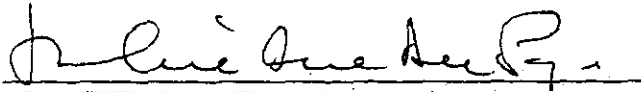
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SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP INC.
AND PLAINTIFF STATES

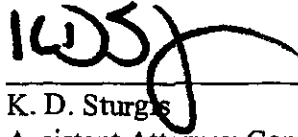
FRANKIE SUE DEL PAPA
Attorney General of Nevada



FRANKIE SUE DEL PAPA
Attorney General of Nevada
Shelly T. O'Neill
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**SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP INC.
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SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP, INC.
AND PLAINTIFF STATES

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**SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP INC.
AND PLAINTIFF STATES**

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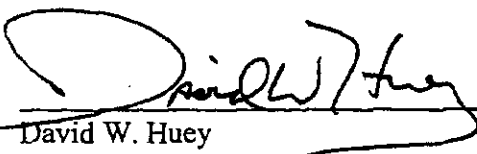
PATRICIA A. MADRID
ATTORNEY GENERAL OF NEW MEXICO

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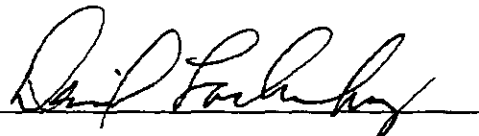
SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP INC.
AND PLAINTIFF STATES

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Settlement Agreement Between Nine West Group, Inc., and Plaintiff States;

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Commonwealth of the Northern Mariana Islands

By: 

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attorneygeneral@saipan.com

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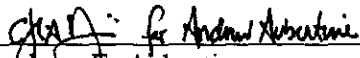
Steven J. Leippert

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RE: Nine West (2/23/00)

SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP INC.
AND PLAINTIFF STATES

HARDY MYERS
ATTORNEY GENERAL OF OREGON

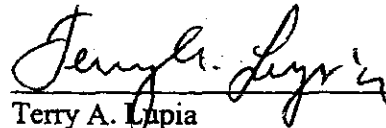


Andrew E. Aubertine
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**SETTLEMENT AGREEMENT BETWEEN
NINE WEST GROUP, INC. AND PLAINTIFF STATES**

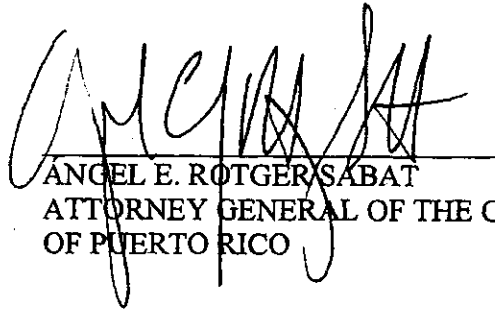
**D. MICHAEL FISHER
ATTORNEY GENERAL FOR THE
COMMONWEALTH OF PENNSYLVANIA**

James A. Donahue, III
Chief Deputy Attorney General
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**SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP INC.
AND PLAINTIFF STATES**




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SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP INC.
AND PLAINTIFF STATES

SHELDON WHITEHOUSE
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J.Q. Alston, #3909

Special Assistant Attorney General

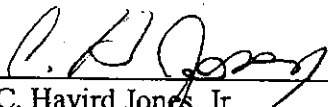
150 South Main Street

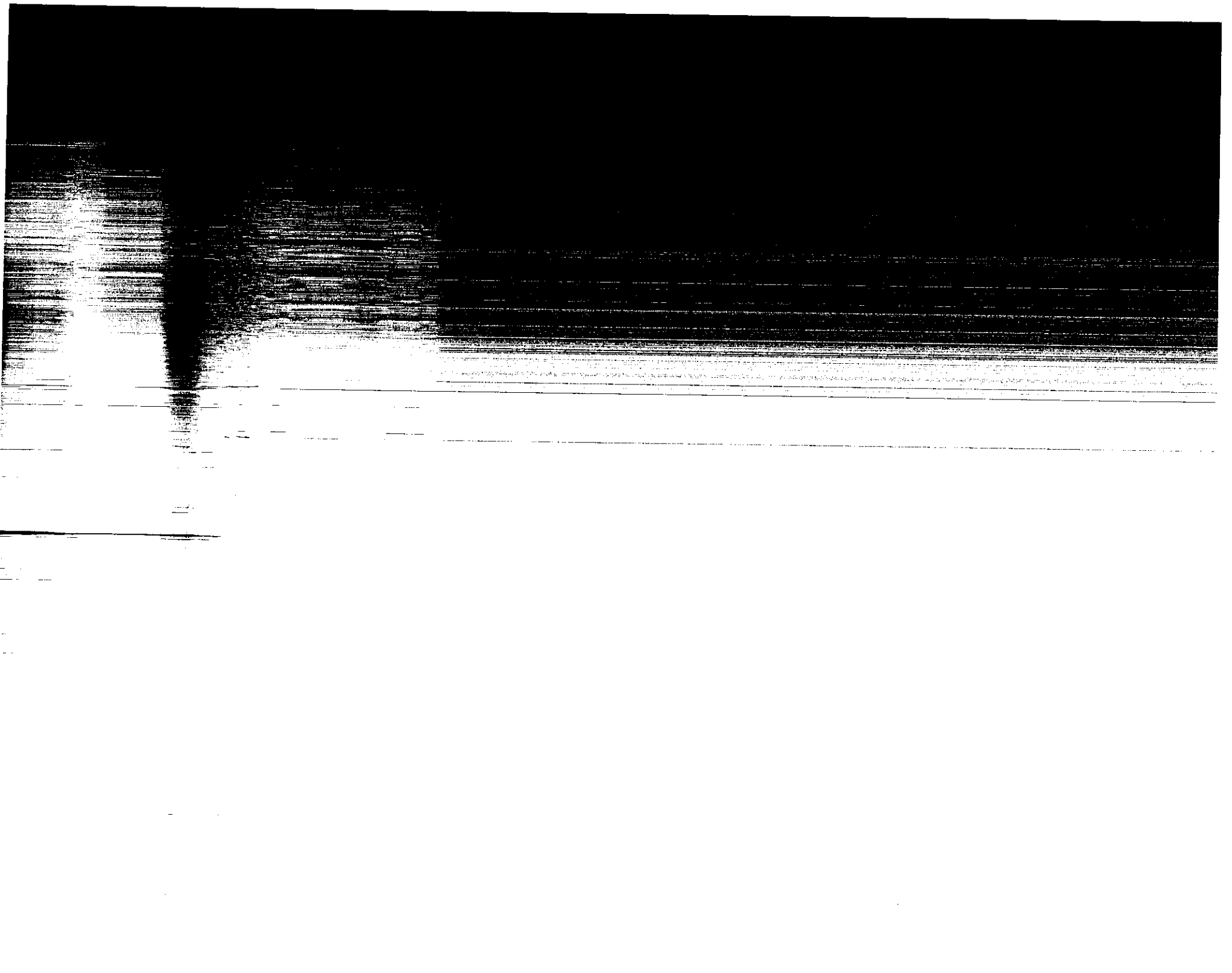
Providence, RI 02903

(401) 274-4400 x 2401

(401) 274-3050 Fax

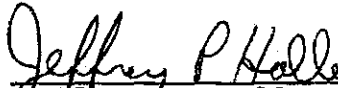
CHARLES M. CONDON
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BY: 
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SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP, INC.
AND PLAINTIFF STATES

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

STATE OF FLORIDA *et al.*

Plaintiffs

v.

NINE WEST GROUP Inc.

and

JOHN DOES 1-500

Defendants.


Civil Action No.

SETTLEMENT AGREEMENT SIGNATURE PAGE

Respectfully submitted,



PAUL G. SUMMERS
Attorney General and Reporter
B.P.R. No. 6285



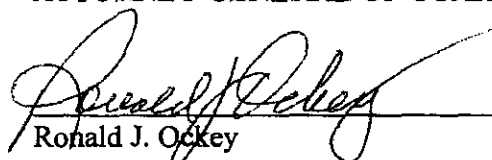
DENNIS J. GARVEY
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**SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP INC.
AND PLAINTIFF STATES**

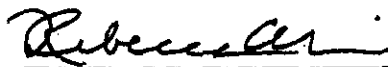
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SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP INC.
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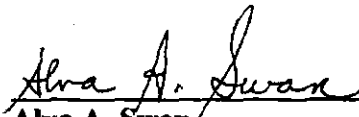
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**SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP INC.
AND PLAINTIFF STATES**

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Department of Justice
48B-50C Kronprindsens Gade
GERS Building, 2nd Floor
St. Thomas, U.S. Virgin Islands 00802
(340) 774-5666**

NINE WEST MULTISTATE ANTITRUST LITIGATION
SETTLEMENT AGREEMENT

MARK L. EARLEY
Attorney General

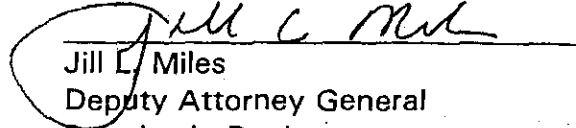
DATED: February 25, 2000

BY:



ANNE MARIE CUSHMAC
Assistant Attorney General
Antitrust and Consumer Litigation Section
Office of the Attorney General
900 East Main Street
Richmond, Virginia 23219
(804) 786-2116
(804) 786-0122 (FAX)

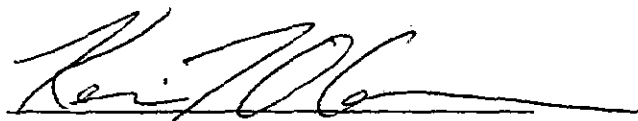
DARRELL V. McGRAW, JR.
Attorney General of West Virginia

A handwritten signature in cursive script, appearing to read "Jill L. Miles", is written over a horizontal line. The signature is enclosed within a hand-drawn oval.

Jill L. Miles
Deputy Attorney General
Douglas L. Davis
Assistant Attorney General
P.O. Box 1789
Charleston, WV 25326
(304) 558-8986

**SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP INC.
AND PLAINTIFF STATES**

**JAMES E. DOYLE
ATTORNEY GENERAL OF WISCONSIN**

A handwritten signature in black ink, appearing to read "Kevin J. O'Connor", written over a horizontal line.

**Kevin J. O'Connor
Assistant Attorney General
123 West Washington Avenue
Madison, WI 53703
(608)266-8986**

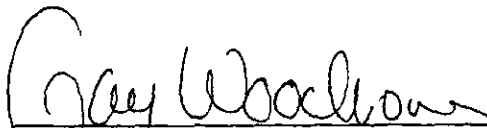
CHRISTINE O. GREGOIRE
Attorney General of Washington

A handwritten signature in cursive script, reading "Tina E. Kondo", written over a horizontal line.

Tina E. Kondo
Antitrust Division Chief, Sr. AAG
900 Fourth Avenue, Suite 2000
Seattle, WA 98164-1012
(206) 464-6293 (phone)
(206) 587-5636 (fax)

SETTLEMENT AGREEMENT BETWEEN NINE WEST GROUP INC.
AND PLAINTIFF STATES

GAY WOODHOUSE
ATTORNEY GENERAL OF WYOMING



Gay Woodhouse
Attorney General of Wyoming
123 Capitol Building
Cheyenne, WY 82002
(307) 777- 7847



Christopher Petrie
Assistant Attorney General
123 Capitol Building
Cheyenne, WY 82002
(307) 777- 5838

violations of federal and state antitrust laws.

Plaintiff States and Nine West desire to resolve any and all disputes arising from the Complaint. These parties have entered into a Settlement Agreement which has been filed with the Court and is incorporated by reference herein. The Settlement Agreement does not constitute an admission of liability by Nine West. In full and final settlement of the claims set forth in the Complaint, Nine West has agreed to pay compensatory damages and administration costs as set forth in the Settlement Agreement executed on March 6, 2000 (the "Settlement Agreement"). Nine West has also agreed to entry of this Final Judgment and Consent Decree. Plaintiff States have agreed to execute Releases of their claims and to release the claims of natural persons residing in the Plaintiff States who have not excluded their claims, in accordance with the terms of the Settlement Agreement.

Notice of the Settlement Agreement was given pursuant to Court order in accordance with 15 U.S.C. § 15c and the requirements of due process. The Notice was the best notice practicable under the circumstances.

An opportunity to be heard was given to all persons requesting to be heard in accordance with this Court's orders. The Court reviewed the terms of the Settlement Agreement, the submissions of the parties in support of it, and the comments received in response to the notice. After a hearing held on _____, the Court approved the Settlement Agreement on _____, and determined it to be in all respects fair, reasonable and adequate. Said Order was entered on _____, 2000.

NOW, THEREFORE, without trial or adjudication of any issue of law or fact, before the taking of any testimony at trial, without the admission of liability or wrongdoing by Nine West and

upon the consent of the parties hereto,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

I.

JURISDICTION

The Court has jurisdiction over the subject matter of this action and the parties hereto. The Complaint raises claims against defendants under Section 1 of the Sherman Act (15 U.S.C. § 1), Section 4 of the Clayton Act (15 U.S.C. § 15), Section 4C of the Clayton Act (15 U.S.C. § 15c), and Section 16 of the Clayton Act (15 U.S.C. § 26). Jurisdiction lies in this Court pursuant to 28 U.S.C. § 15. The Complaint also raises pendent state claims for equitable and other relief.

II.

DEFINITIONS

As used in this Final Judgment and Consent Decree:

A. "Dealer" means any person, corporation or firm not owned by Nine West that in the course of its business sells Nine West Products to consumers in or into the United States of America and its territories and possessions.

B. "Nine West" means Nine West Group Inc., its parent, Jones Apparel Group, Inc., and Nine West Group Inc.'s affiliates, subsidiaries, divisions and other organizational units of any kind, that sold Nine West Products as defined herein, their successors and assigns and their present officers, directors, employees, agents, representatives and other persons acting on their behalf. As used herein, "Nine West" shall not be construed to bring within the terms of Section IV of this order any product that bears (or is marketed in packaging that bears) a trademark owned by Jones Apparel Group, Inc., or any of its predecessors, subsidiaries, units, divisions or affiliates other than Nine West Group Inc.

C. "Nine West Products" means all women's footwear products offered for sale to consumers located in the United States of America and U.S. territories and possessions, or to Dealers, by Nine West.

D. "Plaintiff States" means the States, Commonwealths, Territories and Possessions of Alabama, Alaska, American Samoa, Arkansas, Arizona, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Guam, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Maine, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Jersey, New Mexico, New York, Nevada, New Hampshire, North Dakota, North Carolina, Northern Mariana Islands, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virgin Islands, Virginia, Washington, West Virginia, Wisconsin, and Wyoming, in their sovereign capacity and as *parens patriae* on behalf of all natural person citizens of such states who have purchased Nine West Products during the period of the alleged conspiracy (January 1, 1988 through July 31, 1999).

E. "Resale Price" means any price, price floor, price ceiling, price range, or any mark-up formula, or margin of profit used by any Dealer for pricing any Nine West Products. Such term includes, but is not limited to, any suggested, established or customary resale price, as well as the retail price advertised, promoted or offered for sale by any Dealer.

III.

APPLICABILITY

This Final Judgment and Consent Decree shall apply to the parties to this lawsuit.

IV.

INJUNCTION

A. For a period of five (5) years from the date this Final Judgment and Consent Decree is entered, Nine West will not enter into any contract, combination, conspiracy, agreement or arrangement with any Dealer to fix, lower, raise, peg, maintain or stabilize the Retail Prices at which Nine West Products are advertised, promoted, offered for sale, or sold to end-user consumers.

B. For a period of five (5) years from the date this Final Judgment and Consent Decree is entered, Nine West will not require, coerce, or otherwise pressure any Dealer to maintain, adopt, or adhere to any Resale Price. Notwithstanding the foregoing, Nine West retains the right to terminate unilaterally any Dealer for lawful business reasons that are not inconsistent with this or any other paragraph of this Final Judgment and Consent Decree.

C. For a period of five (5) years from the date this Final Judgment and Consent Decree is entered, Nine West will not secure or attempt to secure any commitment or assurance from any Dealer concerning the Resale Price at which the Dealer may advertise, promote, offer for sale, or sell any product.

D. For a period of five (5) years from the date this Final Judgment and Consent Decree is entered, Nine West will not adopt, maintain, enforce, or threaten to enforce any policy, practice, or plan pursuant to which Nine West notifies a Dealer that: (1) the Dealer is subject to partial or temporary suspension or termination if it sells, offers for sale, promotes, or advertises any product below any Resale Price designated by Nine West, and (2) the Dealer will be subject to a greater sanction if it continues or renews selling, offering for sale, promoting, or advertising any product below any such designated Resale Price. As used herein, the phrase "partial or temporary suspension or termination" includes but is not limited to any disruption, limitation, or restriction of supply: (1) of some, but not all, products, or (2) to some, but not all, Dealer locations or businesses, or (3) for

any limited duration. As used herein, the phrase "greater sanction" includes but is not limited to a partial or temporary suspension or termination of greater scope or duration than the one previously implemented by Nine West, or complete suspension or termination.

E. Within thirty (30) days after the date this Final Judgment and Consent Decree is entered, Nine West will send the letter affixed as Attachment B to the Settlement Agreement to all of its then current Dealers of Nine West Products.

F. For a period of five (5) years from the date this Final Judgment and Consent Decree is entered, Nine West shall mail by first class mail the letter affixed as Attachment B to the Settlement Agreement to each new Dealer within ninety (90) days of such Dealer's affiliation with Nine West.

G. For a period of five (5) years from the date this Final Judgment and Consent Decree is entered, Nine West shall notify its Dealers of Nine West Products that it is their right to determine independently the prices at which they will advertise and sell Nine West Products to end-user consumers. Nine West shall provide this notice by affixing a notice of disclosure (the "Disclosure") to every list of suggested retail prices and minimum advertised prices for any Nine West Products printed subsequent to the date of entry of this Final Judgment and Consent Decree and provided to Dealers. The Disclosure shall clearly and conspicuously state the following on any list, advertising, book catalogue or promotional material for Nine West Products where Nine West has suggested any Resale Price to any Dealer:

ALTHOUGH NINE WEST GROUP INC. MAY SUGGEST RESALE PRICES FOR PRODUCTS, RETAILERS ARE FREE TO DETERMINE ON THEIR OWN THE PRICES AT WHICH THEY WILL ADVERTISE AND SELL NINE WEST PRODUCTS.

H. Nine West will notify the Plaintiff States at least thirty (30) days prior to any proposed changes such as dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries, or any other change in the corporation which may affect compliance obligations arising out of this Final Judgment and Consent Decree.

I. Neither this Final Judgment and Consent Decree nor the Settlement Agreement shall be construed to limit the right of Nine West to preannounce or suggest to its Dealers or distributors retail prices for Nine West Products and to unilaterally refuse to deal with those who sell at another price or to engage in any other behavior that is otherwise permitted by federal and state antitrust laws.

J. The Plaintiff States, and all natural person citizens residing in those States who purchased Nine West Products during the period of the alleged conspiracy (January 1, 1988 until July 31, 1999) (except citizens who have timely and properly requested exclusion) are permanently barred and enjoined from prosecuting any of the claims released in accordance with the Settlement Agreement.

V.

COMPLIANCE

For purposes of determining and securing compliance with this Final Judgment and Consent Decree, duly authorized representatives of the Plaintiff States shall be permitted upon thirty (30) days prior written notice:

A. Reasonable access during normal office hours to any and all relevant and non-privileged records and documents in the possession, custody, or control of Nine West which relate to any of the matters contained herein or in the Settlement Agreement.

B. Subject to the reasonable convenience of Nine West, to conduct interviews of any of the directors, officers, employees, agents, and any other persons acting on their behalf, each of whom

may have counsel present, relating to any non-privileged matter contained herein or in the Settlement Agreement.

C. Nine West retains the right to object to any request under paragraphs (A) or (B) above within ten (10) days after its receipt on the grounds that the request is not reasonable, or not relevant to the matters contained herein or in the Settlement Agreement, or otherwise is not in accordance with law. Any such objection shall be directed to this Court for a ruling, with service by mail of the objection upon the authorized representative of the Plaintiff State(s) making the request.

D. The violation of any of the terms of Paragraph IV(A)-(D) of this Final Judgment and Consent Decree shall constitute a violation of federal and state antitrust laws for which civil remedies may be sought by the Attorney General of the State in which the violation occurred pursuant to 15 U.S.C. §§ 1, 15, 15c and 26 and relevant state antitrust law upon application to this Court. If the Attorney General of any Plaintiff State determines that Nine West has violated the terms of Section IV of this Final Judgment and Consent Decree, he shall give Nine West written notice of the violation and Nine West shall have fifteen (15) working days to respond in writing. If the State is not satisfied with Nine West's response, it shall notify Nine West in writing and Nine West shall have fifteen (15) working days to cure such non-compliance. If after such time Nine West has not cured the violation to the State's satisfaction, the State may seek penalties for contempt for violation of any paragraph of this Final Judgment and Consent Decree and, with respect to alleged violations of Section IV (A)-(D), may seek the civil remedies referred to in this Section V (D).

E. Without affecting the finality of this Final Judgment and Consent Decree, jurisdiction shall be retained by this Court for the purpose of enabling any party hereto to apply for such further orders and directions as may be necessary or appropriate for the construction or enforcement of this Final

Judgment and Consent Decree, the ruling upon any objection made pursuant to Section V, the modification of any of the provisions hereto to the extent such modification is permitted, and the remedy of a violation of any of the provisions contained herein. This Court shall have the authority to specifically enforce the provisions of this Final Judgment and Consent Decree.

VI.

TERMINATION

On the fifth anniversary date of this Final Judgment and Consent Decree, said Final Judgment and Consent Decree shall automatically terminate without any action by either party or the Court.

So ordered this _____ day of _____, 2000.

UNITED STATES DISTRICT COURT

ATTACHMENT B

[NINE WEST LETTERHEAD]

Dear Retailer:

The Attorneys General of [x number] of States and the Federal Trade Commission have conducted investigations into Nine West Group Inc.'s sales policies. To expeditiously resolve the investigations and to avoid disruption to the conduct of its business, Nine West Group Inc. has agreed, without admitting any violation of the law, to the entry of a Consent Order by the Federal Trade Commission and a Final Judgment and Consent Decree by the States prohibiting certain practices relating to resale prices. Copies of the Consent Order and the Final Judgments and Consent Decree are enclosed. This letter and the accompanying Orders are being sent to all of our dealers, sales personnel and representatives.

The Orders spell out our obligations in greater detail, but we want you to know and understand the following. Under both orders you can advertise and sell our products at any price you choose. While we may send materials to you which may contain our suggested retail prices, you remain free to sell and advertise those products at any price you choose.

We look forward to continuing to do business with you in the future.

Sincerely yours,

President of Sales and Marketing
Nine West Group Inc.

Exhibit C

ATTACHMENT C

ATTENTION PURCHASERS OF NINE WEST GROUP WOMEN'S FOOTWEAR, INCLUDING THE BRANDS NINE WEST, ENZO ANGIOLINI, EASY SPIRIT, BANDOLINO, CALICO, PAPPAGALLO, EVAN-PICONE, CAPEZIO, JOYCE, AMALFI, 9 & CO., SELBY, WESTIES, AND CK/CALVIN KLEIN

If you have purchased any of the above brands of Nine West Group women's footwear during the period from January 1, 1988 - July 31, 1999, please read this notice carefully.

The Attorneys General of the States, Commonwealths, Territories and Possessions of Alabama, Alaska, American Samoa, Arkansas, Arizona, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Guam, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Maine, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Jersey, New Mexico, New York, Nevada, New Hampshire, North Dakota, North Carolina, Northern Mariana Islands, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virgin Islands, Virginia, Washington, West Virginia, Wisconsin, and Wyoming, have brought an antitrust lawsuit against Nine West Group Inc., parent company of the brands Nine West, Enzo Angiolini, Easy Spirit, Bandolino, Calico, Evan-Picone, Capezio, Joyce, Amalfi, 9 & Co., Pappagallo, Selby, Westies, and cK/Calvin Klein women's shoes, ("Nine West") claiming that as a result of illegal agreements between Nine West and some of its Dealers, consumers were overcharged for certain Nine West Products at retail stores during the period from January 1, 1988 - July 31, 1999. The products which are the subject of the lawsuit include women's shoes from all of the brands just mentioned, offered for sale or sold to Dealers or consumers located in the United States of America.

No trial has been held on the merits of the Plaintiff States' allegations and Nine West denies them. After extensive negotiations, the parties to the lawsuit agreed to a proposed settlement agreement to avoid long and costly litigation.

Terms of the Settlement

Under the proposed voluntary settlement of the Plaintiff States' case, Nine West has agreed to pay the Plaintiff States the total sum of \$34 million.

Nine West has also agreed to an injunction which prohibits future violations of the antitrust laws and requires notification to Nine West Dealers that they are free to price Nine West Products independently at whatever level they choose.

In view of the difficulty in identifying the millions of purchasers of the Nine West Products involved in the settlement and the relatively small alleged overcharge per pair of shoes purchased, the Plaintiff States have proposed utilizing the \$34 million settlement amount in the following manner:

An amount not to exceed \$3.5 million of the settlement fund will be used to administer the

settlement. This amount shall be used to pay expenses associated with investigating, negotiating and administering the Settlement Agreement, including an award of attorneys' fees and costs incurred by the Attorneys General of the Plaintiff States of not more than \$ 1.6 million, representing 4.7% of the total cash value of the settlement.

The remaining \$30.5 million or more shall be allocated among the Plaintiff States according to each State's percentage share of the cumulative population of the Plaintiff States. Each Plaintiff State's share shall be distributed to that State, a political subdivision thereof, a not-for-profit corporation and/or a charitable organization to fund women's health, women's educational, women's vocational, and women's safety programs. In this manner the class of purchasers covered by the lawsuit (persons who bought Nine West women's footwear) would benefit from the settlement funds.

Nine West has agreed to settle but without admitting any wrongdoing or liability. The proposed settlement must be finally approved by the Court, which has preliminarily approved the settlement. This notice does not express any opinion of the Court as to the merits of the claims or the defenses asserted by either side on the lawsuit.

Your Rights

If you are a citizen of one of the Plaintiff States and you bought any women's footwear from **Nine West, Enzo Angiolini, Easy Spirit, Bandolino, Calico, Evan-Picone, Capezio, Joyce, Amalfi, 9 & Co., Pappagallo, Selby, Westies, or cK/Calvin Klein between January 1, 1988 and July 31, 1999, your rights against Nine West are affected by this Settlement.**

If you fit the above description, you may remain a member of the group of consumers represented by the Plaintiff States or you may opt out. As a member, you need do nothing. But you will be bound by all orders and judgments of the Court and your claims against Nine West for the conduct alleged in these actions will be resolved and released. As a member, you may object to the proposed settlement or the fee and cost provisions thereof by getting a copy of the more detailed notice (see below) and sending in your written objections according to its directions, postmarked by _____, 2000.

If you do not wish to remain a member, you may opt out by mailing a written opt out request to the persons below, postmarked by _____, 2000.

Clerk of the Court
U.S. District Court
[address]

[settlement administrator]
[address]

As a member, you may also appear at the settlement hearing. To do so, you or your attorney must file a notice of intention to appear with the Clerk of the Court, at the address above, by _____, 2000 and must mail it to the persons identified in the more detailed notice, postmarked by _____, 2000.

The Court will hold a final approval hearing on the proposed settlement on _____, 2000, at _____ m., in the Courtroom of the Honorable _____, at the [address]. This hearing may be continued without further notice.

**For More Information
and a copy of a more detailed notice, Write:
[settlement administrator]**

PLEASE DO NOT CONTACT THE COURT

Exhibit D

ATTACHMENT D

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

STATE OF FLORIDA, <u>et al.</u>	§	
	§	
Plaintiffs	§	§
	§	
v.	§	Civil Action No.
NINE WEST GROUP Inc.	§	
and	§	
JOHN DOES 1-500,	§	
	§	
Defendants.	§	
	§	

NOTICE OF PENDENCY AND SETTLEMENT OF
PARENS PATRIAE CONSUMER LAWSUIT

TO: PERSONS IN THE UNITED STATES WHO PURCHASED NINE WEST, ENZO ANGIOLINI, EASY SPIRIT, BANDOLINO, CALICO, CAPEZIO, JOYCE, AMALFI, 9 & CO., Evan-Picone, PAPPAGALLO, SELBY, WESTIES, AND cK/CALVIN KLEIN WOMEN'S SHOES DURING THE PERIOD BEGINNING JANUARY 1, 1988 AND CONTINUING THROUGH JULY 31, 1999.

If you bought any of the above brands of women's shoes from retailers at any time since January 1, 1988, please read this Notice carefully. It contains important information about your rights concerning the settlement of the *parens patriae* lawsuit.

YOU ARE HEREBY NOTIFIED, pursuant to an Order of the United States District Court for the Southern District of New York, that a proposed settlement of the above-captioned litigation has been reached by the Plaintiff States and defendant Nine West (as defined below). The Settlement has been granted preliminary approval by the Court. This Notice is not an expression of any opinion

by the Court as to the merits of the claims or defenses by any of the parties to the lawsuit.

You may be a resident of one of the States which is proceeding in this case, and therefore, this Settlement may affect your rights. The purpose of this Notice is to describe this Litigation, to inform you of the proposed Settlement, and to notify you of what rights and options you have in connection with the proposed Settlement. In general, and as fully explained below in Section VI of this Notice, if you are a resident of one of the Plaintiff States, you need not take any action to participate in the Litigation and the Settlement and to be bound by the Judgment. If you do not want to participate in the Litigation or the Settlement or be bound by the Judgment, you may take timely action to exclude yourself. If you do not exclude yourself, you may comment on and/or object to the terms of the proposed Settlement.

I.

DEFINITIONS

In order to better understand this Notice and your rights in these matters, there are certain terms and definitions that apply to the Settlement that you should understand. The definitions are:

Definition of Parties

Defendants

“Nine West” means Nine West Group Inc., its parent, Jones Apparel Group, Inc., and Nine West Group Inc.’s affiliates, subsidiaries, divisions and other organizational units, including the divisions and/or brands: Nine West, Enzo Angiolini, Easy Spirit, Bandolino, Calico, Capezio, Joyce, Amalfi, 9 & Co., Evan-Picone, Pappagallo, Selby, Westies, and cK/Calvin Klein women’s shoes. For purposes of the injunctive provisions of the Settlement Agreement, “Nine West” shall not be construed to include any product that bears (or is marketed in packaging that bears) a trademark

owned by Jones Apparel Group, Inc. or any of its predecessors, subsidiaries, units, divisions or affiliates other than Nine West Group Inc.

“John Doe Defendants” are those unidentified Dealers of Nine West Products who participated in the contract, combination or conspiracy alleged herein and sold such products to members of the *parens patriae* group.

Plaintiffs

“Attorneys General” mean the Attorneys General representing the Plaintiff States as defined herein.

“States” means the States, Commonwealths, Territories and Possessions of Alabama, Alaska, American Samoa, Arkansas, Arizona, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Guam, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Maine, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Jersey, New Mexico, New York, Nevada, New Hampshire, North Dakota, North Carolina, Northern Mariana Islands, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virgin Islands, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.

“Plaintiff States” means the States who have joined in the Litigation , either when filed or by opting in at a later date, on behalf of themselves and as *parens patriae* on behalf of all natural persons residing in the States who purchased the various brands of Nine West women’s shoes (see definition of “Nine West” above) from retailers from January 1, 1988 through July 31, 1999, but excluding any person(s) who timely and validly request exclusion from representation by the Plaintiff States in response to this Notice.

Other Definitions

“Dealer” means any person, corporation or firm not owned by Nine West that in the course of its business sells Nine West Products to consumers in or into the United States of America and its territories and possessions;

“Litigation,” as used in this Notice, means the litigation filed by the Plaintiff States against Nine West on March 6, 2000 alleging violation of Federal and State antitrust laws.

II.

THE NATURE AND STATUS OF THE ACTIONS

1. The Litigation is comprised of an action filed on March 6, 2000 by the Plaintiff States, through their Attorneys General.

2. The complaint in the Litigation alleges that Nine West entered into agreements with numerous shoe retailers to fix and maintain retail prices for Nine West women’s shoes at an artificially high level. The complaint in the Litigation asserts claims for violations of the Sherman Antitrust Act, 15 U.S.C. § 1, and related state antitrust laws, unfair competition laws and unfair trade practices laws.

3. Counsel for Plaintiff States believe that the claims asserted in the Litigation have merit and that the evidence developed to date supports the claims asserted. However, counsel for Plaintiff States recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Litigation against Nine West through trial and appeals. After conducting an extensive investigation into the facts and issues raised by the Litigation, Counsel for Plaintiff States consider the settlement to be fair, reasonable, and adequate, and in the best interest of consumers of the Plaintiff States.

4. Nine West has denied and continues to deny the claims and contentions alleged by the Plaintiff States. Nonetheless, Nine West has concluded that further conduct of the Litigation would be protracted and expensive. Nine West has also taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like this Litigation. Nine West has therefore determined that it is desirable and beneficial to it that the Litigation be settled in the manner and upon the terms and conditions of the Settlement.

III.

THE PLAINTIFF STATES

The Plaintiff States, as defined in Section I of this Notice, are represented by the Attorneys General of the States that are named as plaintiffs in this Litigation. Liaison Counsel for the Plaintiff States is:

Eliot Spitzer
New York Attorney General
120 Broadway, Suite 26-01
New York, NY 10271

c/o Linda Gargiulo
Assistant Attorney General

IV.

SUMMARY OF THE PROPOSED SETTLEMENT

The Settlement achieved by the parties to the Litigation settles and resolves the Litigation against Nine West in its entirety and was granted preliminary approval by the Court on _____, 2000. The following is a summary of the principal provisions of the Settlement. The Settlement Agreement, which contains all of the terms and conditions of the Settlement, is on file with the United States

District Court for the Southern District of New York and may be obtained by contacting the Liaison Counsel for the Plaintiff States at the address listed above in Section III of this Notice.

The terms of the settlement are summarized as follows:

1. Nine West has agreed to pay the amount of \$34 million into a settlement fund.
2. A portion will be used to pay Plaintiff States' attorneys' fees and costs and expenses incurred in the Litigation and in the notice and administration of the Settlement as described in Section V. The remainder, which is expected to be approximately \$30.5 million will be distributed to the Plaintiff States pro rata based on each of the Plaintiff States' percentage share of the total population of the Plaintiff States as a whole. The funds shall be distributed to the states, political subdivisions thereof, not-for-profit corporations and/or charitable organizations within each state. The funds shall be used to fund programs relating to women's health, women's educational, women's vocational, and women's safety programs. These funds shall only be used to fund activities which have not been funded and which otherwise would not be fully funded. These funds shall not be used to supplant existing funding.
3. Nine West has further agreed to injunctive relief, summarized as follows:
 - A. For five (5) years, Nine West will not enter into any agreement with any Dealer to fix the retail prices at which Nine West Products are advertised or sold to consumers.
 - B. For five (5) years, Nine West will not coerce or pressure any Dealer to maintain any resale price. However, Nine West retains the right to unilaterally terminate any Dealer for lawful business reasons that are not inconsistent with the injunction.
 - C. For five (5) years, Nine West will not secure or attempt to secure any commitment from any Dealer concerning the resale price at which the retailer may advertise or sell any product.

D. For five (5) years, Nine West will not have any policy or practice pursuant to which Nine West notifies a Dealer in advance that: (1) the Dealer is subject to partial or temporary suspension or termination if it sells or advertises any product below any resale price designated by Nine West, and (2) the Dealer will be subject to a greater sanction if it continues or renews selling, offering for sale, promoting, or advertising any product below any such designated resale price.

E. Nine West will notify its current and future Dealers of the terms of this injunction and shall notify them that it is their right to determine independently the prices at which they will advertise and sell Nine West Products to end-user consumers.

F. This injunction does not prohibit Nine West from engaging in conduct that is otherwise permitted by federal or state antitrust or unfair competition laws.

4. In exchange for Nine West's agreement to pay monetary relief and be bound by an injunction, the Plaintiff States shall:

A. Release all claims, demands, rights, liabilities, and causes of action of every nature and description whatsoever, both statutory and common law, known or unknown, arising under the federal and state antitrust laws, or price-fixing claims arising under state or federal unfair acts, practices or competition laws, asserted or that could have been asserted, by the Plaintiff States arising from the facts, transactions, events, occurrences, acts, disclosures, statements, omissions, or failures to act alleged in the Complaint. Specifically, the released claims shall only include claims related to a conspiracy or conspiracies to fix the retail price of Nine West Products, and shall not include claims related to (by way of example and without limitation) deceptive marketing or defective product.

B. Dismiss their claims against Nine West and the John Doe defendants with

prejudice. With regard to the conduct alleged in the Complaint, Plaintiff States will not sue any Dealer not named as a defendant, under any federal or state antitrust laws, with respect to Nine West Products sold from January 1, 1988 through July 31, 1999.

V.

ATTORNEYS' FEES AND LITIGATION COSTS AND EXPENSES

1. **Attorneys' Fees and Monetary Awards**

A. The Settlement Agreement provides that the Plaintiff States' Attorneys General, as Counsel for the Plaintiff States, will receive a monetary award of up to \$1.6 million for reimbursement of attorneys fees, costs, and/or for use for future antitrust and consumer protection enforcement. This award represents 4.7% of the total cash value of the settlement. The States will also seek a total award of \$300,000 to the National Association of Attorneys General ("NAAG") for reimbursement of investigative expenses, which represents 0.9% of the total cash value of the settlement. These awards would be paid from the settlement fund. The Attorneys General will not apply separately to the Court for approval of these awards, but these awards must be approved by the Court as part of the settlement process.

B. The award to NAAG would be paid into the NAAG Milk Fund Account which has as its purpose the enhancement of state antitrust enforcement by the Attorneys General.

2. **Settlement Notice and Administration Costs and Expenses**

In connection with the distribution of this Notice of Pendency and Settlement of *Parents Patriae* lawsuit, and the administration of the Settlement, additional costs and expenses have been and will continue to be incurred. While it is currently unknown what the total costs and expenses of distributing notice and administering the Settlement will be, it is estimated that these costs

and expenses will not exceed \$ 1.6 million. These costs and expenses will be paid out of the settlement fund.

VI.

SETTLEMENT PARTICIPATION OPTIONS FOR CITIZENS

OF PLAINTIFF STATES

If you are a resident of one of the Plaintiff States and purchased one of the many brands of Nine West women's shoes (see definition above) between January 1, 1988 and July 31, 1999, you are currently represented by Plaintiff States and you have the following options:

1. You may remain a member of the Plaintiff States: If you choose this option, you do not have to take any action. If the Settlement is approved by the Court, then you will be bound by the Judgment when it becomes final and your claims, as described herein at Section II, paragraph 2, will be released. If you choose this option, you may (but are not required to) file written comments in favor of or in opposition to the proposed Settlement, on the fee and cost applications, and/or appear at the Settlement Hearing. The procedures for filing comments and/or making an appearance are discussed in Section VII of this Notice.

2. You may exclude yourself from representation by the Plaintiff States. If you choose to exclude yourself from the settlement described herein, you will not be bound by the Court's Judgment, nor will you release the claims described herein at Section II, paragraph 2. You will retain the option to pursue your claims on an individual basis at your own expense. If you choose this option, your exclusion request must be made in writing and must be postmarked by _____, 2000. You must mail your exclusion request to the Clerk of the United States District Court [address], and to [state settlement administrator].

VII.

HEARING FOR FINAL APPROVAL OF THE PROPOSED SETTLEMENT

YOU ARE NOT REQUIRED TO ATTEND THE SETTLEMENT HEARING.

1. The hearing for the Court's final approval of the proposed Settlement including the fee and cost reimbursement to the States' Attorneys General (the "Settlement Hearing") will be held on _____, 2000 at _____ m., in the Courtroom of the Honorable _____ at the United States District Court for the Southern District of New York. The Settlement Hearing may be continued without further notice.

2. Any resident of the Plaintiff States who does not request exclusion from representation by the Plaintiff States, but who wishes to appear and be heard at the Settlement Hearing, must file and serve by _____, 2000, a notice of intention to appear and be heard with the Clerk of the United States District Court, [address]. The notice of intention to appear and be heard also must be served, along with photocopies of all supporting papers, postmarked on or before _____, 2000, upon the following persons:

[states' settlement administrator]

[Nine West counsel]

Only citizens of the Plaintiff States who have filed and served valid and timely notices of intention shall be entitled to be heard at the Settlement Hearing.

3. Any citizen of the Plaintiff States who does not request exclusion from representation by the Plaintiff States and who wants to submit written comments regarding the fee and cost reimbursement to the States' Attorneys General may do so provided that all written comments, letters

or other materials must be postmarked no later than _____, 2000, and sent to the persons identified at paragraph 2 of this section VII. Written comments, letters and other materials which are not postmarked by _____, 2000 will not be submitted to the Court for its consideration, nor otherwise considered by the Court.

4. Any citizen of the Plaintiff States who does not act in the manner provided above shall be deemed to have waived any comments regarding or objection to the Settlement or to the proposed monetary award and fee and cost reimbursement to the Plaintiff States' Attorneys General and shall forever be foreclosed from objecting to the fairness or adequacy of the proposed Settlement or any award of attorneys' fees or reimbursement of costs and expenses.

VIII.

ADDITIONAL INFORMATION

THIS NOTICE IS ONLY A SUMMARY OF THE LITIGATION AND THE SETTLEMENT.

1. More detailed information, including copies of the complaints, the Settlement Agreements, the papers filed in support of final settlement approval, and the fee and expense reimbursement may be obtained (at your own expenses) upon request from [states' settlement administrator].

2. Should you have any questions with respect to this Notice, the Settlement, or the attorneys' fees and costs reimbursement, you should direct them to Liaison Counsel for the Plaintiff States, the Attorney General of your state, or if you choose, your own attorney. PLEASE DO NOT CONTACT THE COURT REGARDING SUCH QUESTIONS.